Eastern Focus

EUROPE still **unwhole** and **unfree**

The Union under German leadership; Germany in doubt

The (far) east and anti-Western revolt: the worst is yet to come:

Can the EU actually build rule of law? Lessons from CEE for the Eastern Partnership

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The sign post reads:
- EUROPEAN UNION
- UKRAINE
- MOLDOVA
- WESTERN BALKANS

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A focus on Central-Eastern Europe, the Black Sea and the Balkans, in a transatlantic key

Bucharest-based English-language quarterly bringing regional voices, ideas and topics to the great debates of today. Shedding light on regional developments. Anchored in democratic values. Delivered straight to the movers' and shakers' inboxes across Europe, America and globally. Connecting people across geographies and thought bubbles.

Editor's Foreword

Exactly thirty years ago, shortly before the fall of the Iron Curtain, the late president George H.W. Bush was urging German citizens and political leaders (including chancellor Helmut Kohl) gathered in Mainz, on May 31, to build a 'Europe Whole and Free'. Fast forward to mid-2019, when the new EU leadership takes office after elections to the European Parliament, and Europe is still neither whole, nor free.

This issue of **EasternFocus** focuses on the Union's ability to continue to nurture democracy and rule of law within its own borders and to help engender it in its neighbourhood. Interesting and potentially disruptive (time will tell whether in the positive or negative sense) developments are taking place in the EU's eastern vicinity: the Republic of Moldova has a new government, born out of an unlikely (and some say unholy) alliance between pro-European liberal reformists and pro-Russian socialists. But de-oligarchisation is key for advancing Moldova's

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European perspective and this trumps geopolitics, says **foreign minister Nicolae Popescu** in an interview. Across the border, in Ukraine, the Zelensky presidency, coupled with a landslide win for the president's party in parliamentary elections, may be a welcome adventure under normal circumstances - after all, **Andreas Umland** believes that anything works that shakes off the old post-Soviet templates of corruption… provided that Ze can actually deliver! Nevertheless, it is a risky endeavour at a time of war in Donbas, weak statehood, tense relations with neighbours and dimming EU and NATO prospects. All of these represent the task ahead for the new president, writes **Mykola Kapitonenko** – with a bit of help from the EU, we might add.

Can the EU actually build rule of law? Lessons from CEE for the Eastern Partnership

But beyond the obvious question of whether it is willing to lend a hand, does the EU actually have the ability to fuel democratic transformation and consolidation? Given the current state of rule of law in Central and Eastern Europe, this ability is increasingly called into question. In a special dossier, **Sidonia Bogdan** explains the ups and downs of anticorruption in Romania, which is about to give the EU its first Prosecutor General, while simultaneously backtracking on justice reform at home. The text details some ways in which EU pressure can lead to excess, politicisation and missteps, while providing fundamental incentives for reform and empowering magistrates and civil society. **Corina Rebegea** emphasises the importance of societal buy-in and denounces the overly technical and 'quantitative' approach of the EU in relation to Eastern Partnership countries, whose progress in dealing with corruption has been very modest. She calls for stronger political engagement if we are to move beyond façade democracy and help neighbours

This issue of EasternFocus focuses on the Union's ability to continue to nurture democracy and rule of law within its own borders and to help engender it in its neighbourhood.

achieve genuine Europeanisation, at a time of growing geopolitical competition in the region (see also **Mihailo Gajić**'s article on Chinese influence in Serbia). Absent the perspective of accession and after visa liberalisation, there is little leverage in the EU's current offer to these countries, writes **Daniel Szeligowski**, drafting a post-2020 vision for the Eastern Partnership, based on a study of the Polish Institute of International Relations (PISM). A new offer needs to be ellaborated in Brussels that holds out tangible benefits to these societies and is based on three pillars: a Partnership for Investment, a Partnership for Security and a Partnership for Citizens. The case of Serbia, described by **Srdjan Majstorović**, with Belgrade moving toward being a full-fledged captured state and defaulting on the Copenhagen criteria just as it has made some – albeit slow – progress on the EU accession calendar, is a powerful reminder that even the prospect of accession is not alone a guarantee of success, especially as political will within the EU is also scarce.

The Union under German leadership; Germany in doubt

But what are the chances that the new European Union leadership will dedicate enough attention to the countries on either side of the EU eastern border? Interviews with MEPs (**Radosław Sikorski**, **Clotilde Armand**) and experts (**Gustav Gressel**, **Jana Puglierin** and **Tomáš Valášek**, himself recently turned politician) reveal a few of the challenges ahead. Traditionally reluctant to lead, Germany now finds itself in the position of holding the top position within the European Commission (largely because von der Leyen is not a typical German), while it is struggling to define its approach, when the two pillars of its foreign policy, EU integration and the transatlantic relation are both facing existential threats. With growing great power competition

globally, the EU seems fated to remain a multilateral power or risk dissolution.

The (far) east and anti-Western revolt: the worst is yet to come

The threat of disunity also comes from within: Central-Eastern European member states (themselves divided, with V4 positions often diverging from those of Romania, Bulgaria or Croatia) have just shut themselves out of the decision-making process in Brussels because they have acquired a reputation of always being unconstructive, always motivated by negative outcomes, i.e. opposing Western European proposals without being able to build coalitions in support of their own. This is just supplying new material to those who still look down on the newer member states anyway, not least because of the latter's illiberal drift. Slim chances, then, that even their legitimate interests will be addressed. The new High Representative, Josep Borrell, will first have to prove that he is less interested in Cuba than in Russia before appeasing fears that Brussels may lose even more ground (not physically, one hopes!) to Moscow. However, isolating the east, politically and economically, or being perceived as punishing nations because of their governments only breeds Euroscepticism, just as we are in the early phases of an anti-Western revolt. The lessons of history and the divisions of the present tell us that the ideological battle that marks the era of identity politics is only just beginning. The next episode? A clash of pacts on lifestyle!

Europe is from Venus; (almost) everyone else is from Mars

The challenges and the crises are real, but the lens through which we look at them, shaped by

the European culture of insecurity, renders us incapable of action, argues **Marius Ghincea**. Subnational development disparities (i.e. robust growth remaining concentrated in the big cities) on top of East-West and North-South convergence gaps are additional sources of societal insecurity. **Clara Volintiru** advocates that continued EU investment in Central and Eastern Europe is sure to bring high return on investment: CEE societies are still largely pro-European, the region has a strong economic outlook and every geopolitical incentive to strengthen ties with the West in the face of an increasingly aggressive Russia.

The EU looks better when seen from outside: **Pavel Luzin** maintains that despite the conflictual nature of the present, Europe remains the only source for Russia's modernisation, as it has been traditionally, through trade and technology that are vital for Moscow's economy and military. **Owen Alterman** discusses the love-hate relationship between Europe and Israel: Europeans come from Venus, he says, and have moved beyond the liberal European nationalism which underlies modern political Zionism; Israelis come from Mars and cannot escape either the confusion generated by the EU's current supranationalism, or the feeling of being 'colonised' by Europe.

Iran and the changing character of war

It may be useful to ponder on how far we have moved beyond the paradigm of competition among nation states as we contemplate the perspective of the Middle East potentially being rattled by yet another war, one on Iran, unless we heed **Alec Bălășescu**'s warnings: Iran is unlike Iraq, or Syria or Libya, it is a country with a history of 2,500 years of internal cohesion, with proxies and allies throughout the region, where a war would need to be won not just in the streets of Tehran, but perhaps also those of much larger neighbours.

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New European leadership

Introduction

The outcome of the latest round of Euro-elections (May 2019) was instrumental in the reconfiguration of the European leadership. For the first time in 40 years the European People's Party (EPP) and the group of Socialists and Democrats (S&D) did not win enough seats to form a comfortable majority. The new political circumstances made the election of the *Spitzenkandidat* impossible. Plan B, of a European Commission led by socialist Frans Timmermans was not politically feasible either, especially in the context of a blocking coalition reuniting V4 countries and Italy, which opposed the strict rule of law agenda promoted by the vice-president. At the same time, the electoral outcome consolidated the influence of the new Macronian group - Renew Europe. Ultimately the Ursula von der Leyen compromise was brokered, one that seems acceptable to everyone. But the price for Central and Eastern Europe was high, as long as the most influential positions in the European Commission pivoted towards Old Europe.

With the Eastern members of the EU feeling themselves increasingly marginalised, a European future for the Western Balkans and the Eastern Partnership countries seems more and more elusive, while Russia, China and others are stepping up their game in the region.

This is the broader context in which *Eastern Focus* engaged some of the new EMPs (Radosław Sikorski, Clotilde Armand) as well as distinguished experts (Tomáš Valášek, Gustav Gressel, Jana Puglierin) to decode the meaning of the new trends. We were interested in the implications of bypassing the CEE countries, but also in the consequences of a direct and more assertive German leadership on the continent. Both are happening in a context shaped by renewed clashes between Old & New Europe, at a time when the great-power competitions and the anti-Western revolt are surging.

An inquiry conducted by *Ana-Maria Luca* and *Octavian Manea*

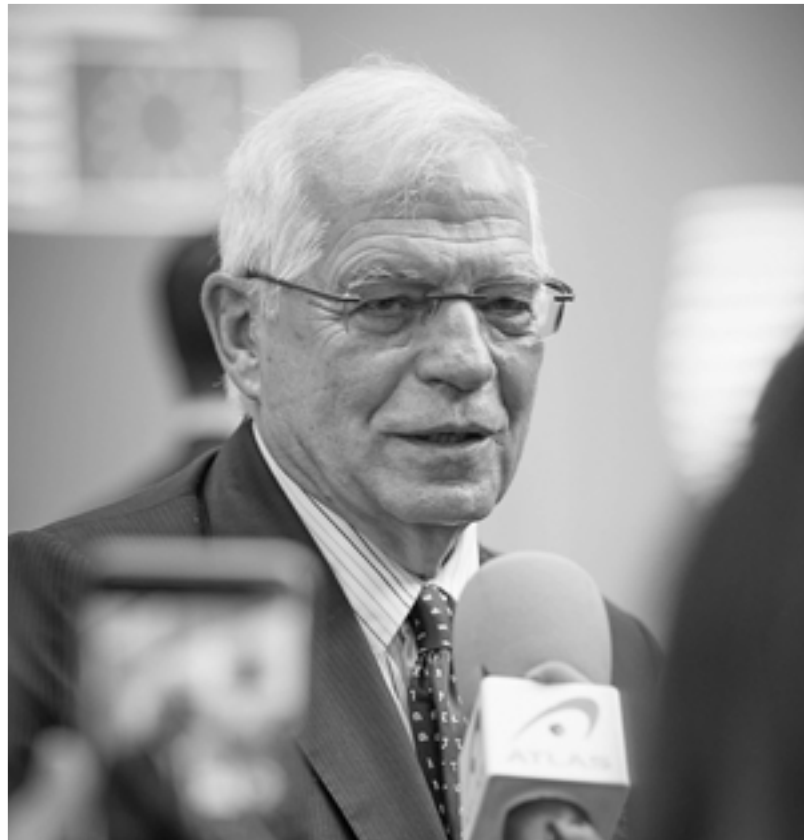**Interview** Radosław Sikorski, Polish MEP, EPP Group (Brussels)

Josep Borrell needs to establish the credibility of the office of High Representative

Traditionally, Germany has projected a sense of reluctance to the exercise of power - the image of the 'unready hegemon'. By leading and shaping the future Commission, has Germany become ready to lead? Is this a change of historical paradigm? You were one of the voices that, in 2011, said "I fear Germany's power less than her inactivity".

Mr Josep Borrell Fontelles © Photo by Council of the European Union

The view that Germany has been reluctant to use its power is controversial. For example, some of our Polish nationalists refer to the European Union as the German Reich. Even government officials talk about Germany's *over*-using its size in the European Union. My own take is that Germany is, of course, the largest shareholder in this business, but it doesn't have a controlling stake. Germany has about 20%, and after the UK's departure, Germany will have 25%, to France's 16% and Poland's 7%. It is much easier for Germany to put together a blocking coalition or a positive coalition, but it does not have an automatic right of veto. Germany does need others. I wish Poland was in that group representing our region. The alternative, which our current government doesn't seem to realise, is that Germany might act as the centre of the wheel, with spokes projecting out from Berlin, which is a worse position for smaller countries such as ours. Those are some of the choices that governments make in their national strategies. Now that for the first time in history Germany has received the post of the President of the European Council, I agree with you that it should be extra-sensitive and lean backwards.

There is this perception that the CEE countries were completely bypassed in the most influential jobs – the leadership of the Commission, the European Central Bank, the European Council, or High Representative of the Union for Foreign Affairs and Security Policy. The political & geographical symbolism cannot be avoided. Is the balance of power/influence shifting towards Old Europe/the eurozone core?

It is not a perception, it is a reality. But the cause of this is the extraordinarily inept way in which some governments negotiated the personnel decisions. The Polish government achieved its aim of blocking Frans Timmermans. Well, if you set yourself this objective, then of course it is a success. But the price of such a success is that you get nothing in return.

Will this emerging reality alienate and create frictions with New Europe? Will the gap and resentment between Old and New Europe increase? How can this gap be closed? It is like institutionalising a multi-speed Europe by default.

Firstly let's remember what happened and why. Secondly, I hope the lesson is learned. If you are motivated by purely negative motives, you get a negative outcome. And if you set yourself unrealistic goals, you often fail. In the Council, the current Polish government set itself two goals: a) not giving Tusk a second term and b) replacing Tusk with another Pole. Of course, those two objectives taken together were impossible to fulfil. We are in the end a club of democracies where some things are decided super-democratically by consensus and unanimity, others very democratically by super-majority, and yet others by a straight majority. You have to navigate within these rules, and for every decision you have to rally around either a blocking or a positive coalition.

Initially it was speculated that the choice of von der Leyen as opposed to Timmermans could be a compromise on the rule of law principle and an appeasement to V4 to avoid dealing with their obstructionist behaviour. Should we expect the same pressure on the rule of law issues as in the past?

First of all we should not accept the nationalist authoritarian narrative that expecting the observance of treaties and the rule of law is some kind of sanction or repression towards any member state. Timmermans was not attacking Poland, but helping to defend Poland's constitution. It is in the interest of the people of Poland and Hungary to be ruled democratically, according to their own constitution, in accordance with the ratified treaties and with the European ways of doing things, including the Copenhagen criteria (which we had to fulfil before joining the EU) of having a competitive democratic system. In her speech, which I witnessed in Strasbourg, Ms von der Leyen said that there would be 'zero tolerance' on rule of law issues. It is a commitment made because of reasons of principle and also for reasons of politics. In the end the pro-European parties (socialists, greens, EPP) have more votes than the nationalists and I don't think it would be wise for her to lose their support and therefore that of the majority.

> ## I would caution our American friends that just because you have managed to bring the European companies that were trading with Iran to heel, that doesn't mean that the trick will work the same way in their confrontation with China. This needs a pan-Western solution.

It is interesting to observe, as Carl Bildt has pointed out, that "of the four High Representatives of the EU since the position was created, half will have been from (the Socialist party of) Spain." Does this tell us anything about the direction of the EU's Foreign Affairs and Security Policy and its forthcoming (geographical) priorities? What would be reassuring for the CEE members?

I don't really know enough about Mr. Borrell, but I hope he doesn't make the mistake of Federica Mogherini, who visited Cuba twice as often as Ukraine. I hope he shows the eastern flank that he cares equally for our southern and eastern neighbourhoods. If I were to

advise the new man, I would say, 'pick a couple of issues - one in each neighbourhood - and focus like a laser beam on their implementation'. We need to establish the credibility of the office. Nothing succeeds like success.

In a time when there is no common understanding on what strategic autonomy should be, is Europe ready to embrace the reality of the return of great-power competition? Should it embrace it?

It is necessary, but that doesn't mean we will stand up to the challenge. The stakes are – in the military sphere, the cyber-sphere, the trade sphere – whether we will live by rules that we negotiate with other great power centres, or by rules that others impose on us. If we have enough foresight and enough cohesion, in due course we will reap the benefits of being one of the three big powers in the world. If we don't, if we allow ourselves to be fragmented, then we will be subcontractors for others in every sense of the word. And subcontractors don't get the big profits.

Where do you think that the trans-Atlantic relationship is going, especially if we look at the current disagreements related to Iran, to maintaining the JCPOA, and the other profound frictions?

On Iran it is relatively easy. If Europe has to choose between Iran and the United States, we know how we will choose. It will be much harder on China, because China is so important to our economy, to our export industries. I would caution our American friends that just because you have managed to bring the European companies that were trading with Iran to heel, that doesn't mean that the trick will work the same way in their confrontation with China. This needs a pan-Western solution, which is why I've been advocating the rebirth of COCOM– the

Coordinating Committee for the transfer of technologies, investments and trade. If the rivalry between the United States and China is the organising principle of this century, then the US needs us as an ally – but we are too important to be just told what to do. There has to be a negotiation of how we go about it.

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The Chancellery of the Senate of the Republic of Poland © Photo on Wikipedia

Interview   Tomáš Valášek, director of Carnegie Europe (Brussels)

Central Europe has acquired a reputation in Brussels **for being unconstructive, for always saying no**

The CEE countries were completely by-passed in the most influential jobs – the leadership of the Commission, European Central Bank, the European Council, or the High Representative of the Union for Foreign Affairs and Security Policy. The political & geographical symbolism cannot be ignored. Is the balance of influence shifting towards the Eurozone core? Will this emerging reality alienate and create frictions with New Europe?

Ursula von der Leyen presents her vision to MEPs,
© European Union 2019 – Source: EP

It could - and left to its own devices the absence of Eastern Europeans from top jobs will fuel criticism of the EU in Central Europe and Euroscepticism among the ranks of the supporters of Lech Kaczyński or Viktor Orbán. At the same time, it also depends on how we, Eastern Europeans respond. There is a number of reasons why we have been left out from the top jobs. Part of it is still this tendency to look down on Eastern Europe, to consider it unequal, somewhat lesser. But there are also some good reasons to have been left out. We have acquired a reputation in Brussels and certain capitals for being unconstructive, for always saying no, for not coming up with new policy ideas. It is a reputation that isn't completely undeserved. You will find too few constructive policy proposals co-sponsored by Slovak and Danish economy or defence ministers. There is also a sense in Eastern Europe that the EU is still something that we need to respond to and to react to, rather than to try to shape it ourselves. My hope is that this move will be seen also as a healthy, constructive kick in the butt, one in which the response in CEE will be to up our game and start doing a better job of playing the European game – meaning building alliances across the geographical divides, not always spending time with each other, and starting to come up with ideas about how to modernise the EU budget, how to achieve carbon neutrality. All of these are things that we have tremendous interest in the success of, we have ideas about, but actually we have failed to weigh in constructively at the top levels.

In the past Germany was reluctant to exert its power. By leading and shaping the future Commission, has Germany become ready to lead?

Traditionally, Germany has been criticised both for its lack of leadership within Europe and for its lack of leadership globally. It is usually pointed out that Germany spends too little on defence, that it didn't take part in the Libya mission, that it opposed the Iraq operation, and that its armed forces are far too poorly equipped and unprepared for a country of its size. This is the debate that Donald Trump likes to have. This debate is partly true, but in many ways unfair, in the sense that Germany has come a long way from 10-15 years ago. Until the Balkan wars, Germany had a policy of never using its forces abroad. It actually went from no interventions abroad, to intervening in a non-combat way, to actually fighting in Afghanistan. In terms of its external role, Germany has been unfairly criticised. It has come a long way from the Germany of the early or mid-1990s. In terms of its leadership within the EU, the story is somewhat different. The criticism here is a bit more on the mark. One is the unwillingness to invest domestically. There is a strong economic argument that Germany should be spending a lot more money on its infrastructure, on its own development, on promoting consumption at

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Interview Tomáš Valášek: Central Europe has acquired a reputation in Brussels for being unconstructive, for always saying no

home and abroad. This is a very important part of Europe's recovery from the crisis in 2010-11. At the same time, Germany is obsessed with the idea of surpluses, and therefore it keeps a really tight lid on spending. In addition, there is the argument that Germany has been too shy in supporting the institutional reforms of the EU, which is partly right but partly wrong. I tend to sympathise with those who say that a Eurozone budget, for example, is a solution that bears little relationship to the 2010/11 eurozone crisis. I just don't see how the member states would ever surrender their right to control the exact form of a bailout in the case of a future economic meltdown like Greece.

Does the nomination of Josep Borrell tell us anything about the direction of the EU's Foreign Affairs & Security Policy and its forthcoming (geographical) priorities? Will they be comprehensive enough to focus substantially also on the East? Or will this be another potential friction point with the CEE countries?

The first point to make is that the appointment had nothing to do with Mr. Borrell's views. This is the classic institutional game of musical chairs, in which someone was needed from the South and the Socialist camp. He was not made High Representative of the Union for Foreign Affairs and Security Policy because of his views on foreign policy. He was made High Representative because he is Spanish and Socialist. That is the answer to

many in Europe who tend to look for continuity, another Socialist in the job, and see a pro-Russian conspiracy. But it isn't. There is a classic bureaucratic explanation. Having said that, coming from the South, a Socialist is not very likely to be very supportive of the Baltic line on Russia. The Spanish foreign policy has always been far more focused on Latin America, far more friendly towards Cuba than the Czech Republic. The big unknown is to what extent he will define his role as setting the EU agenda, putting his personal issues onto the EU agenda - or to what extent he will try to be a foreign minister for all the EU countries.

Mrs. Mogherini was competent in many regards, but I do think that when it came to Latin America, to Cuba, to Russian disinformation, her leftist, Southern roots, have shown through. She spoke more as a southerner and a leftist rather than as a foreign minister for all Europeans.

Is Europe/EU ready to embrace the reality of the return of great-power competition?

I don't think we should accept the premise that the world is doomed to unrestrained great-power competition. It should remain the case that we continue to fight for a multilateral system in which the big powers voluntarily restrain their actions and behaviour, not always throwing around their weight. In the end, who knows who the next US president might be. China has shown itself to be flexible, even though there is nothing inherently

> **If we start playing only by the rules of power, of unrestrained competition, the EU itself might fall apart very quickly. We are fated to be a multilateral, cooperative power.**

multilateral and cooperative in its behaviour. In that sense China is not like the EU, which by definition - being itself an entity where 28 member states have agreed to pool their power and to limit their sovereignty - has no other choice but to be a multilateral global power. If we start playing only by the rules of power, of unrestrained competition, I strongly believe the EU itself might fall apart very quickly. We are fated to be a multilateral, cooperative power. China isn't. It can play either way, cooperative or competitive. But under the right conditions, they have shown themselves to be open to collaboration, to sharing power, even to leadership on some environmental issues. I don't think we should accept the idea that we are doomed to unrestrained great-power competition and we should start behaving like China or the United States. I still think that our preference has to be for maintaining the multilateral nature of global collaboration.

Arguably, a symptom of the return of the power competition is also the JCPOA issue. How deep can the trans-Atlantic rift go on the Iranian deal?

I said from the very beginning when the US withdrew from the JCPOA that it would be a terrible blow for Euro-Atlantic relations. We in Europe tend to view the Iran deal as intrinsically important, not just in the sense of curbing Iran's nuclear ambitions, but also as being important for the EU's foreign policy identity. It is one of the first and biggest real successes of our foreign policy where we led the way. We failed to do so in the Balkans. The Americans had to come in, provide the

leadership, and we followed up. But in the case of Iran, the Europeans have led the negotiations and the Americans came late. In the story that we tell about ourselves in Europe, it was the deal where we finally came to a point where we became a real foreign policy power and a real actor. For this deal to be symbolically destroyed by President Trump was taken very personally here in Europe. But overall, there is very little we can do as Europeans to stop the deal from collapsing if the Americans put their minds to it. The business that Iran is able to conduct with the wider world is diminishing rapidly, and European companies themselves are withdrawing from doing business with Iran for fear of secondary sanctions by the US. At the end of the day it is far more likely that the deal will collapse. The mood in Europe has changed from one of outrage and indignation towards resignation that the deal will collapse, and there is very little we can do about it other than waiting for the next US president.

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Trump announces United States withdrawal from the JCPOA
© Photo by The White House

Interview Clotilde Armand, Romanian MEP, Renew Group (Brussels)

Europe cannot be strong

if the East is left behind

Eastern European states do not speak with the same voice. There are two speeds, just as they say about the EU. The V4 does not feel any solidarity with the states that joined the EU later - Croatia, Bulgaria, Romania. If such solidarity existed, the East would systematically be better represented.

How will Renew Europe integrate Eastern European interests with the Macronian view of a multi-speed Europe?

The Renew Group does not support a multi-speed Europe, and President Macron knows it. I personally raised this issue in the group, and all the candidates for the group leadership stated that they supported a united Europe, and that they would work on the East-West economic convergence.

What does a multi-speed Europe mean, in any case? There are several fields where groups of European states started close cooperation initiatives. It's not always the same states, but we cannot deny that along with the France-Germany axis we also have a nucleus of states that want to advance faster in European integration.

Romania should be a country with great ambition at the EU level; our decision-makers should militate to join accessible integration fields in this variable format, in order to avoid a closed and inaccessible EU politics club.

We need to clearly convey the message that on principle we cannot accept a multi-speed Europe at the economic level, and in this sense, all advanced cooperation needs to remain open.

The main effort needs to focus on reducing economic gaps. Europe cannot be strong if the East is left behind.

If we could explain the situation better and more often to the French, they would vote for a fair allocation of resources, and the chances of success would be greater. I do trust their capacity to understand what it means to be part of a greater European family. When you're in charge, you can't choose to defend interests of small groups, not to mention national interests. I'm convinced that these limits can be pushed.

My conclusion: We need to send a simpler message to the French - the only way for Europe is East-West economic convergence, and we need to cooperate on that.

Beyond the deal on Laura Codruța Kövesi's appointment as head of the EU Public Prosecutor's Office and Mr. Cioloș as head of the RE, what else can the Eastern European member-states hope for in terms of being part of the decision-making process in Brussels?

For the first time we have a Romanian presiding over a European political group, and an important group for the current configuration of the European parliament. It's not a small thing. It is true that most ruling parties from Eastern countries (including Romania's Social Democrats) are not very well perceived by Western partners and were pushed out from the negotiations for the important positions. The fact that the Eastern states make up 20 percent of the EU's demographics should, however, be represented in the decision-making fora.

We can't forget that the Eastern states also have 40 percent of the votes in the EU Council and the European Council (although they only comprise 10 percent of the economy).

Eastern Europeans states, however, do not speak with the same voice. There are two speeds, just as they say about the EU. The Visegrad Group does not feel any solidarity with the states that joined the EU later - Croatia, Bulgaria, Romania. If such solidarity existed, the East

would systematically be better represented. I think it would be a mutual advantage to build our position together.

Having Donald Tusk as head of the EU Council in the former mandate was definitely a positive development for the whole of Europe. We should work to ensure that an Eastern country gets other important positions in the EU apparatus. As the economy grows, I expect things will get better by themselves. Pragmatically speaking, the Poles have already had a top position in the past mandate, and none of the other Eastern states represent more than 1 percent of the EU economy. Dacian Ciolos, and, we hope, Laura Codruța Kövesi will represente a great achievement for Romania.

If we look at the choices for appointments to the leading positions in Brussels, besides Mr. Ciolos' election as head of Renew Europe, CEE has been largely bypassed, and that might translate to increasing Euroscepticism, political frictions and a developmental gap between West and East. How would you as MEPs from the 'East' tackle this problem?

It is not the absence of high-ranking positions for the Polish and Hungarian representatives that would lead to an increase in Euroscepticism, but rather the arrogant treatment from the side of the Western countries. It's true that rule of law is under threat from populist parties, and this is a big problem. But we have to avoid punishing or systematically marginalising nations because we don't agree with the policies of their governments. This is how the risk of stronger anti-European sentiments increases. For now, Euroscepticism is in its incipient phase.

My conclusion is that we need to resist the temptation to lecture people, to look down on them or treat them aggressively because they voted for governments we do not like. On the contrary, we need to show that Europe understands their concerns, and that Europe simply cannot be built without their contribution.

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The only way for Europe is East-West economic convergence, and we need to cooperate on that.

Mr Mateusz Morawiecki, Polish Prime Minister © Photo by Council of the European Union

Interview Gustav Gressel, Acting Director, Wider Europe Programme
European Council on Foreign Relations (Berlin)

We are in the very early stages of a long-term ideological battle. The anti-Western revolt has solidified

Has the populist anti-EU revolt failed or consolidated its momentum after the latest European Parliament elections?

I am slightly sceptical that we can take the European Parliament elections as a benchmark for measuring the satisfaction and dissatisfaction that existed before this event. In the past, elections to the EP were 'trial or revenge' elections in which the electorate could punish their governments but also vote for parties that they would not necessarily vote for in national elections. That is not the case any longer. The EP vote now actually reflects the real thinking of the voters and not just the potential for protest. Regarding the big battle against the populists and anti-Westernists, this is a very long-term battle. There is a new ideological division within Europe and between European states, between different stages of identity, culture, lifestyles, cleavages between different societies in Europe. I don't believe that we have won just because the populists don't have a clear majority. This is a long-term struggle, just like the one agaitns the communist ideology. From the beginning of Marxism as an ideology and the formation of Marxist parties (either radical socialists or communists) to actually winning the battle in 1989, almost 150 years passed. We are again in the very early stages of a long-term ideological battle.

The core ideological profile of the current anti-Westernists started to form and blossom in the 2000s. And if you look at the mainstream parties, Fidesz probably is the most prominent example. It was a normal conservative party in the 1990s. It was not this pro-Russian, hysterical party spinning anti-Jewish conspiracy

theories that it is today. I don't think that Fidesz will be the only one. This kind of revolution in identity politics that we are witnessing on both left and right will push other parties onto this path. The left-right distinction is no longer applicable in the twenty-first century. An important ideological battle is happening today with the Social Democrats in Germany. They used to be a serious mainstream government party. They are not doing well in the polls, they are nervous, and now you have all sorts of radical positions within the party. At a time of enormous nervousness and decline, we don't know the course of the Social Democrats over the long term. You have people that would champion a return to the extreme left or to the anti-Western camp within the party. It is feasible that they could be for the Social Democrats what Fidesz is to the conservative camp. In Austria the general consensus is anti-Western. In Italy the societal and political consensus among the elite is heavily inclined towards anti-Westernism. Salvini's success in the elections is not something that should take anyone by surprise. He is putting ideological, societal, political things on the table that have been talked about previously by the more mainstream parties with a different vocabulary, in a less confrontational way, in a less blunt way, but ideologically the society was pre-prepared. Salvini is using the effect of the political discussion that others have prepared for them.

The anti-Western revolt and the divisions have solidified. On top of that, we also have East-West, North-South splits and divisions. We live in a time of identity politics. And people on both the left and the right want to politicise everything – lifestyle, traffic, nutrition. This wasn't the case in the 1990s or the early 2000s. The whole climate debate is being conducted in a way like prescribing lifestyle. Soon you will have an enormous clash of pacts on lifestyle. You emphasise and bring these differences to a much more prominent level of attention and you will start

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to rally people around them. Ultimately, I think that the East- West, North-South divisions will get stronger and more political over the next few years.

As you pointed out in your 2015 report, "there is an overlap of ideology and interests between many European political parties and the Russian government". Bearing in mind the latest Salvini scandal (alleged financial support from Russia), how do you assess Russia's ability today to harness, cultivate and channel the anti-Western revolt, the identity politics revolution, as well as the nationalist/sovereignist energies of some of the European parties?

Very early on, the Russians made their bet that identitarian politics on the right will be a growing sector, will be accessible to them, and that they will position themselves towards that sector, marketing-wise. That doesn't mean that in reality Russia fits that ideology. If the Russians talked to Europeans they would appear Islamophobic, but Russia is actually the only European country where sharia law is part of the constitutional system (at least in the North Caucasus). This is almost a contradiction, but they market

Ms Ursula Von der Leyen
© Photo by Council of the European Union

themselves and they immerse themselves in a way that pleases the identitarians in such a way that they perceive Russia as an alternative hegemon, an alternative empire. If you look at the simplistic messaging of the right-wing in Germany or Austria it could be summed up in the Pegida slogan – 'Merkel to Siberia, Putin to Berlin'. They think that only Russia can provide protection, the example and expertise for hardcore identitarian governments needed to solve the West's internal crisis. The Russians don't need to do much, just to do good PR and watch the Europeans fight among themselves.

The traditional image about Germany was that of being reluctant to exert its power. By leading and shaping the future Commission, is Germany ready to embrace a different historical paradigm?

Germany can't exert leadership in the usual way because it's Germany. It needs to find other ways to exert it. The problem is that the way Germany did this in the past was to create institutions that would increase predictability for all the other European states, and give them the opportunity to include themselves into the consensus. This model – the Helmut Kohl kind of leadership in Europe – has eroded. Since Schroeder and Merkel, Germany has become more unilateralist. On top of the feeling that Helmut Kohl went too far with the euro, with Maastricht and Amsterdam, the institutional setup does not benefit Germany the way the single European market and EEC benefited Germany during the Cold War. The cost-benefit balance between the costs borne for integration and the benefit of influencing common European decisions is not in Germany's favour anymore. This kind of feeling is the reason for this increased unilateralist behaviour. The problem is that the unilateralist approach has a huge impact in terms of insecurity in the rest of Europe (both in the East and the West).

The other problem is that the Germans haven't really come to terms with the fact that we have a state of rule of law in Hungary and Poland that would have prevented them joining the EU if this had been the state of Hungarian and Polish democracy in 2004. We actually need to accept that the institutional setup is a failure or has serious existential flaws, and we need to reform it. This reform has to encompass an increase of centralised oversight over member states, not only in the financial sector but also on many domestic issues (starting from Schengen, to democratic standards). Having said that, the Germans would be very much in line with the Poles and Hungarians, they would resist such a temptation, because they think that the Commission's meddling in German domestic affairs has already gone too far. Germany didn't prepare the population for such a shift. Hence they are stuck in a system that doesn't work, and they don't know how to fix it.

Bearing Ursula von der Leyen's controversial record in leading/managing German defence in mind, is she the right person to lead the EU?

Von der Leyen is a compromise because she is personal. She was accepted because she is not a typical German. She is a very passionate European, but on the other hand she had a very good relationship with Mattis when she was a defence minister. In all the NATO summits, they really managed to bypass Trump for the benefit of Europe. That was recognised in Eastern Europe and in Poland, and hence they know that she will not go for this kind of unilateralist, anti-American posture. She is acceptable to the Eastern Europeans and she is also acceptable for the Western Europeans. She is from the liberal progressive part of the conservative party.

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> **Von der Leyen is a compromise because she is not a typical German. She is acceptable to the Eastern Europeans and she is also acceptable for the Western Europeans.**

The Franco-German gap on Europe

Even if you created a sort of United States of Europe, the Germans and the French would perceive it as an image of their own country. France, a very centralised country, wants to have a centralised, big-government EU. But if it were based on the German model, a federal republic, with a free-market decentralised government, and having outsourced a lot of governmental issues to private entities, you would create a United States of Europe that would be a very federal and decentralised thing. It would give regional governments a very big role, because that is the way Germany perceives government to be done. The German model of integration is very different from the French model of integration. The Germans say no to every French idea of reforming the EU, and their counter-proposals are very different.

Interview Jana Puglierin, Head of the Alfred von Oppenheim Centre for European Policy Studies at the German Council on Foreign Relations (Berlin)

The whole **German political model** is called into question

In his recent article in the Washington Quarterly, Thomas Bagger (a former Head of Policy Planning at the German Federal Foreign Office) pointed out that the post-1989 German foreign policy consensus no longer exists. The world has changed. The assumptions and premises of the 1990s are being contested. Is Germany ready for a world where the return of great-power competition is becoming the new normal?

Germany is not well prepared for the new realities. The new developments, especially the great-power competition and the changing role of the US, where nobody knows where Donald Trump is heading in the future, are threatening Europe's and Germany's foreign policy identity. After 1945, German foreign policy was built on two pillars: on one side, European integration and the idea of an ever-closer union; and on the other side, the trans-Atlantic relation-

The Remains of the Berlin Wall © Photo by Octav Manea

ship and the close link with the United States. Now we see these two pillars under threat simultaneously. In the EU this idea of further, deeper integration is now being questioned - not least by the Germans. In this environment, Germany is struggling to find a position. We want to uphold both principles – a strong focus on the EU and a strong focus on trans-Atlantic relations. Merkel won't throw trans-atlantic relations out of the window just because of

Donald Trump. So the idea is to develop some strategic patience while at the same time the German government tries to build bridges to other American players or institutions – like Congress, or governors.

Thomas Bagger is right in saying that after 1989 the idea of transformation was something that the Germans really embraced. The problem is that we believed this was a one-way road, and we did not expect the pushback that later followed both inside and outside the EU. It is really difficult for Germany to adjust and understand these trends because Germany itself has really been transformed since 1945. It is part of the German national identity that we have changed for good. At the core of German foreign policy identity remains the fact that institutions are the linchpin of global diplomacy and multilateralism. In the end, the whole EU is not suited for great-power competition. The EU as a construct was built as the opposite to great-power competition, the opposite to the zero-sum game. The founding idea was that overall everyone would benefit and be better off. The whole concept of the EU is avoiding nineteenth-century power politics. We must not be too quick to throw everything we have achieved out of the window. The EU today, even if its export model has been damaged, is still a beacon for many other regions around us, even if this transformative approach has failed to some extent in Turkey and Russia. It would be wrong to adjust too much and become another great power. The EU would not be capable of this, and for Germany this is not an option. This whole idea of great-power competition is very alien to Germany since 1945. It is more French and British, but not German. In a way Germany is a post-modern country, a post nineteenth-century country. This new reality really calls into question the whole German political model and the way we thought about the world.
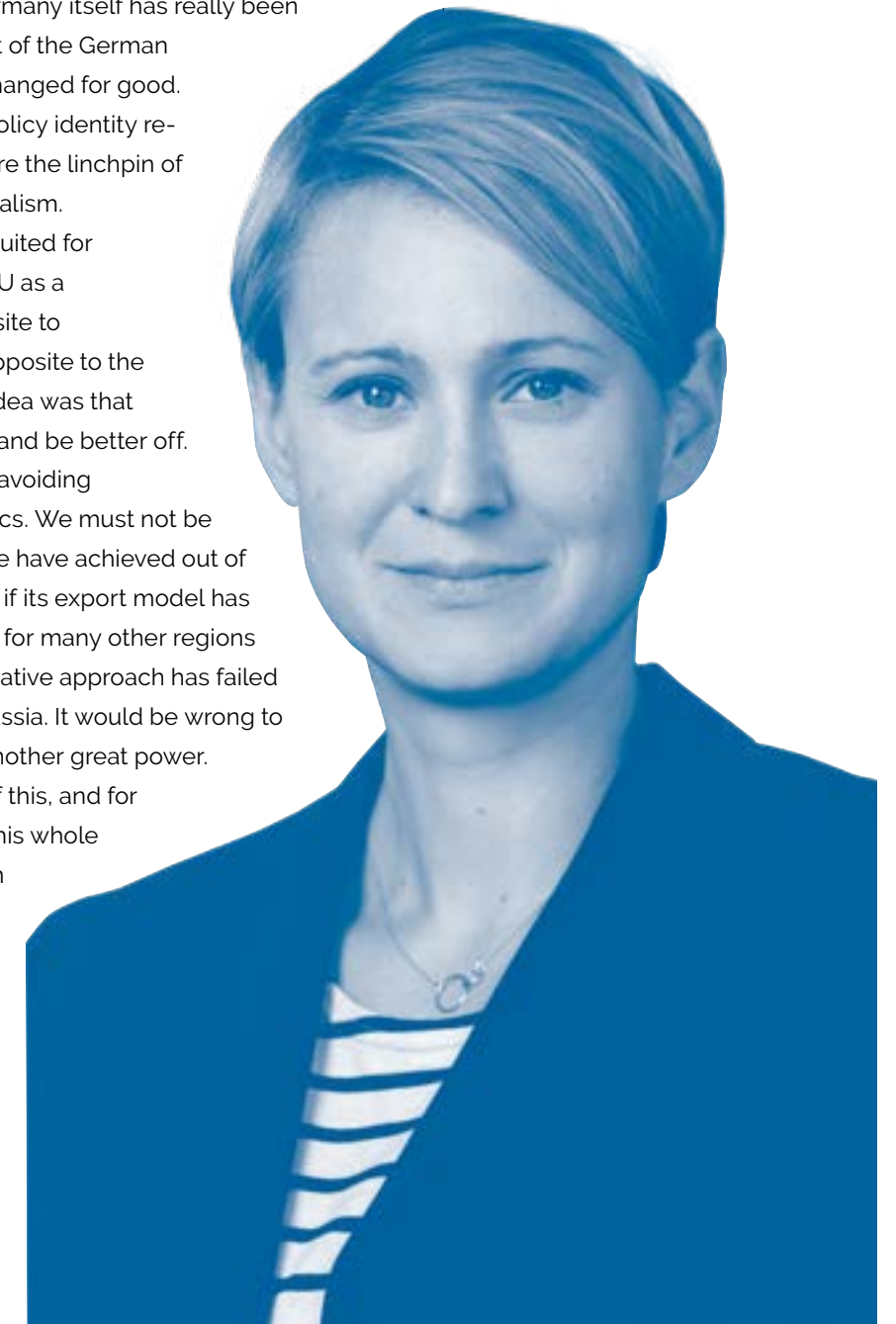
How is this whole issue of European strategic autonomy understood in Berlin?

If you look at German documents from before the publication of the EU Global Strategy, the concept of strategic autonomy is not mentioned. Strategic autonomy is also not a very German concept, as after 1989 two lessons were learned: never again and never alone. But this 'never alone' excludes strategic autonomy if you reduce it to German foreign policy. It can only be about the EU's strategic autonomy. If you define it in a European way, for Germans it is more about the ability to act and decide your own actions. It is about not becoming a plaything in the hands of China and the United States: to be a driver, not to be driven. In this context, the Germans' aim is to establish a European Defence Union, that is not intended to duplicate NATO, but should be an add-on to NATO, and which should take over when the Alliance is unwilling to take action. Overall you also see different interpretations of the concept of strategic autonomy all over Europe. Germans are not really ready to face a situation when there would be no NATO, and they only think very timidly about a plan B option. The French are somewhat disappointed that Berlin hasn't embraced this more. For the Germans, NATO remains the first line of defence. At the same time, what we do at the EU level on defence and security is more of an integration project, to find an additional glue that binds Europeans together in addition to the single market, another project that has as many members as possible.

China is projecting its power and influence in Europe through companies, strategic assets and regional formats. During this time, both the US and the EU have learned to fear China. It is increasingly being approached, at least rhetorically, as a competitor. China is even being spoken of as a systemic rival. Do you see any potential strategic convergence between the EU and the US in counterbalancing Chinese influence on the European continent? How is China perceived in Germany?

The debate in Germany has changed a lot. It started a couple of years ago. For a very long time Germany primarily considered China as an economic opportunity. There are deep trade relationships. Now, it is increasingly being acknowledged that it is a competitor and we have to be cautious. The Defence Minister recently spoke about a united European strategy on China. There is greater awareness and readiness to do something. China is one of the topics that has the potential to split the EU further. In Germany, most people in the streets see Trump as the greater threat; China is not really seen as an adversary. At the same time the readiness to join the American approach

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towards China is not there. We see this reluctance on the 5G issue. Some other European member states are more open to embracing the American approach. Berlin doesn't like this growing competition, the rhetoric coming from the White House. The idea is to strengthen the European Union, but not as a counter-weight to the US, because a lot of people in Berlin are arguing that this is a chance for the trans-Atlantic relationship to implement a joint strategy. But this should not mean that we are vassals to the US.

The idea of Fort Trump in Poland is being contested in Old Europe.

I think in NATO we have found a carefully crafted balance between deterrence and dialogue. A Fort Trump would destroy this, and it is not in Germany's interest. It is not that we are appeasing Russia, but I don't think there is any need to provoke them unnecessary. I think the existing measures NATO has taken have been very good and are – for the moment – sufficient.

Will the idea of a future European Security Council prepare Europe better for a changed global ecosystem?

The problem with the European Foreign and Security Policy has not been a lack of institutions that prevents us from acting. It is a lack of unity and of political will from the member states. Done in the right way, a EU Security Council could help the EU to move forward. The other idea is to have a European Security Council that also includes the UK, but then you have to find a good balance for the small countries, between regions and a rotating element. Such a mechanism would help to keep the UK close to the EU, something that is absolutely necessary. That is why I think the European Intervention Initiative does not undermine PESCO and the EU structures, but it can also help by bringing in the UK and Denmark. When I think about European security, I think more of a toolbox with different instruments – we shouldn't think in boxes, but rather in a combined approach. We have to put more effort into thinking how to make them inclusive, flexible and mutually reinforcing.

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President Donald Trump talks with German Chancellor Angela Merkel © Official White House Photo by Shealah Craighead

Street in Ljubljana - Slovenia © Photo by byungjei Lim from Pixabay

Dossier

Rule of law in Europe's east

Beyond a **DNA** on steroids?

By **Sidonia Bogdan** | Bucharest

*A*nti-graft efforts are a must for all EU states and Romania has achieved remarkable progress in its fight against this scourge. Nonetheless, it has been a bumpy ride and Romania can become a textbook example of how hard it can be to implement such a strategy at state level. Strengthening institutions, steadily promoting uncompromised magistrates in key positions, fighting back against political pressure on the judiciary and a keen eye for always respecting human rights are vital elements for the health of this process.

Laura Codruța Kovesi © Photo by Octav Ganea on Inquam Photos

In 2007, Romania became an official member of the EU, and this brought along a boom of European investment meant to help the country catch up on fellow member-states in terms of economic development. Compared to the Western countries which were fortunate enough not to face the blows of totalitarian regimes, Romania's economic transformation, as aided by the EU, looks spectacular. A nation which in 1989 looked bleak and impoverished, eaten from the inside by organised corruption, and which went through an unhealthily long transition period, Romania swiftly gained the status of a Westernised country in its new quality as an EU member. Brussels, however, was not looking to continue to fund the country unconditionally, but took upon itself the task of implementing a long-term fight against high-level corruption. In return, Romania vowed to show Brussels that it intended to truly reform itself and that it would subject itself to the rule of law as a governing principle.

Twelve years on, the fight against corruption remains the country's main debate topic, both internally and internationally. Aided by a Cooperation and Verification Mechanism (CVM) meant to track the progress of justice independence and the fight against graft, officials in Brussels used the annual report results as a filter in their interactions with Romania's political class. When the CVM recorded a win in the anti-graft fight, Brussels leaders cheered on, while the attempts of Romanian political figures to dampen the judiciary's anti-corruption zeal were swiftly and strongly sanctioned.

The first few years — starting with the mandate of Daniel Morar, the first reformist head of the DNA, and continuing with Laura Codruța Kovesi's mandates — brought remarkable progress, with news of high-level Romanian officials receiving stiff prison sentences making the rounds of international media. However, something changed in late 2016, when the PSD-ALDE coalition won the country's parliamentary elections, a step backwards that can be described as a slip in the direction of authoritarianism.

The above summary is a simplified narrative of Romania's anti-corruption saga, one that most EU officials adhere to as a means of explaining the whole deal to the Union's citizens in an easily understandable manner. A more nuanced look at Romania's fight against corruption and testimonies by stakeholders will, however, reveal this narrative as extremely reductionist, if not outright harmful.

In the implementation process, the anti-corruption fight in Romania did not follow a linear trajectory and cannot be wrapped up as a binary endeavour, a 'good versus evil' story of justice-bearing heroes against venal villains.

Like any far-reaching national policy, once rolled out it could bring both breakthroughs and (correctible) mistakes. What follows is the author's take on the whole process' pros and cons.

Anti-corruption and pressure from Brussels

The CVM's yearly reports, through which Brussels officials were able to offer informed opinions about progress in reforming the judiciary, had both positive and negative effects. On the one hand, Brussels managed to mobilise a sustained fight against corruption, and helped Romania to confront its issues instead of burying them. On the other hand, it created a form of pressure which also led to some collateral damage: some prosecutors fell into the trap of superficiality and haste when putting together several cases with huge political stakes.

In other words, when you work against the clock on a case to boost the figures of a CVM report, the odds are that you will make a slip here and there. Haste makes waste, including when you are defending a case.

Brussels requested judiciary reforms which were meant to eventually demolish organised corruption, although it never imposed quantitative goals. However, the National Anticorruption Directorate (DNA) headed by Kövesi also aimed to impress Brussels through the sheer number of cases that included high-profile Romanian officials. DNA's bottom line, which included impressive numbers of dignitaries investigated by the institution, always made a point of.

The resulting sloppiness could explain the acquittal of several high-profile politicians. The list of infamous cases includes names such as Romania's former Prime Minister Victor Ponta (acquitted in a lower court); senate leader

Călin Popescu Tăriceanu (ultimately acquitted of perjury); Ludovic Orban, the leader of the National Liberal Party (PNL) and a top opposition player (acquitted after being accused of influence-peddling for undue benefits); and Tiberiu Nițu, the chief prosecutor, who quit the Prosecutor-General's Office after being investigated for complicity to abuse his office (case dismissed).

Moreover, a liberal politician and a former president of Romania's Financial Supervisory Authority, Dan Radu Rușanu, was arrested during a criminal investigation, but was later acquitted in court. After that, Rușanu sued the state for damages for the period he spent under arrest (€1.4 million), most of which will go on his lawyers' fees and the salary he should have gotten as Financial Supervisory Authority/ASF president during his five-year mandate, of which he only got to serve four months.

Kövesi's institutional defence regarding weak cases emphasised that the DNA's acquittal ratio was always under 10 percent, below the European average. This defence is flawed. When publicly announcing the criminal prosecution of a politician in power with high-level public leverage, one has a duty to build a very strong case, with high chances of ending in a court sentence. Failing to do so risks destabilising the directorate and drawing the label of politically motivated cases meant to push unwanted figures to the sidelines of public life.

This type of overreaction is far from unusual in Romania's political class. The same pattern can be observed, for example, in the well-known case of US special counsel Robert Mueller's investigation into Russian meddling into the 2016 presidential elections and potential collusion with the GOP campaign, which was constantly attacked and discredited by President Donald Trump and labelled as a partisan "witch hunt."

In order to avoid the damage which similar accusations could cause, prosecutors handling such cases must work under maximum accountability.

An internal audit on prosecutors whose cases were invalidated in court came a few years late, in the spring of 2019, under the mandate of acting chief-prosecutor Călin Nistor, as Nistor himself mentioned during several TV appearances. The result? Several DNA prosecutors were posted to other offices across the country, offices that lack the competence of investigating high-level corruption.

The question raised within the institution was: to what extent do prosecutors bear the blame for cases invalidated in court? When should a prosecutor who built a weak case be held accountable, and when not?

To mitigate similar situations going forward, the selection of prosecutors for Romania's most powerful public prosecutor's office must set the bar as high as possible.

Reform and legal idols

Another area in which Romania did not score well was the set of recommendations regarding the process of selecting the top prosecutors, including the DNA's head prosecutor. These CVM-issued recommendations have rarely been followed by Bucharest policymakers. Even the naming of Kövesi as chief DNA prosecutor was tainted by political agreements. The 2013 naming of Kövesi was possible due to an agreement between then-president Traian Băsescu and Victor Ponta, prime-minister at the time, the latter

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also serving as Acting-Minister of Justice. Kövesi was proposed for the DNA position while Tiberiu Nițu, whom the press depicted as a figure close to Ponta, was put forward to fill the general prosecutor spot that Kövesi was leaving vacant. Băsescu accepted both moves.

Was the DNA working on steroids during the collaboration with the SRI? Why did the number of cases drop significantly after the collaboration stopped, and why can't the directorate pick up the pace? No Romanian stakeholder has yet objectively answered these questions, and the current political climate does not encourage such reformist actions.

A judiciary system shows its independence when the most important roles are open to new people. There should be a constant stream of well-performing magistrates entering the key positions. However, in Romania, the general tendency is to rotate the same figures to the point when they seem to be untouchable. This was the case with Kövesi, whose aura left the impression that the institution could not perform without her.

The same thing happened with Daniel Morar, who served as the DNA's chief prosecutor in 2005-2012. During his mandate, anti-corruption policies started showing tangible results.

But the goal should be to secure the position of the institution, and not to idealise its leaders. While the political scene is used to messianic figures, the judiciary would do well without them.

Another controversy that hit the public sphere, and which was also excessively instrumentalised by political figures indicted for corruption, was the collaboration between the DNA and the Romanian Intelligence Service (SRI). With the SRI benefitting from high-quality technology and agents trained in surveillance and

telecommunications monitoring, the collaboration between the two institutions brought the DNA a record number of cases. The secret co-operation protocols, declassified by SRI in June 2018, showed that the SRI and the prosecution bodies (including the National Anticorruption Directorate (DNA)) formed joint operative teams to investigate crimes related to national security and other serious crimes. But in February 2016, Romania's Constitutional Court ruled such collaboration unconstitutional, prompting politicians to get their cases shut down on the basis that the evidence collected with the help of SRI officers had been obtained illegally. Nonetheless, up until the Court's decision (and even afterwards), cases built up with the help of the SRI have been validated by many Romanian judges.

The issue in this case is not the collaboration itself between a prosecutor's office and a secret service, but rather the 'lack of clarity in Romanian legislation. At the moment of writing, a SRI operative can still legally send informative memos to a prosecutor revealing potential criminal offences. However, the number of such briefings has waned due to the recent lack of political will to reinforce this collaboration.

As a side note, the SRI had its own infamous corruption case, with General Ovidiu Soare, a former head of the Economic Security Department, receiving a suspended sentence after trying to cover up corruption offences without notifying the judicial bodies. The DNA's prosecutors accused him of not informing the judicial authorities that certain individuals were allegedly involved in criminal activities.

With this institutional collaboration effectively out of the picture, the DNA is currently forced to rely heavily on the help of the judicial police. This raises a benchmarking issue, as there are no objective analyses that explain what would

constitute a natural rhythm for the institution under these new terms.

Was the DNA working on steroids during the collaboration with the SRI? Why did the number of cases drop significantly after the collaboration stopped, and why can't the directorate pick up the pace?

No Romanian stakeholder has yet objectively answered these questions, and the current political climate does not encourage such reformist actions.

Unfinished business

What's more, Romania's anti-corruption fight mostly involved criminal cases and the apprehension of alleged criminals, with little to no talk of prevention in public debates. The national anti-corruption strategy (2016-2020) includes a preventative element but, being a rather bland talking point, it could not impose itself in the public arena.

Criminal case files cannot solve all of society's problems, especially since corruption is a deeply rooted issue in Romania. During the 45 years of the Communist regime, poverty made stealing from the state a common practice, indeed often a question of survival. How can one change such a mindset? Is retribution enough? Thinking in the longer term, the prosecution approach has proved insufficient.

How much politics can you fit in a judicial game?

To put it briefly, implementing anti-corruption measures required improvements and a course correction at the end of 2016, when the PSD-led coalition won the parliamentary elections.

The one-way, black-and-white narrative of the rule of law does not hold water anymore, at least not as much as it did when the whole process kicked off.

Certainly, the DNA has had its resounding victories: the rulings against ex-Prime Minister Adrian Năstase, media mogul Dan Voiculescu, ex-minister Dan Șova, the former chief prosecutor of the Directorate for Investigating Organised Crime and Terrorism (DIICOT) Alina Bica, and former minister Elena Udrea.

Unfortunately, many of the players that were slapped with definitive sentences later benefitted from Constitutional Court decisions. Constitutional Court judges stated that the manner in which Supreme Court five-judge panels were put together was illegal. Thus, although the lawsuits ended in definitive convictions, the cases had to be tried once more, from scratch. One little misguided interpretation by Supreme Court judges resulted in a catastrophic blow to the anti-graft fight.

Another great victory for the fight against corruption, however, was the case against the business tycoon Sorin Ovidiu Vântu, one of the most powerful people in Romania, who controlled a wide range of businesses and influenced local politics through his media group. His cases were handled by DIICOT prosecutors and the General Prosecutor's Office, and all of them were validated by the courts.

However, the very high level of outside support, including the US embassy in Bucharest and all of the country's European strategic partners, coupled with a lack of proper critical analysis, also led to sideslips. After a certain point, the politicisation of a judiciary is accompanied by collateral damage.

The ruling Social Democrat Party, through the voice of its leader Liviu Dragnea (who had already been given a suspended sentence in a case regarding the organisation of a referendum, and was once again under investigation in another case – for which he has just received a final ruling, sentencing him to jail), started coordinating

> **In a mature democracy, the judiciary is free to fight high-level crimes, but at the same time it should also be held accountable and encouraged to minimise the risk of missteps.**

parliamentary actions with the aim of altering all the laws related to corruption charges and the way the judiciary is organised.

Magistrates pushed back hard against the PSD-ALDE coalition's attempts to weaken the judiciary. Seen from the outside, Dragnea's actions have been seen as signs of political authoritarianism, and rightly so. In that current climate, the energy of society's reformist arm was mainly focused on hindering Dragnea's unjustified attempts to weaken the state's criminal justice policies.

After two and a half years of Dragnea attacking the judiciary, desperately attempting to escape a sentence in the case against him, Supreme Court judges put an end to what had been deemed an authoritarian piece of Romanian history. In late May, Dragnea was handed a final three-and-a-half year prison sentence for abuse of office and illegal employment, and he is currently in jail.

Once this happened, PSD-ALDE's repeated attacks on the judiciary seem to have stopped. The judiciary, however, is now tackling a different controversy. The political class currently in power is a supporter of a recently established special department in charge of investigating magistrates. This new department was met with harsh criticism by experts from both the Venice Commission and GRECO (the Group of States Against Corruption), which have insistently asked for the shelving of this body, depicting it as an intimidation instrument.

Disenchantment with the DNA

Nonetheless, this drift towards authoritarianism cannot be properly analysed without taking into consideration that the bigger picture also

requires a cold, objective analysis of the DNA's recent past.

This sort of analysis, which should take into account both its victories and flops, is nowhere to be found in Romanian political discourse, because the country's most powerful prosecutor's office has, on a rhetorical level, become the opposition's main weapon to attack the ruling party.

The consequences? As opposed to any fair and open judicial analysis, such political clashes leave little room for holding oneself accountable for errors, because any step back turns into a sign of weakness which can immediately be attacked by a rival.

With politics heavily and dangerously infiltrated by populist stances in relation to the judiciary, the citizens are left unable to objectively separate between the two.

Meanwhile, the large part of the electorate which is inclined towards retribution needs to understand that judicial truth (and the way it holds itself together in a court of law) is not absolute, and neither does it reflect political or electoral truth. The mindset of a magistrate is completely different from that of a politician, regardless of whether they are promoters of the anti-corruption effort or not. This is why the barrier between the judicial reforms one expects from a country and what that country's judicial system can actually provide can narrow down to quite a fine line. A criminal case cannot replace the power of the individual to vote for political change.

In a mature democracy, the judiciary is free to fight high-level crimes, but at the same time it should also be held accountable and encouraged to minimise (as much as possible) the risk of missteps. Otherwise, the very same system that we support in fighting against corrupt

politicians can slip towards authoritarianism. The principles of the rule of law teach us that excesses of any kind are damaging, no matter which side they come from. In some cases, different stakeholders end up complementing each other in a fight between a deaf person and a blind one, which defeats the initial purpose. For this, Brussels would be more than welcome to act as an impartial mediator in the coming years. At the same time, a firm stand by EU officials is paramount when those holding political power seek to attack the independence of the judiciary and the rule of law.
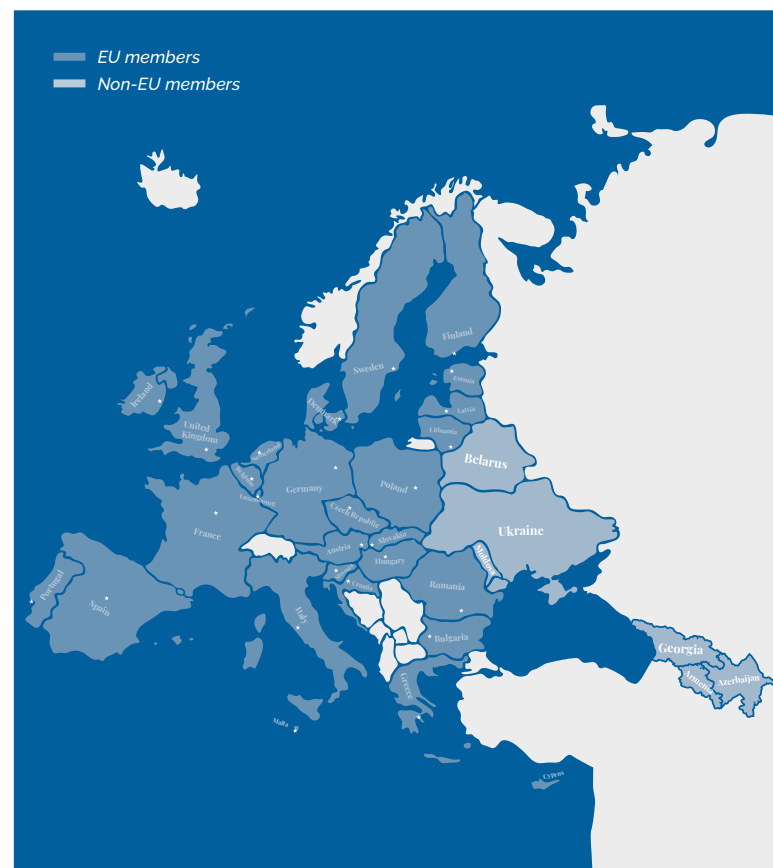
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Rule of law after a decade of Eastern Partnership.
Let's talk political change!

By **Corina Rebegea** | Washington D.C.

EU members
Non-EU members

Eastern Partnership Map © Illustration by Foxys Graphic on Shutterstock

The European Union's Eastern Partnership Program (EaP) has just turned 10. There were celebrations, but also **less congratulatory** assessments of how far the six countries have actually gone in their democratic and economic development as a result of this framework. According to the less optimistic evaluations of the EaP's success, the mechanisms and leverage employed by the EU are insufficient or inadequate to sustain long-lasting reforms, in particular when it comes to the important areas of rule of law and anticorruption agenda. This has caused many analysts to question the true impact of the EU's involvement in domestic reform processes.

In fact, a consistent body of academic literature has developed over the past decade – somewhat separate from the assessment of the implementation of the EaP– to show that the EU does not actually have the transformational power which the enthusiasts of the enlargement wave of the 2000s thought it would. If that assessment is correct and the EU has actually had only a limited impact in countries that became member states over a decade ago, the prospects for EaP countries could look rather dim.

This analysis will explore some of the main arguments regarding the EU's (in)effectiveness in transferring good governance and rule of law norms (with a focus on justice reform and anticorruption) and changing societal and political behaviours in the Central and Eastern European (CEE) member states, and the implications for how we interpret the transformations in the EaP countries. Only the three most advanced EaP countries (Georgia, Moldova, Ukraine) will be considered, based on the differentiation principles introduced at the **Riga Summit** in 2015 and their significant, yet still unsuccessful, attempts at Europeanisation and their aspirations to EU membership.

Europeanisation – not so fast!

Europeanisation broadly defined looks at the impact of the EU on domestic politics, elites, and governance structures in member states, and by extension in neighbourhood countries.[1] The theory of Europeanisation promised to explain the increasing synchronisation and deeper integration between new member states and the EU's democratic political ethos. But the realities in the member states in the CEE region and the weakness of the foundations of rule of law, the persistence of corruption and many times fake elite buy-in have led many academics to study how Europeanisation might in fact have failed. Reforms slow down or are overturned once conditionalities, immediate pressure and monitoring disappear. And of course, one can even challenge the assumption of a common European ethos that could be emulated altogether.

The process of socialisation of EU membership achieved only formal compliance.

What such research has shown is that EU accession, with all the conditionalities and rule transfer that it entailed, is that rule of law became more consolidated and anticorruption efforts were carried out more effectively in countries that were already committed to this path before the process of accession (such as Estonia). Where institutions, social norms and political behaviours had to be recreated to reflect the principles of rule of law and integrity promoted by the EU, the progress only lasted as far as the conditionalities and the fear of repercussions were

1. Early definitions describe Europeanisation as a *"process of structural change, variously affecting actors and institutions, ideas and interests, changes that from a maximalist point of view reflect '**Europe**' at large, while from a minimalist perspective constitute responses to the politics or policies of the EU"* (Featherstone 2003, 3) or as *"processes of (a) construction, (b) diffusion and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, '**ways of doing things**' and shared beliefs and norms which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourse, identities and political structures and public policies."* (Radaelli 2000, 4)

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Corina Rebegea: Rule of law after a decade of Eastern Partnership. Let's talk political change!

consistent. After EU accession, not only did the pace of reform slow down, but the availability of EU financial resources created even more opportunities for **graft and corruption** to flourish (see for instance Mungiu-Pippidi 2015).

> # The development of the rule of law is not a linear process; it takes much longer time and displays far more setbacks than anticipated. There is limited sustainability of reform, even when accession is an option or in fact does occur.

Some authors even go as far as to suggest that EU conditionality actually had a pathological effect, in that it provided perverse incentives and actually empowered illiberal and anti-reformist elites which were focused more on window-dressing than actual, sustainable change. By imposing the creation of anticorruption laws and institutions, the argument goes, the EU has actually opened up the opportunity to politicise and instrumentalise such laws and newly-created bodies (see Mendelski 2016).

Further, the research and empirical evidence seem to suggest that the introduction of formal rules and institutions has not succeeded in replacing the informal ones that persisted among corrupt political elites and were embedded in the institutional culture. The process of socialisation of EU membership achieved only formal compliance, while political behaviour continued to display tendencies against the rule of law, and more recently against constitutional liberalism, with Hungary being the most widely cited example. From Latvia to Poland, to Hungary and Romania, developments since EU accession seem to prove that after the initial boost for independent anticorruption bodies, political elites have returned to their turf war over controlling these potentially powerful tools to take down their adversaries. It was only a combination of civil society activism, independent media and some form of international pressure that prevented a full roll-back of reforms in at least some of these cases.

One final and problematic argument is that of 'society buy-in' in both member and EaP countries. Is the EU legitimate or attractive enough for citizens to adhere to the rules coming from Brussels? Perhaps one answer to this question is to be found in opinion surveys which show trust in the EU superseding trust in any of the national institutions. Furthermore, the anticorruption reforms that seem to have worked were those that required changes in behaviour at society level and not at the higher, political level. Both Romania and Georgia are telling examples. While petty bribes are no longer the norm in many contexts, high-level corruption continues to pose tremendous challenges across the region.

In fact, if we turn our attention to civil society, the picture looks far more encouraging. In attempting to strengthen the rule of law and consolidate the anticorruption bodies, the EU has managed to empower various agents of change in these societies, both formal and informal. It has also created an appetite among citizens to put more pressure on their elected officials and public bodies, and created the appearance of an external force of last resort when civic pressure seemed to fail. EU pressure has also created the opportunity for the expertise amassed in various parts of society outside the formal institutions and structures of power to emerge and inform the design of conditionalities, of pressure points and of the reforms themselves.[2] In conjunction, these factors have produced shifts in perception, and eventually in the exercise of power, which have helped prevent the dissolution of important anticorruption measures. Romania, with all the 'two steps forward, one step backwards' progress it has made in anticorruption, as well as Ukraine since 2014, with a similar erratic trajectory, are cases in point: emboldened by the EU, various civil society actors were able to exert enough domestic pressure to prevent the complete reversal of reforms.

The EaP and the EU's power to create rule of law

What these examples from CEE show is that the development of the rule of law is not a linear process; it takes much longer time and displays far more setbacks than anticipated. They also show the limited sustainability of reform, even when accession is an option or in fact does occur. Particularly in Bulgaria and Romania, the European Commission has maintained a hands-on approach to the rule of law and reform of justice through a **Cooperation and Verification Mechanism** (CVM), which outlines reform benchmarks and employs incentives and punishments (in terms of suspending EU funds, a measure which has been applied). The CVM is still in place 12 years after accession, much to the chagrin of many political leaders in the two countries, and since its creation it has evolved from a quantitative approach to a more qualitative one. This involves a better assessment of the political environment in which these reforms are supposed to be implemented. In Romania, for instance, the Commission expanded the scope of the CVM to include evaluations on the roles of parliament and government in creating barriers to anticorruption and rule of law reforms, as well as efforts by politicians to intimidate the judiciary and limit its independence. This reflects the Commission's ability to learn, even if limited, and to adapt its stiff technocratic tool to an unfavourable political dynamic. This is important to note when designing similar tools for EaP countries.

Not least, these CEE examples highlight the political dimension of Europeanisation. Building democracy, the rule of law and anticorruption will only succeed if there is a shift of **power** and a structural change inside these countries' elites. The EU is more likely to succeed if local elites have a stake in and become committed to the process of fighting corruption and building the authentic rule of law. These elites can be emerging politicians (like in Moldova and Ukraine) or heads of independent judicial or oversight bodies (as in many CEE countries, including Romania) who become personally and professionally interested in such processes. Also, success is more likely if there are other forces in society, such as independent non-governmental organisations and media, pushing for changes to governance structures and patterns, and going beyond just preventing politicians from overturning important rule-of-law reforms. Cases of broader consensus supporting the rule of law and anticorruption are scarce, but Estonia is a notable success story as it emerges from the former Eastern Bloc.

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2. See for instance Elbasani and Sabic (2017), discussing the Hungarian case: "*Conditionality only brought the issues that worried civil society from the margins of civic activism to the center of the political decision-making process, while affirming the work of NGOs that were previously denigrated as traitors of the independent republic by the ruling élite.*"

A typical critique from observers of the EaP's incentive structure is that accession is missing from the package offered to the three countries, and therefore the enticement to reform is far more limited. In fact, accession cannot substitute for a deeper engagement with political processes (and regime change) that goes beyond policy transfer and governance support. Once again, the CEE countries offer good lessons learned in this respect. Also, this became amply evident in the case of Moldova, for instance.

Since 2015, Georgia, Moldova and Ukraine have embarked on a process of deepening interdependence with the EU through Association Agreements, Deep and Comprehensive Free Trade Agreements and visa-free regimes, to mention the most notable. Both Georgia and Moldova have been the flag bearers or poster children of the EaP programme at different times, only to slide back shortly after. Now Moldova is frequently described as a captured state, particularly as almost no progress has been made in bringing to justice the final beneficiaries of the billion-dollar theft of 2014, while important checks and balances are effectively missing, if not completely under oligarchic control. Georgia seems to have also relented (and politicised) its anticorruption focus, and has raised concerns that it is moving toward a particularistic model of power; while Ukraine seems stuck in its attempts to establish independent anticorruption and judicial bodies,

with political decision constantly hampering the implementation of such reforms.

In all three EaP countries there is a deep sense that political elites, even those who portray themselves as pro-EU, are in fact acting as veto players and not as enablers of long-lasting reforms. Façade democracy and the instrumental use of the law have often replaced genuine reform efforts. Also, for a long time the EU deliberately avoided engagement with the core of the political regimes in these countries – which, arguably, is where the problem lies – and focused more on the technicalities of the European *acquis* which these countries had to adopt.

Another major criticism of the EU in the processes of norm transfer and conditionality has been its quantitative approach to the legislation and institutions that needed to be created, rather than the qualitative aspects of implementation and the underlying political mechanisms by which these laws and institutions could be rendered effective (or ineffective). Romania and Bulgaria are good examples of the struggles to narrow the implementation gap and stay on a steady path of reform, particularly in the area of integrity and anticorruption.

Ukraine seems to be following a similar trajectory, and there is much to be learned from the Romanian example as to how long it takes and how many iterations the effort of establishing rule of law and anticorruption

> **The EU no longer operates in a geopolitical environment where there is no alternative. Other players are competing for influence on the European continent.**

institutions and norms actually has to go through. One other important element emerging from this is expectation management: in Ukraine and Moldova managing expectations (especially regarding high-level prosecutions and the recovery of stolen assets) played no part in preparing the public for the slow pace and the disappointment of not seeing the reforms bear fruit in the short or even the medium term.

The empowerment of local agents of change

However, it would be unfair to say that the EU, in cooperation with other multilateral partners and donors, has not learned anything in the accession process (such as with CVM), and now in its deepening ties with the EaP countries. The IMF imposed justice reform and anticorruption **conditionalities** on loan disbursements to both Ukraine and Moldova, something that is unprecedented in the IMF's lending schemes. According to Ukrainian civil society, this connection is in fact the most effective way in which political decision makers can be held to their promises.

Also, economic exchanges and trade between EU and EaP countries have increased significantly as a result of Association Agreements and DCFTAs. This has led to increased **interdependence** and interconnectedness, changing the dynamic among non-public sector actors such as expert and business communities. While the EU's focus and approach has still been rather technocratic in nature, this slow process of norm approximation has led to the creation of various change actors across many groups which

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can maintain pressure on local political elites and offer support to autonomous institutions. The emergence of new civic groups or political parties advocating for anticorruption and good governance can be considered a result of EU engagement as well.

The EU's gravitational pull: the need for better conditionalities and incentives

Despite the economic and political benefits of the EaP, the setbacks in anticorruption and rule of law are obvious, as is the very fragile equilibrium that keeps countries on the verge of either maintaining a European lifeline or falling over the brink into becoming undemocratic, illiberal political regimes. In tipping the balance in favour of deepening Europeanisation, the EU will also have to be able to accurately and soberly measure its own impact and understand the extent to which sustainable reform is actually dependent

on local political factors. Turning a blind eye to inauthentic commitment and focusing solely on a technocratic approach (as in Moldova in 2010-14), pouring money into discretionary regimes in the absence of true conditionalities and sanctions, allowing oligarchs to launder their money and reputation in the EU, and being unwilling to engage domestic political barriers will not help the EU or its partners. It will not help member states either.

Effective anticorruption is in high demand among citizens of EaP states. Economic ties and political engagement with the West are still in high demand among elites. These constitute opportunities for the EU to rethink its system of conditionalities, as well as its internal process for exerting the right amount of political pressure and engagement. When it comes to enforcing anticorruption norms, the EU may have to increase opportunities for judicial cooperation, so that gathering evidence or even initiating prosecutions concerning high-level corruption could be carried out outside domestic jurisdictions. The new European Prosecutor might offer such an avenue.

Moreover, digesting the lessons of the CEE enlargement and the CVM will be helpful in designing better conditionalities and incentives, as well as in choosing domestic partners (among individuals, NGOs or independent institutions) that can act as true change actors. Also, in measuring the impact of its interventions, the EU could do a better job in balancing counting its technical reforms with the real results of implemented policies. As Ukraine and Moldova consistently demonstrate, merely having a specialised anticorruption body does not guarantee that high-level corruption will be pursued independently and in full respect of rule-of-law norms.

Importantly, many of the things that the EU can do to increase its effectiveness in EaP countries will actually be linked to its own internal governance mechanisms: strengthening transparency and integrity in the allocation and spending of EU funds; instituting better control of off-shore companies and making money flows and beneficial ownership more transparent; dedicating more time to thinking about how to build in a measurement system for its norm-transfer efforts; working more on consolidating civil society groups and a strong independent media; and activating a political dialogue that disingenuous politicians or oligarchs will find harder to manipulate in their favour. The inward-looking effort is important, since the EU does

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not act like a monolith and the channels of Europeanisation are not always coherent or coordinated.[3] Competing political interests – from EU institutions or member states – are likely to affect the technocratic approach of the Commission, and might play up the weaknesses of the domestic political dynamics in EaP states.

A deeper understanding of the domestic context and a long-term commitment on behalf of the EU – both at the level of the European Commission, but mainly in the political decision-making bodies such as the political groups in the European Parliament or in the Council – is crucial for the success of rule-of-law reform in EaP countries. It will also be crucial for the security of the European continent and the preservation of its democratic governance model based on checks and balances, rule of law and an open society.

Projecting rule of law in times of renewed geopolitical competition

Not least, the EU should not underestimate the geopolitical competition and the role states such as Russia (and in the near future even China) play in making Europeanisation not only less appealing – through disinformation and propaganda – but also less effective – through the corruption and cooption of political elites. Georgia, Moldova and Ukraine all have incomplete control over their territory and are or have been subjected to Russian military aggression. All are on the frontline of the hybrid war being waged by the Kremlin, one of whose main tactics is to undermine the European model of governance, distract these countries from their European path and discredit the value of closer ties with the EU. The EU no longer operates in a geopolitical environment where there is no alternative. Other players are competing for influence on the European continent. Recent money laundering schemes, as well as information operations reaching the core of the EU, should place more emphasis on strengthening the EU's periphery.

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3. See for instance Muller 2015: "*There is not much by way of a consciousness of common European political space (let alone a shared public sphere where substantive arguments could be debated seriously across borders); it can be hard to get (let alone direct) something like common political attention.*"

EaP:
Looking beyond 2020

By **Daniel Szeligowski** | Warsaw

I t has already been 10 years since the Polish-Swedish Eastern Partnership *(EaP) initiative was launched in Prague in May 2009. Since then, the EU has strengthened its relations with all six EaP countries – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Three of them – Georgia, Moldova, Ukraine – have signed Association Agreements (AA) with the EU, including Deep and Comprehensive Free Trade Agreements (DCFTA), and have been granted visa-free regimes. Armenia, which initially withdrew from signing the AA, has concluded a new, less ambitious bilateral treaty: a Comprehensive and Enhanced Partnership Agreement. Azerbaijan has started negotiations on a new framework agreement with the EU. Finally, bilateral talks on EU-Belarus Partnership Priorities have been launched. The EU is now the biggest trade partner for five out of the six EaP countries, and is the second biggest trade partner for Belarus only after the Russian Federation.*

Gradually, however, the EaP has been losing its momentum – its transformative potential has largely run out of steam, while Russia's revisionist policy has become increasingly problematic for both the countries concerned and for the wider region. On the one hand, the EU's eastern neighbours are still struggling with internal problems, such as state capture, corruption and weak governance institutions. The political elites in these countries often lack the will to pursue systematic modernisation, but there is also much room for improvement when it comes to the EU's assistance to its partners. On the other hand, the EaP states have been subject to external pressure, and even meddling, from Russia, which has not shied away from using military power to achieve its foreign policy goals, and treats these countries as within its exclusive zone of influence.

The EU has not so far formulated any comprehensive vision of its eastern policy for the period after 2020, when the '20 deliverables for 2020' roadmap is due to expire. The first reason for this is that the current political situation in the EU is much less favourable to deepening relations with the eastern neighbours than was the case 10 years ago. The EU faces several new challenges, such as Brexit, trade disputes with the US and negotiations on the new multiannual budget, which have pushed discussions regarding the EaP further down the agenda. The prospect of the UK's exit from the EU has further weakened the coalition of the member states supporting the EaP, as the British government has actively shaped EU policy towards the eastern partners, and has been very vocal about Russian revisionism in the region. The second reason is that several EU member states – including Austria, France, the Benelux states and Italy – have been rather sceptical about deepening relations with the EaP countries, either out of fear of further EU enlargement, and/or due to their own interest in developing closer ties with the southern instead of the eastern neighbourhood.

Still, the EaP's tenth anniversary has triggered reflections within the EU on the future of the initiative. Until now, this process has mainly been led by Poland and other like-minded countries. At the high-level conference held in Brussels in May 2019, Poland's Minister for Foreign Affairs Jacek Czaputowicz outlined three proposals for further strengthening cooperation with the eastern neighbours, covering legislative approximation, sectoral cooperation and institutionalisation. Czaputowicz suggested establishing an EaP secretariat, launching a rotating EaP presidency and creating a Regional Economic Area for the partner countries. The discussion will gain momentum after the new European Commission is sworn in, with a view to working out concrete ideas before the planned EaP summit in 2020.

Eastern Partnership 10th anniversary © Photo by Council of the European Union

Below are presented some detailed recommendations for the development of the EaP in the medium term, which may serve as a basis for this discussion. These have been prepared by a team of experts from the Polish Institute of International Affairs (PISM), who have analysed the partner countries' expectations, the political restrictions within the EU, as well as other EU integration models with third states.

General assumptions

In the coming years, the success of the EaP will be measured by the pace at which the partner states implement the agreed EU *acquis*. This requires considerable effort, both from the partner countries to conduct reforms, and from the EU to assist with their implementation, but is matched neither with prospects for membership perspective, nor structural funds. In order to facilitate reforms, the EU needs to come up with a new offer which would encourage those countries to cooperate and engage in the EaP. The short-term goal should be to assist the associated countries – Georgia, Moldova, Ukraine – as well as Armenia in implementing the bilateral agreements signed with the EU, while concluding the framework agreements currently being negotiated with Azerbaijan and Belarus. This should be accompanied by deepened sectoral and investment cooperation with all of the EaP countries.

The EU should adopt a more partner-like approach towards its eastern neighbours, which would better reflect the needs of these countries. This could entail meeting the expectations of the three associated countries in terms of

deeper political cooperation; adjusting the financial assistance to the partner countries so that it better fits their priorities and is based on more realistic conditions; and focusing more on cooperation in those areas which bring direct and tangible results and benefits to the societies in the region. On top of that, it will be important to improve the EU's communication policy within the EaP states, including activities undertaken on a local scale, as well as support given to smaller NGOs in the regions.

The new offer should not go beyond the current EaP framework, but should rather complement it and respect its principles, such as differentiation and 'more for more' (more assistance for more reforms). The four thematic divisions adopted at the EaP Riga summit in 2015 – economy, governance, connectivity, society – should be maintained. The EU's support for democracy, good governance, and civil society should also remain an important pillar. However, the EU could make a clearer distinction between the associated and non-associated countries, and propose a special, additional offer for the former which would still fit the overall EaP framework, and thus be open to the latter in the future.

A special offer for the EaP associated countries

The three associated countries – Georgia, Moldova, Ukraine – have long been advocating for greater differentiation within the EaP. Having signed the AA/DCFTA with the EU, they committed themselves to adopt a large chunk of the EU *acquis*, which allowed them to receive

> **The EU could help the eastern partners to counter the hybrid threats which they encounter.**

extended access to the EU internal market. However, this has not been matched with deeper political cooperation. In fact, after these countries were granted visa-free regimes with the EU, there is not much left on the table which would be of considerable added value to them. Further political integration with the EU would be hard to achieve, given that some EU member states strongly oppose it. Yet the EU could fill the gap by offering the associated countries a higher political profile for their bilateral relations with the EU, better-adjusted financial assistance, and enhanced mutual cooperation between the associated countries themselves.

Firstly, the EU could meet the associated countries' expectations by launching a new political format gathering Georgia, Moldova, Ukraine and EU member states. On the one hand, it would be possible within this framework to hold separate meetings of the foreign ministers of the EU and the associated countries ahead of the main EaP meetings, and/or sectoral meetings between EU commissioners and relevant ministers from the associated countries. On the other hand, ministers from the associated countries would be allowed to participate in the EU sectoral councils, such as the Foreign Affairs Council, if there was a discussion on the EU policy towards a given state, except when EU legislative proposals or positions were to be adopted. Another option could be to involve officials from the associated countries in the European Commission's working groups in cases related to the DCFTAs with these countries. This format of cooperation would complement the principle of differentiation, while at the same time it would remain open for the remaining EaP countries provided they decide to deepen their relations with the EU, which they would be free to determine on their own.

Tanks in Kiev, Ukraine© Photo by pics4dje from Pixabay

Secondly, the EU could develop separate DCFTA roadmaps for the associated countries, which would indicate specific objectives to be achieved and precise indicators to be fulfilled in the medium term. This would allow for better

prioritisation and adjustment of EU assistance, since for the time being it is not clear which of the existing documents constitute the main point of reference, nor whether and to what extent they complement each other. The risk is that the associated countries may not be interested in introducing specific indicators, since this would put more responsibility on their governments. However, in order to minimise that risk, the roadmaps could be coupled with a new financial instrument which would support the implementation of the DCFTA's provisions. The necessary financial resources could be obtained from the European Neighbourhood Policy's eastern regional programme, or from bilateral national envelopes for the associated countries.

Thirdly, the EU could encourage the associated countries to create a new regional cooperation format, similar to the Visegrád Four, which would help them present a unified position within the EaP. Until now, cooperation between the three states has been only limited, and each of them has presented their opinion separately, which has often led to their proposals being rejected by the EU. The EU could allocate a small budget for the activities of such a group, which for example would cover the commissioning of expert opinions or evaluations of the implementation of the DCFTA provisions.

A new agenda for all six EaP countries

In parallel to presenting an additional framework for the three associated countries, the EU should work out a new, updated agenda for all six EaP states, which would strengthen the EU's transformative potential in the eastern neighbourhood. Priority should be given to economic and investment cooperation, with a view to triggering economic growth and development, as the citizens in the region primarily suffer from low standards of living. Security should play a stronger role, owing to the growing aggressiveness of Russia in the region, especially as Russian subversive and destabilisation

> **Security should play a stronger role, owing to the growing aggressiveness of Russia in the region, especially as Russian subversive and destabilisation activities affect all six EaP countries, regardless of their foreign policy preferences**

activities affect all six EaP countries, regardless of their foreign policy preferences. The EU should also pay more attention to the civil societies in the countries concerned, since the focus has so far mainly been on dialogue with the governments, which has made it increasingly difficult to get public support for reforms.

We propose that the updated EaP agenda should be based on three pillars, or three partnerships: Partnership for Investment, Partnership for Security, and Partnership for Citizens.

Partnership for Investment

While the EaP countries have been in dire need of investment, their attractiveness to investors is still relatively low. One of the reasons is serious infrastructure shortages, which hamper inflow from foreign investors. The EU could partially offset this negative factor by increasing financial funds for key infrastructure projects in the region, especially in transport, which would improve the investment attractiveness of the Eastern Neighbourhood and at the same time be beneficial for EU companies. Given the planned increase in the next multiannual budget for the neighbourhood area, such funds could be allocated at the expense of the EaP countries' national envelopes. Possible options would include extending the mandate of the European Investment Bank to the EaP countries, to establish a special trust fund merging different sources of financing, or to create an intergovernmental fund for infrastructure projects. A separate fund for infrastructure would not only increase the visibility of EU actions in the region, but also help attract other donors, whose contributions would guarantee their impact on decisions. Additionally, the EU could introduce an option allowing for financing infrastructure projects through cross-border cooperation programmes covering the EaP countries, which might be further supplemented with sources coming from the Cohesion Fund in the scope of EU regional policy.

On the other hand, the EU could boost investment in the region by helping the EaP countries to better absorb the funds. To this end, the EU could adjust its technical assistance mechanisms and communication, as well as increase micro-financing. Building on the 'more for more' approach, the EU could also offer the EaP states a specific 'Reform Contract for Investment', which would entail additional funds from the EU's budget, combined with loans from European banks, in exchange for reforms to improve the business environment in the respective countries. Funding should come from unused allocations of national envelopes; but in order to be effective, the conditionality has to be realistic, and the amount of funds needs to be appropriate.

Partnership for Security

A common expectation among the EaP countries towards the EU has been cooperation in the area of security. The EU member states cannot offer their eastern neighbours any real security guarantees analogous to Art. 42(7) of the Treaty on European Union, since these only represent obligations towards other EU member states. However, the EU could help the eastern partners to counter the hybrid threats which they encounter. There are many possible options: establishing a special working group on combating hybrid threats within the EaP multilateral platform dedicated to institution-building and good governance; allowing the EaP countries to join the European Centre for Excellence for Countering Hybrid Threats in Helsinki; or launching a long-term programme to strengthen critical infrastructure resilience to cyber threats. The EU could also grant its eastern neighbours observer status in the European Union Agency for Network and Information Security, or offer an

exchange of information on the basis of the EU Hybrid Fusion Cell.

At the same time, the EU is in a good position to help its eastern neighbours fight Russian propaganda. In this regard it would be worth considering the appointment of a working group responsible for countering disinformation under an EaP multilateral platform dedicated to institution-building and good governance. The EU should also improve its own communication policy in the region. The EU institutions could replace their one-sided 'broadcasting' with real communication which is inclusive and engages the recipients, while the EU delegations in the EaP countries could strengthen their press services and organise more regular and frequent briefings explaining current EU policy towards the respective countries.

Partnership for Citizens

In the upcoming years, the EU should match its dialogue with the governments of the EaP countries with deeper cooperation with the societies in the region. The current level of EU

T'bilisi, Georgia © Photo by Mostafa Meraji on Unsplash

engagement in supporting civil society – 5% of national envelopes – should be maintained. However, this could be supplemented with a clause stating that in case of a significant deterioration of democracy, rule of law, or protection of human rights in the respective country, the EU will increase the financing for civil society and business up to the level of 10% of the national envelope, at the expense of funds for the government. On one hand, this would help to avoid the transferring of unused funds by the European Commission to finance projects in another region. On the other hand, it would constitute a message to society that the EU will not abandon the people even if cooperation with the authorities is frozen.

The EU should pay more attention to small NGOs which work at the local and regional scales only. In this respect, the EU could establish several local EU contact points in the EaP countries which would be responsible for helping to submit project proposals and informing about EU financial assistance, and for creating a special grant scheme under the Civil Society Facility dedicated to strengthening the operational capacity of smaller organisations. Funds for re-granting projects could also be increased.

In order to bring direct benefits to the ordinary people in the Eastern Neighbourhood, the EU could offer a 'Digital Agenda' for the EaP, which would include greater assistance for the development of digital infrastructure, e-administration, and e-procurement systems, as well as support for networking in digitally innovative industries. EU support for reducing roaming charges between the EaP states and the EU would also be important. The eastern neighbours are not part of the 'Roam Like at Home' regime, so any reduction of roaming charges could only apply on a voluntary basis. Nevertheless, the EU could assist the EaP countries in negotiations with network operators.

Finally, the EU could further facilitate mobility and youth exchange in the region by doubling the Erasmus+ programme budget for the EaP countries in the next multiannual financial framework for 2021-27; establishing a network of Regional Youth Cooperation Offices in the EaP countries; and concluding agreements with the eastern partners on the free movement of qualified professionals and the recognition of professional qualifications. Launching an 'Eastern Lab', a project incubator for young leaders and/or entrepreneurs from the region, would also fit this logic.

The EaP's long-term vision after 2020

The EaP's tenth anniversary means that the time is ripe for starting a discussion with the associated countries – Georgia, Moldova, Ukraine – about the long-term perspective for their relations with the EU. It is still not clear what objectives they would achieve after implementing large parts of the DCFTA, which often makes them reluctant to do so. For this reason, the EU is in need of a bigger 'carrot' – an instrument that could motivate the three to fulfil the provisions of the AA/DCFTA. This could be the further opening of the EU internal market, which is partly reflected in the DCFTA, but would require the consent of the member states, and therefore remains under question. It would constitute a strong message to all the EaP countries, not only the associated ones, that those partners who are prepared and willing to take up additional commitments in terms of reforms could count on the EU's assistance, even in the face of the current unfavourable political climate in the EU.

The EU could also propose the creation of a Regional Economic Area for the EaP countries, which would lead to the eastern partners' integration with the EU as well as integration between these states themselves. Such an economic area could consist of the liberalisation of services currently not covered by the DCFTA, the further liberalisation of financial services, the inclusion of the associated countries into the Single European Payments Area (SEPA), deepening integration in the digital market, as well as the mutual recognition of professional qualifications in particular sectors of the economy. The project would be addressed to the three associated countries in the first place, but would remain open to all EaP states.

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Democracy
without institutions

By **Dragan Koprivica** | Podgorica

What are the accomplishments of the European integration process in Bosnia & Herzegovina, Montenegro, North Macedonia and Serbia? Despite being at different stages, the process has still not been able to sufficiently affirm the constitutional commitment of the tripartite division of powers in these states and bring about an equal balance between them. Respect for this commitment is of fundamental importance for the operation of both the political and the overall social system.

Recent research by the Centre for Democratic Transition (CDT), the Centre for Research, Transparency and Accountability (CRTA), the Metamorphosis Foundation and the 'Why not?' Citizens Association analysed in detail the situation in the fields of elections, justice, the fight against corruption and organised crime, media and public administration reform in Bosnia & Herzegovina, Montenegro, North Macedonia and Serbia. The key conclusion is that the process of EU integration is formally progressing in all four states, at a general level and that the set parameters and criteria are being met. On paper, the boxes are being checked. At least from that point of view there are reasons for satisfaction. However, in practice, the progress on some of the most important criteria – such as rule of law and building democratic institutions, which are crucial for any functioning democratic society – is neither satisfying, nor even encouraging.

The tyranny of politics

Data from the research shows that a high-quality checks-and-balances system within different branches of government has not been created, which remains a key issue when assessing the sustainability of rule of law in the region.

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There is no effective democratic supervision of government institutions. In Bosnia & Herzegovina, Montenegro, North Macedonia, and Serbia, political parties dominate the legislative, executive and judicial powers, although these countries' constitutions vouch independence and separation of powers in the state.

Within these institutions, the executive plays the dominant role. Parliaments, courts and prosecutors' offices are too underdeveloped and understaffed to be able to seriously challenge this dominance.

Political influence prevents the democratic development which is necessary in these states, i.e. the creation of institutions with a sufficient level of integrity and credibility that really deserve the trust of citizens. Lack of confidence in state institutions cannot be an ally of democratic norms, values or stability in these societies.

This interference affects all the processes and institutions whose roles are irreplaceable in modern democratic societies: despite formal progress, the fight against corruption is selective, slow and often hindered by the actions of different forces and interests; the judiciary is still not essentially independent of government branches, and in some countries, it is even formally subordinated to the government.

The uncontrolled use of state resources gives an initial advantage to ruling parties, and also casts a shadow over the quality of elections and affects people's trust in the electoral process. One of the main ways in which parties use state resources is public employment; public administrations are filled with party-selected, often incompetent staff, which negatively affects the services provided to the citizens.

Political power accumulated this way inevitably leads to the creation of strong ties with economically powerful people, which can result in the long-term danger of market principles being compromised.

The forces of reform in the Balkan states, whether they are in power or form the opposition,

have very limited space for action in such an environment. First and foremost, it is hard for them to resist growing populist trends, and they often fail to create alternative ideas for development. Moreover, a power system based on patronage networks (clientelism, party dominance, the link between politics and money) makes it impossible for these forces to connect and carry out concrete and successful actions, unless they form their own networks.

One should not ignore the presence of extreme ethno-nationalist groups, which are always activated when the state wants to slow down or stop the process of regional integration, and (with the strong propaganda and mobilization of populist forces) are trying to replay the early 1990s.

The limited achievements with regard to EU integration, as well as the regional and global circumstances limit the ways in which the EU can exert a positive influence on regional developments.

> **In the long run, it is very difficult to achieve regional stability if individual countries do not enjoy internal stability. Stability means creating resilient societies that can address the most complex domestic issues by democratic procedures.**

Regional security comes from internal stability

The successful implementation of the Prespa Agreement and the resolution of the complicated name problem between Greece and North Macedonia is a major success for EU policy in the Balkans. However, the unresolved issue of Serbia and Kosovo is far from any agreement, and other countries in the region are still involved in bilateral frictions of sorts.

Maintaining and developing regional stability should be one of the key priorities of EU policy, but not the only priority. In the long run, it is very difficult to achieve regional stability if individual countries do not enjoy internal stability. This means not only GDP growth, investment, or better roads; stability means creating resilient societies that can address the most complex internal issues by democratic procedures.

Building this type of sustainable stability must not be neglected or 'sacrificed' in order to achieve stability in terms of regional security.

Both processes must function simultaneously and in parallel, because they are equally important.

The long-term stability of the Western Balkans is not solely in the domain of the states therein, but depends on a large number of external factors as well, the most important and crucial being the stability of the EU itself. The dynamics and efficiency displayed in resolving the current challenges of the European Union (the future of the EU, Brexit, migration crisis, relations with the US, Russia, China etc.) can impact the Western Balkans decisively.

The European perspective for the region remains the only acceptable option. It is the only choice that can motivate, mobilise and properly channel the Western Balkans towards a value-based political platform. If, for any reason, some other actors which hold different values find room for action and entry, the perspective of the region may not be as bright in terms of democracy. The region is at a crucial point in terms of building strong institutions, achieving the core political criteria and establishing effective, transparent measurement mechanisms.

The governments and parliaments of the four states must shift their political focus towards the actual fulfilment of the political criteria to join the EU. The approach of 'checking the boxes' has to be replaced by the creation of quality mechanisms to measure what has been achieved in this area and how the actual reality has been improved. We need to answer the question of "what we have achieved" and not just "what we have done so far". Also, it is necessary to get out

of the labyrinth of formally fulfilling the criteria in Chapters 23 and 24, and focus on what is needed to make that fulfilment meaningful – namely, to solve the issue of separation of power in the state, and fair and democratic elections.

Moreover, the parliaments of the region must develop a methodology and mechanisms to monitor whether the political criteria are being met, i.e. to supervise what the governments are doing in this field. That makes necessary the adoption of annual reports by the parliaments, as well as a serious political debate about the fulfilment of the political criteria. These activities could take place within the existing parliamentary working bodies or by forming new ones. The report preparation cycle would follow the deadline for the publication of the EU report, and a plan of control and consultation hearings of the institutions would be prepared, as would be the methodology for reporting, etc.

However, even if national decision-makers are prepared to take action in this direction, this process will not have any real meaning without EU encouragement and support.

No compromise on democracy

The European Union should make more effort to better present and rate the effects of meeting the political criteria. Although these ratings exist, they are insufficiently developed and precise in order for a truly faithful image of this process to be obtained. We are aware that this process is

> **The European perspective for the region remains the only acceptable option.**

not easy or simple, but also that the EU has the knowledge and ca- pacity for improvement in this field. Therefore, the EU should be ex- pected to take more concrete and decisive actions in implementing its own Action Plan in Support of the Transformation of the Western Balkans, which also envisages support for detailed action plans in the area of rule of law, the greater presence of expert missions, as well as the better use of conditionality in the negotiation process.

Furthermore, the EU needs to focus more on fundamental dem- ocratic issues within the Western Balkan countries and to make stronger contributions to resolving them.

Finally, and most importantly, the EU should make both the nego- tiation and the accession processes stable and certain in the long term. They should not be dependent on current problems or the outcome of elections. Only in this way can the real European per- spective for the Western Balkans be opened up. If the EU does not offer a clear European perspective to its member states, alterna- tives will be offered by actors with different sets of values. We must not find ourselves in a situation where the needs of the regional

countries are better understood by less democratic actors. EU policy should encourage democratic forces and create better and sustainable conditions for their development. It should also stimulate and assist economic development and large infrastructure projects to the extent that other actors are doing it. None of this will be possible without a more decisive approach to addressing the key internal issues and problems in the democratic operation of the regions' states.

Therefore, the EU should not overlook the Western Balkans. It must not be indecisive and leave room for the destructive effects of other, less democratic interests. It should not blur the perspectives of enlargement and economic development. The region's European perspective should not depend on the outcome of any single set of elections in Europe. Most importantly, it should reject any compro- mise on democratic values and principles in the region for the sake of security and stability.

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Sarajevo, Bosnia and Herzegovina
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To be or not to be
– the case for Serbia's European integration

By **Srdjan Majstorović** | Belgrade

The European Commission published its Country Report for Serbia in May 2019 assessing the country's progress in the past year: it portrays a confusing picture of a country that is perceived as a frontrunner in the EU accession process, has been involved in accession negotiations since 2014, and which yet obviously lacks any drive to reform, ambition, capacities, and most importantly the results that could prove its advanced status.

Serbia lacks the crucial elements that democracy needs to draw upon: the rule of law and the protection of fundamental rights. The report speaks of an urgent need to create an environment conducive to cross-party dialogue, and invites the government and the ruling coalition to open up public dialogue with opposition parties on how to move on from a deadlock caused by the abuse of parliamentary procedures, abuses of office, lack of media freedom, violence against political opponents, threats and attacks against journalists and civil society organisations, and infringements of freedom of expression. How did Serbia get here?

When Serbia signed the Stabilisation and Association Agreement (SAA) with the EU in 2008 it caused a major political shift in its modern political history. The ratification of the SAA in the National Assembly was, among other internal issues, the reason for the split of the extreme nationalist Serbian Radical Party (SRP) and the creation of the Serbian Progressive Party (SPP). The SRP's former deputy president Tomislav Nikolić and its secretary-general Aleksandar Vučić realised that without a comprehensive redefinition of their nationalist, anti-EU position, the party would never be able to win the elections, which until then had been dominated by a coalition of democratic pro-EU parties. Nikolić went on to win the presidential elections in 2012, and opened the door for Vučić to become Prime Minister (First Deputy PM 2012-2014, PM 2014-2017) and succeed him as President of Serbia (2017). The new government, riding on the tide of electoral success and with Vučić as its pivotal figure, managed to start EU accession talks in early 2014, consequently entering a new and decisive phase of Serbia's Europeanisation.

The accession talks started under a new methodology. As in the EU's previous waves of enlargement, Serbia is expected to fulfil the standard Copenhagen criteria and to secure the necessary institutional capacities to implement its obligations deriving from membership. Additionally, based on the lessons learned from previous waves of enlargement, the EU decided to emphasise the full implementation of the rule of law as a guarantee for the proper implementation of legislation that requires harmonisation with the EU *acquis*. The new methodology stated that accession negotiations will start and finish with the assessment of the progress achieved by the candidate state in Chapters 23 (Judiciary and Fundamental Rights) and 24 (Justice, Freedom and Security). An independent judiciary, a fight against corruption and organised crime, and the protection of fundamental rights were defined as indicators of successful transformation and proof that the candidate state would be able to implement all the obligations deriving from successful EU membership.

In the case of Serbia's EU accession process, the normalisation of relations with Kosovo plays a specific role. The EU requests all candidates to resolve any pending bilateral issues before their actual accession to the club. Serbia is expected to reach a legally binding agreement on comprehensive normalisation with Kosovo before the end of the accession talks. The definition of 'comprehensive normalisation' was left to both sides to agree upon within the dialogue moderated by the High Representative for Common Foreign and Security Policy. The EU's negotiation framework stated that implementation of the agreements reached between Belgrade and Prishtina would be monitored within Chapter 35 (usually called 'Other issues').

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The unconstitutional concentration of power in the hands of the President and his coalition is paralysing governance. The political system has been based not on rules and procedures, but on informal relations between different interest groups. Constitutive elements of the 'captured state' model are present.

Another novelty introduced with the new methodology was the so-called 'imbalance clause', which states that in case of a lack of progress in Chapters 23, 24 and 35, the EC or one-third of EU member states can propose a 'withholding' of accession talks. The set of opening, interim and closing benchmarks was envisaged in order to monitor the implementation of the candidate's obligations in these three chapters.

At this moment Serbia has opened seventeen negotiation chapters and provisionally closed two. The dynamic of accession talks is slow, and it has been influenced both by the lack of substantial efforts by Serbia, as well as the lack of interest in the EU enlargement process among some member states. Due to the intergovernmental nature of the accession talks, consensus is obligatory for any decision with regards to opening or closing particular negotiation chapters.

The rise of authoritarian tendencies and democratic backsliding

When the European Commission was formed in 2014 with Jean-Claude Juncker as its President, he stated an obvious fact: that there would be no enlargement of the EU during his mandate. It was noted at the time that this was a declaration of "abstention from responsibility" towards the Western Balkan aspirants. It certainly did not help to motivate the Western Balkan leaders, including the so-called frontrunners (Montenegro and Serbia) to keep their focus on the EU accession-led reforms and the badly-needed process of democratic transition. On the contrary, it unintentionally contributed to the rise of authoritarian tendencies and democratic backsliding, and opened the doors for other parties to offer alternatives to the EU integration process. The alarming effects of the lack of perspective for the Western Balkan countries led the European Commission to make an attempt to set out a credible EU path for these countries.

In 2018 the Commission published its *Communication on a Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans*. The Communication set the scene for the relationship between the candidates and the EU, proposing a different set of tools in order to increase the credibility of both sides. Unfortunately, the Communication's setting 2025 as the year for the potential accession of those Western Balkan frontrunners who meet the required conditions was the detail that caused the member states to give it a lukewarm reception at the Council meeting in June of the same year. This drew attention away from otherwise its bold and ambitious proposals on how to create a credible and sustainable relationship with the Western Balkan states. Earlier, in May, the European Council Presidency under Bulgaria organised the first EU–WB summit since Thessaloniki 2003. However, instead of resetting and restarting the accession-driven relationship, the rather inconsequential Summit came and passed, burdened by international developments and domestic topics in the member states. President Macron's statement that the EU needs to reform itself before undertaking any enlargement had a sobering effect after the EC's February Communication. Macron's statement was a kind of warning shot before the 2019 European Parliament elections. Whether it was just a tactical pre-election move to counter populist pressure or a long-term strategy towards the potential newcomers remains to be seen.

A toxic atmosphere of 'us' vs 'them'

This is the context in which Serbia has been pursuing its place in the EU. An obvious lack of 'pull' from the EU has been causing a lack of a stronger and more credible 'push' for changes in Serbia. It seems that the official slogan of Serbia's EU accession, 'We are doing this for ourselves', is losing its lustre due to the lack of tangible results.

Serbia is facing a couple of major challenges in the process of EU integration, and it is important to note that all of these challenges are equally important for the sake of Serbia's EU accession and its full democratisation. One of the major challenges is the unconstitutional centralisation and concentration of power in the hands of the President and his coalition, which are paralysing governance. Parliament has become an extension of the executive branch, and has completely lost its constitutional role of overseeing the work of the government. Conditions in parliament have deteriorated so much that opposition representatives have been deprived by the ruling coalition's representatives of the possibility to participate in debates by systemic obstruction and abuse of the rules of procedure. The political system has been based not on rules and procedures, but on informal relations between different interest groups. Constitutive elements of the 'captured state' model are present. As a consequence, the opposition has decided to leave parliament, and has called for a joint commission to redefine the electoral system and elect new members of the public broadcasters and the regulatory body for electronic media.

Unfortunately the lack of public debate and dialogue between the ruling coalition and opposition, followed by hate speech and fearmongering coming from the media (whose editors or owners have close ties to the ruling parties), has contributed to dangerous levels of division among the citizens. A toxic 'us' vs 'them' atmosphere has led to physical violence against opposition leaders, which triggered six months of public protests across the country.

Secondly, Serbia is facing serious challenges in the area of rule of law. Securing judicial independence, the fight against corruption and the protection of fundamental rights should be in the focus of a frontrunner state which aspires to EU accession. Constitutional amendments to enhance the independence of judges which should have been adopted by the end of 2017 are still pending. Serious concerns have been expressed by the professional judges' and prosecutors' organisations that the Ministry of Justice's proposed amendments will not be sufficient to provide more independence in their appointment and work.

Informal ties, selective application of legislation, clientelism and overt pressure on the judiciary from politicians (who make public comments on particular cases) are often seen. Three years after opening the negotiations on Chapter 23, the interim benchmarks have still not been fulfilled. The European Commission notes that "some progress" has been made since the start of accession talks; the problem is that this progress is more technical and formal in nature, and has hardly any reflection in the actual behaviour and language of political leaders, judges, and prosecutors. The legislative framework has been adopted, and to a certain degree it has been harmonised with established practice within the EU member states, but it is being implemented only selectively.

Swapping territory and people would garner hardly any public support in either of the countries. In the worst-case scenario, it would awaken the ghosts of the 1990s and revive nationalistic sentiments throughout the region. Furthermore, the atmosphere in both societies is not at all favourable to a long-term, sustainable rapprochement.

The Kosovo saga

Another important challenge for Serbia's EU accession process is the normalisation of relations with Kosovo. Despite the agreement reached in 2013, the implementation of particular parts of the agreements is still pending (such as aspects concerning energy, and the Community of Serbian Municipalities). Kosovo's Serbs feel frustrated by the failure to

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implement the agreement which guaranteed them the formation of the Community of Serbian Municipalities, while Kosovo's Albanians feel frustrated by the inability to join international organisations unhindered by Serbia's diplomatic efforts, as well as by the delays from Brussels in allowing its citizens visa-free travel (despite the European Commission's opinion that Kosovo has met all the required conditions). The tensions culminated in November 2018 when the Kosovo government introduced 100% tariffs on goods imported from Serbia following Serbia's lobbying against Kosovo joining Interpol. This led to the suspension of dialogue, despite efforts by the EU, Germany, France, and the US to influence Prishtina's decision to at least 'suspend' the taxes, in order to create conditions to restart the dialogue.

There is still a long way to go before relations between Kosovo and Serbia are normalised. Mistrust and fear linger in both communities. The two presidents announced their intention to reach a comprehensive agreement that would allegedly imply the demarcation/exchange of

territories and people, although it is difficult to say what exactly they had in mind, because the whole negotiation process was kept out of the public eye. While understanding that diplomacy, especially on such a complex issue, requires confidential meetings and dialogue, the lack of democratic legitimacy for these negotiations is the major obstacle to the normalisation of relations between the two communities.

We can speculate what the topic of the two presidents' meetings was, but it goes without saying that ideas such as swapping territory and people would garner hardly any public support in either of the countries. In the worst-case scenario, it would awaken the ghosts of the 1990s and revive nationalistic sentiments throughout the region, which would certainly lead to disaster. Furthermore, the atmosphere in both societies is not at all favourable to a long-term, sustainable rapprochement.

The fourth major challenge for Serbia is demonstrating its unambiguous support for the principles of the EU's Common Foreign and Security

Policy (CFSP). In 2018, according to reports, Serbia aligned its foreign policy stances with only 28 out of 54 declarations (52%). The majority of the cases where Serbia failed to align its position with the EU are related to sanctions against Russia. This attitude causes confusion and doubts among some EU member states regarding Serbia's commitment to the same foreign policy goals, and has raised questions over how Serbia would behave as a member state.

Unfortunately, Serbia's position is a by-product of the unresolved Kosovo issue. Russia, as a permanent member of the UN Security Council whom many Serbs perceive as a traditional ally, has enjoyed special treatment from Serbian governments and by the Serbian public as well. The two nations' common Christian Orthodox identity also plays an important role. Being at the receiving end of Russia's gas supply, Serbia has limited room for manoeuvre in its foreign policy. The interconnection with the EU member states' alternative gas supply pipelines is still in the planning stage, which is not exclusively Serbia's fault. This relationship is based on realistic and utilitarian grounds on both sides. Serbia is traditionally a Western-oriented country: around three-quarters of its global trade is conducted with the EU and EU-aspiring CEFTA countries; the EU is the largest donor of development assistance, and EU member states' companies are the biggest investors in Serbia. Additionally, while respecting their mutual Slavic origin, citizens of Serbia prefer to live, work and to be educated in EU member states rather than in Russia.

Russia seems to be fully aware of this. It is simply using Serbia to retain its vested interest in a region that is historically important for Europe's stability. This enables Russia to remain an important geopolitical power in Europe with the ability to influence Europe's agenda. Providing a clearer and more tangible prospect for EU accession

will contribute to Serbia's ability to resist outside pressures more strongly.

How to move forward?

This year's EC Report proves the limits of the EU's conditionality policy once the two sides of the same coin, democratisation and the Europeanisation process, have been decoupled. While a candidate country formally progresses, even slowly, towards EU membership, it starts to backslide on the Copenhagen political criteria. Conditionality loses its grip when the result of the EU integration process is less tangible, and the partners lose their credibility. Conditionality as a strategy makes it hard to provide results when the receiving partner fails to recognise the gains from it. If the costs of adjustment are too high for the incumbent elite, the motivation for change is difficult to obtain.

It is obvious that the future will bring new challenges. The new composition of the European Parliament, the new leadership and members of European Commission and the future of EU's enlargement policy will seriously challenge Serbia's political will and stamina to become a candidate which is fully legitimate and ready for accession. Serbia needs to recognise the new opportunity to rethink, reset, and restart its EU accession agenda.

In order to prove its credibility, Serbia will have to improve its record and respect the rule of law, i.e. the independence of the judiciary, the fight against corruption, the clear division of powers and the protection of fundamental rights. To prove its capacity to meet the EU's membership criteria, Serbia will need to devote special attention to improving the role of Parliament as a place for dialogue with opposition parties, and to enable its scrutiny over the executive branch, something which is currently non-existent.

Special emphasis will have to be placed on removing or preventing impunity in high-level corruption cases as the test of the country's unambiguous political will to build and sustain the rule of law. Freedom of expression and the independence of the media need to be fully respected as guardian principles for a sound and functioning democracy.

The second point where Serbia needs to prove its credibility is dialogue with Kosovo and reaching an agreement on comprehensive normalisation. We need to be realistic and go back to the EU's General Position as presented at the opening of the accession negotiations with Serbia (*Negotiation Framework*, *Principles governing the negotiations*, point 23), which says that Serbia will have to reach a legally binding agreement "by the end of Serbia's accession negotiations".

Obviously, it would be a remarkable success to reach an agreement sooner rather than delay it till the end of the accession talks. But it would be wrong to rush both sides into reaching an artificial solution that lacks legitimate support from the citizens and raises concerns in the region which could have potential repercussions. Before any agreement is finally reached, the two communities' leaders need to make honest efforts to bring their two communities closer. Any potential agreement needs to recognise the need for (European) integration rather than the separation of the two communities.

Political leaders need to drastically revise their public language and messages, from fearmongering to promoting hope and a common future. There will be no better recommendation for Serbia as a potential new EU member state than the resolution of this complex issue.

The third point in proving Serbia's credibility is recognising the importance of regional cooperation and integration. Obviously, Serbia cannot

do this alone, but only as a joint effort with other Western Balkan countries. Instead of pretentious slogans and claims to a position of leadership in the region, honest efforts are needed to address issues of common concern and interest: economic convergence, the development of social capital through better education and more social inclusion, gender equality, slowing the brain-drain, combatting informal migration, taking measures on environmental protection and climate change, sustainable energy security, common infrastructure and connectivity. These issues will not be successfully addressed without regional cooperation and the integration of common capacities. Stronger cooperation will demonstrate the region's capacity to work together and prove its capability to behave like a true future EU member states.

It takes two to tango

It usually takes two to tango, but it also takes 28 member states (still) to reach consensus on the accession of every newcomer and candidate which meets the required conditions. After the European Parliament elections, it is not realistic to expect that EU enlargement policy will be among the new European Commission's top priorities. The efforts that were invested in 2018 in promoting credibility as the cornerstone of new relations with candidate countries will most probably prove inadequate. The first test was the Council's decision in June to start accession talks with Northern Macedonia and Albania "no later than October 2019".

The EU's enlargement policy will continue, but it will be conducted far from the public eye, under the radar. This approach is fundamentally wrong, and it might cause difficulties in providing legitimacy and public support for the accession of future candidates. It will provide a perfect narrative for third parties which are offering

Serbia and the rest of the region alternative governance models and are undermining EU's strategic autonomy. It will portray the EU as a weak player in international relations which struggles to address important issues within the realm of its own boundaries. Certainly, it would not help the EU to regain its self-confidence and support its efforts to establish itself as an important international actor.

It is important that the new European Commission has a member who will be the face and have the 'phone number' in Brussels, and who will be mandated to do the task of expanding the EU to include the Western Balkan countries. It is not just a matter of form; it is more about setting policy priorities, enabling resources, public messaging, and the ability to make the best use of the enormously important administrative memory about the process which the previous expansions have provided. The political symbolism of having a Commissioner for the Western Balkan countries should not be neglected.

The EU must find a new role for itself in the realities of today's world. A redefinition of the Union as we know it is needed; but this should be conducted in parallel with the definition of its borders and the accession of the Western Balkan countries as important pieces of

Mr Aleksandar Vucic, President of Serbia; Ms Federica Mogherini, High Representative of the EU for Foreign Affairs and Security Policy; Mr Hashim Thaci, President of Kosovo © Photo by Council of the European Union

the EU puzzle. The EU and the Western Balkans are inseparably tied together with regard to their future strategic relations, concerning common critical infrastructure, connectivity, energy, environmental protection and climate change, migrations, security and resilience to third parties' interests in Europe. This requires closer cooperation with and the inclusion of the Western Balkans in EU policymaking cycles. These countries need to be recognised as important partners and future members. Their inclusion and participation will contribute to the better understanding of the EU's functioning and prepare them for membership, and will finally provide a credible pooling effect regarding their transformation process.

The EU should also invest more resources in economic and social convergence, as well as in building up the absorption capacities in the Western Balkans. These investments should provide more visibility for the EU in the region and prove that the EU is a major contributor to Serbia's (and the region's) development. One of the aims of the EU's stronger investment role should be to send a message to countries like Turkey, Russia, China and some Gulf states who are currently actively seeking investment opportunities in projects dedicated to the future construction of the EU's critical infrastructure. Earlier exposure to the EU's structural investments will help Serbia prepare its absorption capacities on time as well.

All the preconditions mentioned above will require serious political will on both sides. The EU's member states will have to recognise the importance of the Balkans for the EU's strategic autonomy in the future and its role in world affairs. Serbia will have to be honest with itself, improve its track record, and rethink and reset its EU integration approach in order to make it less centralised, more inclusive, transparent, substantive and efficient; it must also learn how to communicate with the public in a better way. That should not be mission impossible – it just requires a brave vision, and leaders who will promote hope in a European Serbia and a better Balkans.

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Post-election snapshots: Ukraine and Moldova

Interview Nicu Popescu, Minister of Foreign Affairs, Republic of Moldova (Chișinău)

Deoligarchisation
trumps **geopolitics**

Until recently, Moldova was perceived and described as a captured state controlled by an oligarchic regime. Where are we in the broader process of reversing it?

Any political system has two layers: the personal one and the institutions supporting this layer. The same goes for either a democratic or an oligarchic system. Now, Moldova is at the stage where the person who had controlled a majority of the previous parliament left the country. It is the first time in Moldovan history that a former *de facto* leader has fled the country. We are at the stage where the government is looking at reforming the institutions, and firing and investigating those people who committed abuses and who participated in major corruption schemes. Last year Moldova ranked 117th in the Corruption Perception Index. The people who played the key roles in turning Moldova into a corruption paradise have to answer for their actions and will be investigated. We are at the stage where several state institutions are in the process of hiring new leaders, new

Chisinau Triumphal Arch and Government building © Photo by Calin Stan on Shutterstock

people – the Constitutional Court, the Prosecutor General. We are opening up again to institutional support from the EU, the Council of Europe and the US for our law enforcement agencies. Then we need to start rebuilding these institutions to get rid of the corrupt people.

Bearing the broader context of the governmental coalition in mind, what are the compromises that you would accept without putting the country's strategic development in jeopardy?

The previous government had a disastrous foreign policy. They formally declared themselves pro-Western, but they put Moldova on an isolationist and anti-Western foreign policy track. Moldova became the shame of the Eastern Partnership countries. Because of them Moldova was isolated in Europe. The EU suspended financial assistance. So did the US Development Agency. In this sense the new government of Moldova is restarting Moldova's path to Europe. All parties get a mandate. The ACUM pro-European block and the Socialist party had different foreign policy preferences but none of them got a majority, so we are in a situation to compromise. The political compromise underpinning the current coalition is based on the idea that Moldova would not revise its pre-existing international commitments. So Moldova will stay on track and will accelerate the implementation of the Association Agreement. The previous government had to face the disruption of the political partnership with the European Union because of corruption. We are actually reopening our road to Europe by fighting corruption and implementing the Association Agreement with the EU – not just on paper but in reality, seeking to attract European investors, and seeking to reform our law enforcement agencies. Moldova also has a Partnership Action Plan with NATO, which is due to expire this year and we will continue our engagement under IPAP with NATO in the future as well.

On the economy there are not many compromises we can make. 68% of Moldova's exports go to the European Union, 8% go to Russia. With statistics like that, you cannot compromise on the relationship with the EU. Moldova cannot exist without its strong

commitment to deliver on the Association Agreement, and Moldova cannot exist as a functioning economy, a functioning society and a functioning political system without the European Union.

What do you think you can do in a very short time but which will have long-term effects? Is there a minimal consensus on what should be done, on what should be targeted first?

The biggest front is justice reform and everything that goes under this big umbrella: police reform, judicial reform, reform of the anti-corruption institutions, of the Prosecutor's Office. It will be tough, it will be slow, it will be hard. But there is no alternative. The mandate from the population is to do this. The reason why the previous governing party was ousted from power is because they were a complete failure, because they turned the justice system into a political tool. They were ousted from power because of that. Under this umbrella there are several other tracks. By undertaking justice reform we are respecting democratic principles, and we have already managed to unblock Moldova's access in our relationship with the EU and with the US.

Geopolitics matter. But geopolitics is not the only thing that determines the behaviour of states. Moldova is one example.

We are also looking at concrete deliverables for our citizens. We want to move much faster on eliminating phone roaming surcharges between the EU and Moldova. We've managed to unblock EU assistance to Moldova. By fighting corruption, we also plan and hope to attract more investors, as we believe Moldova has all the conditions to be an attractive place for investment. We have a free-trade area with the EU and a free-trade area with most of the post-Soviet states. We can reach more than 700 million people with products made in Moldova. So if Moldova is less corrupt, it has the right geography, people and trade access to multiple markets to become more prosperous.

Prime Minister Maia Sandu has paid official visits to Kiev and Berlin, she was received by Zelensky and Merkel. What were the outcomes of these visits? Are there any consequences for the Transnistrian question?

All these visits have led to some outcomes that are also stepping stones towards major outcomes. Take our recent visit to Ukraine with Prime Minister Maia Sandu. For example, we needed to make

it possible for our truck and bus drivers to enter Ukraine and spend more than 90 days during every 6 months there. We had some restrictions on that and we have persuaded Ukraine to eliminate them. There are some concrete deliverables, but the more important and long-term impact measures concern what we have discussed in Bucharest, Kiev, in Berlin and Brussels, about what we are planning to do in the medium-term future. With Ukraine we want to seriously attack the corruption networks around Transnistria and the Moldovan-Ukrainian border. In this regard, we want to set up more joint border posts with Ukraine and we want to strike hard at the networks of corruption in the region through the joint action of law enforcement agencies. This is one of the biggest tasks we have in our relations with Kiev. In Berlin we discussed a lot about Moldova's European agenda, about the need to unblock European financing for Moldova, but also for Moldova to sort out its corruption problem. We looked into ways to make it easier for the EU to support Moldova through some institutional reorganisation, perhaps by setting up a Moldova support group in Brussels among the European institutions. We also want to increase Moldova's trade access to the European market, because this helps our economy to grow and create jobs. In this context we have asked the EU to raise some of the quotas on Moldovan products. With Romania, we are looking into accelerating our gas interconnection pipeline.

Does the relationship between Romania and the Republic of Moldova need a reset? What are Chișinău's expectations in Bucharest today? What could Romania do better?

We have a great relationship with Romania, which has always been a supporter of Moldova as a country. But we need to reinforce this great relationship even more. Romania is the single biggest trading partner for Moldova, it is a big

investor in Moldova. But we can do so much more. The next step is to build a gas pipeline that links Chișinău with the Romanian border, so Moldova can access alternative gas resources. We also want to build more joint infrastructure – more bridges, more highways, renovated roads – to make the flow of goods and people faster and cheaper. We want such projects to turn this expression of strategic partnership between Moldova and Romania into more concrete benefits.

Is geopolitics back to stay? Do we accept that Russia has the final word? While it was instrumental in creating the new political realities, Moscow is unlikely to accept Moldova taking a European turn.

Geopolitics matter. But geopolitics is not the only thing that determines the behaviour of states. Moldova is one example. You see a lot of tensions between Russia on the one hand, and the EU, NATO and the US on the other hand, on other international questions. Nonetheless when two political players and political parties in Moldova, the pro-European ACUM and the Russia-friendly Socialist party decided that they wanted to team up and create a coalition in order to fight corruption and rid the country of oligarchy, the preference of the domestic political partners prevailed over the geopolitical division. Now we have a unique and positive situation in Moldova where all the major foreign partners are supporting the government. Hopefully that will help Moldova fight corruption, attract investors, and link and integrate Moldova more into the EU. This common agenda, this consensus is based on the fact that Moldovans want deoligarchisation. For them this is more important than the geopolitical constructs. Geopolitics is secondary. Deoligarchisation trumps geopolitics.

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Ze! Ukraine's **foreign** and **security policy**

By **Mykola Kapitonenko** | Kiev

I n the pre-election rhetoric used by all the front-runners in Ukraine's presidential campaign, issues of national security and foreign policy ranked high. The conflict – referred to by many as 'war' – with Russia, the question of annexed Crimea, aspirations for NATO and EU membership, became topics of specific concern and points for emotional political discussions. The overwhelming majority of presidential candidates – there were 39 on the list in total – highlighted the restoration of the country's territorial integrity and moving closer to EU and NATO membership as their foreign and national security policy priorities.

However, promises by Ukrainian politicians are generally misleading or unspecified. Most of them do not make up a unified plan; they rather indicate an approximate direction or outline the future rhetoric. In most cases, a better way to balance expectations may lie in referring to the candidates' previous political experiences.

But Volodymyr Zelensky, who has won the elections with an overwhelming 73% of votes, is a newcomer. Without prior political experience and with very few messages on foreign policy, so far he has raised too many questions about what kind of Ukraine the world will have to deal with. Unlike Petro Poroshenko, Viktor Yanukovych or Yulia Tymoshenko – Ukraine's recent political heavyweights – he has neither given an interview, nor written an article presenting a coherent outlook on regional security, bilateral relations or global security issues.

At this point, his future foreign policy looks quite mysterious. But this mystery can be partly uncovered.

Donbas and Russia

Dealing with the conflict in Donbas will be a major challenge for President Zelensky. The fighting has been going on for five years, since Russia-backed separatists created the 'Donetsk and Luhansk People's Republics' in the east of Ukraine. With over fifteen thousand casualties and over 2 million IDPs, the conflict is far from being resolved. The Minsk agreements of 2014 and 2015 provided a framework for conflict management, but have never been implemented properly. Attempts to resolve the conflict with the assistance of a UN peace-keeping mission have largely failed due to differences between Russia and Ukraine: while the former wants peacekeepers just along the contact line, the latter supports their deployment over the whole territory of the conflict. A firm political deadlock is in place, and daily artillery shelling keep the conflict away from settlement.

Restoring peace was a central element of candidate Zelensky's campaign, although it was mentioned on several occasions that Ukraine should not abandon its territories and citizens. Most likely the new president will be bound by the Minsk agreements and continue to operate within Normandy format. He seems to be more open to direct negotiations with Russia, although a possible area of agreement still seems to be absent.

A couple of ideas have been put forward during the campaign: broadening the Normandy format by inviting the US and UK; and insisting on commitments under the Budapest Memorandum of 1994. However, so far both seem far from practical implementation. The Budapest Memorandum, which Ukraine has often referred to recently, is clearly insufficient to resolve the problem created by the Russian annexation of Crimea. The Memorandum was commonly raised in the election campaign, but the document seems to be inoperable under the current international circumstances. It would also be hard to expand the Normandy format. For various reasons, the US and UK have been avoiding direct engagement in managing the

"Donbas" battalion in Donetsk region, Ukraine © Photo by LionKing on commons.wikimedia.org

conflict in eastern Ukraine; and it seems unlikely that the Ukrainian government will find any arguments to modify their position.

Recently it might have seemed that the conflict in its current state was quite acceptable for both Moscow and Kyiv. The positions of the spoilers in both countries looked strong, and substantial initiatives to resolve the conflict were lacking. On the one hand, marginalising the spoilers could have brought new life into the negotiation process, although any compromises would still have been hard to reach.

On the other hand, the conflict has lasted long enough to become institutionalised and generate its own historic memory – and has thus become much more difficult to resolve.

The region is witnessing a rise of nationalism and the retreat of democracy – a combination which is only detrimental to stability and security.

Ukraine is part of these developments, and has to make a contribution towards restoring the security architecture in the region.

President Zelensky will find himself in a very challenging position regarding the implementation of any strategy to resolve the conflict. Bound by public opinion and facing strong internal opposition, it will be difficult for him to take radical steps or new initiatives. Because of this, the most likely scenario seems to be the continuation of the current deadlock.

Poland, Hungary, and regional security

Another priority for the new Ukrainian president could be to restore good relations with the country's Western neighbours and enhance regional security. The regional dimension has always been important for Ukraine, especially today, when regional security institutions have been significantly damaged by Russian revisionism. Geopolitical clashes between the superpowers over Eastern Europe are escalating; questions of energy security are receiving more attention; the Eastern Partnership initiative is obviously not working properly. The region is witnessing a rise of nationalism and the retreat of democracy – a combination which is only detrimental to stability and security. Ukraine is part of

these developments, and has to make a contribution towards restoring the security architecture in the region. This task will also be of crucial importance for the new president.

Rumours that President Zelensky may pay a visit to Warsaw underscore the importance of getting back to a true strategic partnership with Poland. This partnership, although geopolitically important as ever, has recently been significantly damaged by clashes over history. In April 2015 the Ukrainian Parliament adopted the so-called 'decommunisation laws', which sanction anyone who denies the heroic nature of those who fought for Ukraine. This step has been received negatively by Warsaw, an effect multiplied as the laws were adopted on the same day when the President of Poland gave a speech in the Ukrainian Parliament stressing that Poland wants good relations with Ukraine. In 2016 the Polish parliament unanimously adopted a resolution which qualifies the Volhynia killings as genocide of the Polish people. In 2017 Ukraine banned Poland's exhumation works on its territory in response to the deconstruction of a monument to the UPA (*Ukrayinska Povstanska Armiya*) in Hruszowice, Poland. In 2018 the Polish parliament adopted amendments to a bill prepared by the Polish Institute of National Remembrance placing criminal liability for the denial of 'crimes by Ukrainian nationalists' between 1925 and 1950, although these were struck down by Poland's Constitutional Court in 2019. Focusing on pragmatic issues and making concessions over history whenever possible could be a good starting point for improving bilateral relations.

Ukraine's conflict with Hungary over language issues is also mutually damaging. Current relations between Ukraine and Hungary are a textbook example of a crisis in which neither party considers actions to be acceptable, while both overestimate their capabilities and

underestimate the potential risks and losses. The conflict was triggered by the new Law on Education adopted by the Ukrainian parliament in September 2017. The Hungarian reaction, which initially concerned the protection of the rights of its minority on the territory of Ukraine to receive education in the Hungarian language, quickly spread to questions of Ukraine's Euro-Atlantic integration, citizenship and political cooperation.

As in the Polish case, Ukraine's relations with Hungary are affected by both regional developments and the efforts to construct a national identity recently undertaken by the Ukrainian government. Zelensky has built his campaign largely on a contrast to his predecessor President Poroshenko's line of symbolic nationalism, which was deeply rooted in history, language, and religion. This new approach opens a window of opportunity to restore good relations with Warsaw and Budapest and thus improve the regional context of Ukraine's national security.

EU and NATO as strategic objectives

On 7 February this year, the Ukrainian parliament adopted constitutional amendments, in accordance to which membership of the EU and NATO were formally stated as the strategic course of Ukrainian foreign policy. This step is seen by many as a part of the campaign by then-President Poroshenko, who was actively advocating such changes to the legislature. To a certain extent, this decision by the Parliament was the ideal coda for Ukraine's policies towards NATO and the EU in recent years: lots of declarations with few tangible results.

The ousting of President Yanukovych is often referred to as the 'Euromaidan', implying that

the initial protests started after the government refused to sign the Association Agreement with the EU, which had been negotiated after 21 rounds of talks. Although the agenda of the mass protests in Kyiv in 2013-2014 significantly broadened almost immediately, the reference to European values remained the key ideological driver. Consequently, aspirations for EU membership played an exceptionally important role in the foreign policy of Poroshenko's administration. Following the annexation of Crimea by Russia and the breakout of the conflict in the Donbas, membership in NATO joined the official agenda as the country's top priority. Although neither EU nor NATO membership has ever been within reach for Ukraine, the European and Euroatlantic integration of the country has been claimed as major markers of its foreign policy.

However, despite the government's rhetoric the country today arguably finds itself more distant from membership of either the EU or NATO than it did a decade ago. At the NATO Summit in Bucharest in 2008 Ukraine was denied a Membership Action Plan due to the position of Germany and France, although the US had strongly advocated in favour. Today, there appear to be many more opponents among NATO member states of the same plan for Ukraine. It also looks like the format of cooperation with the EU has been set by the Association Agreement, and it will take a long time for Ukraine to reach the targets set by this partnership.

This means that for years to come, any realistic agenda of the country's relations with both the EU and NATO will be quite different from the picture painted by the Ukrainian Parliament in February. Finding ways to bridge this gap and concentrate on more realistic formats of cooperation will certainly be among the priorities for the new president of Ukraine.

While campaigning, Zelensky mentioned the possibility of holding a referendum on NATO membership. He also referred to movement towards NATO as a national security guarantee. At the same time, the ongoing unresolved conflict with Russia and the deficit of democracy in Ukraine will be main obstacles on the way to NATO membership.

Security and structural context

The world is changing. Traditional perceptions of international security and interactions among states are being modified. Institutions of multilateral cooperation and international law are losing efficiency, while the demand for hard power is rising. States are less willing to trust each other and more often inclined to take international politics as a zero-sum game. Non-traditional threats are multiplied, while the traditional ones are becoming more pressing.

In the last five years Ukraine's position in almost all the key issues has worsened, including the conflict with Russia, dialogue with Western partners, and relations with most of its neighbours. None of its major foreign policy and national security problems have been resolved in that period: NATO membership is as distant as ever; European values are scarcely being implemented; any resolution of the conflict in Donbas has been blocked; Russia is in firm control over Crimea; foreign assistance has not been sufficient to overcome Ukraine's systemic drawbacks. Ukraine has not become a story of success and democratic transformations. If the trend continues, Ukraine will firmly reside in the 'grey zone' of security in Europe for decades.

Ukraine's foreign policy can only be successful after the institutional weakness of the state has been overcome, systemic reforms have been

introduced, corruption has been reduced, and economic growth and standards of living improved. Another prerequisite for a successful foreign policy would be an adequate assessment of the country's security environment, threats, challenges, and resources available to it.

The environment has significantly deteriorated and will likely remain unfavourable to Ukraine for some time. Russia's violations of fundamental norms of international law and principles of international security have caused a deep crisis of trust and the erosion of the normative foundations of the international system. Its use of military force against Ukraine, the occupation of parts of its territory, the violation of Budapest Memorandum's provisions guaranteeing the territorial integrity of Ukraine, the violation of the Treaty on Friendship, Cooperation, and Partnership between Ukraine and the Russian Federation, have all generated new, much more dangerous conditions for Ukraine's foreign policy. Zero-sum games and worst-case scenarios are becoming commonplace in international politics, making weak states especially vulnerable.

Conclusion

Foreign and security policy will remain key areas of state policy for the whole of Volodymyr Zelensky's presidency. These issues will demand additional attention, resources, initiatives, and responsibility.

Poroshenko's policy was to a large extent declarative, based on slogans of waging war with Russia, moving towards Western institutions and restoring the territorial integrity of Ukraine. Chances are high that the new president will stick to them as well. After all, foreign policy is always characterised by inertia and middle-ground decisions.

At the same time, a window of opportunity will open up in the next few months. President Zelensky may not be able to quickly overcome Russia's pressure or take back control over Ukrainian territories, but he can set the agenda, define achievable priorities, improve decision-making and resolve the unnecessary conflicts in Ukraine's neighbourhood. With that accomplished, Ukraine may over time move to a much stronger position in dealing with its most important security challenges.

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The ambivalence of **the Zelensky presidency**

By **Andreas Umland** | Kiev

Many political experts both in and outside Ukraine have reacted negatively or very negatively to the meteoric political rise of Ukrainian comedian Volodymyr Zelensky. Indeed, Zelensky's presidency could prove problematic in various ways. His 2019-2024 term as Ukraine's head of state may prove to be an even more ambivalent enterprise than those of the other two top contenders in this year's presidential elections, the opposition leader Yulia Tymoshenko and the former president Petro Poroshenko, would have been. Still, for all the apt scepticism, there is also – as in the case of certain positive aspects of Tymoshenko's and Poroshenko's unsuccessful bids for president – a bright side to Zelensky's victory. One can identify at least three major risky or negative, but also three relatively encouraging dimensions of his rule.

No substantive exposure to foreign affairs

The first and foremost problem with Zelensky is that he is a politically and diplomatically inexperienced president. He has not held any governmental or any other public sector office before. In contrast, his two main competitors in the elections that brought him to power, Poroshenko and Tymoshenko, had each held parliamentary seats, party leaderships as well as high executive posts over many years. They are also well-connected internationally, for instance, via the European People's Party, while Zelensky seems to have had no substantive exposure to foreign affairs.

In peaceful times and under stable conditions, Zelensky's assumption of power would perhaps be an experiment worth trying. However, as Ukraine's current geopolitical situation is extremely

Mr Donald Tusk, President of the European Council and Mr Volodymyr Zelenskyy, President of Ukraine at EU-Ukraine Summit 2019 © Photo by Council of the European Union

complicated, the Zelensky presidency is a diplomatically chancy development. His and his assistants' naïve statements on Ukraine's international relations, such as their calls for a referendum on peace in the Donbas, and Zelensky's initially announced recruitment of an explicitly non-political team, indicate that there will be a transition period before a Zelensky administration becomes more or less functional. Unfortunately Ukraine and the various foreign challenges it faces have little time for such an interregnum.

Second, it remains unclear how truly novel a Zelensky presidency will eventually be, in terms of its approach to the old semi-criminal patronage networks – the main cancer of Ukrainian domestic politics. To be sure, Zelensky justifiably emphasises his clean hands and his non-involvement in the shadowy schemes of Ukraine's post-Soviet oligarchic rule. He is rich, but he made his money on everybody's watch as a popular television star and the producer of successful entertainment programmes.

Yet there is much suspicion in Kyiv about his links to Ihor Kolomoysky, a notorious oligarch and the owner of the influential TV channel 1+1, which has aired and still airs most of Zelensky's television shows. A major reason for Zelensky's popularity is his brilliantly played role as the non-corruptible and oligarchy-slaying Ukrainian president Vasyl Holoborodko in the popular TV sitcom *Servant of the People*. However, few Ukrainian experts believe that the real president

Zelensky will be as effective as the fictional president Holoborodko in curbing the impact of private business interests on Ukraine's governmental affairs.

Zelensky will be as effective as the fictional president Holoborodko in curbing the impact of private business interests on Ukraine's governmental affairs.

Third, the political-satirical aspects of Zelensky's comedy work and of his major TV show *Vechernyi kvartal* (Evening block) have acquired a strange aftertaste following his entry into Ukraine's presidential race and political landscape. His *95-yy kvartal* (95th Block) team has numerous times made fun of the various presidential candidates, including Poroshenko and Tymoshenko. In several sketches, Zelensky has personally portrayed Poroshenko as well as the Radical Party leader Oleh Liashko, another recent presidential candidate.

> **Given his self-styled image as a no-nonsense corruption fighter and a new type of politician, it would be especially damaging for Zelensky if he came to be perceived as just another medium for the infiltration of private interests into governmental affairs.**

While Zelensky's and his team's political satire was and is often extremely sharp, topical and funny, it is now beginning to look a little odd. The well-written and acted video parodies, still widely watched on TV, YouTube and other outlets, have recently gained another layer of meaning

as support for Zelensky's presidential bid and rule. In winter 2018 and spring 2019, they became parts of presidential candidate Zelensky's unconventional negative electoral campaign ridiculing his political opponents.

The bright side

Yet there are also some arguably bright aspects of Zelensky's entry into politics. His participation in the campaign has stirred up the Ukrainian political debate and awakened public interest in the different visions of Ukraine's future. Until he announced his candidacy on 31 December 2018, it had looked as if the 2019 contest would largely be between the incumbent Poroshenko, his Solidarity party as well as his allies on the one side, and the veteran challenger Tymoshenko, her Fatherland party and her allies on the other. Both of these politicians have been active in Ukrainian politics for over twenty years. Although Poroshenko and Tymoshenko have become irreconcilable enemies over the last fifteen years, many Ukrainians perceive them as being of a similar generation, type and quality.

There are also other alternative Ukrainian third forces, on the right and left as well as in the political centre. But Zelensky arrival has the especially high potential to break the old templates of party competition, political technology and oligarchic bickering. To be sure, many analysts in Kyiv suspect that Zelensky is merely a novel instrument of manipulation in the hands of behind-the-scenes patrons, especially the unpopular Kolomoisky. Yet, even if Zelensky

has certain unspoken obligations towards one or more oligarchs, it will still be not easy for him to repay his possible debts.

Given his self-styled image as a no-nonsense corruption fighter and a new type of politician, it would be especially damaging for Zelensky if he came to be perceived as just another medium for the infiltration of private interests into governmental affairs. This constraint may be even more important for his possible future parliamentary party than for Zelensky himself. To be sure, Zelensky and his entourage will be as much a target of seductive corruption schemes as other political parties and individual deputies. Yet, the followers of Zelensky-Holoborodko will – given his public image as a new and clean politician – be especially vulnerable to any disclosures of bribe-taking, kickbacks, nepotism etc. Chances are that Zelensky's party will thus become a relatively alien element in Ukraine's corruption-ridden parliament. Anything which can shake up the old post-Soviet structures of political advancement, procedure and decision-making is arguably good for Ukraine's legislatures and executives at the national, regional and local levels.

Another positive aspect of Zelensky's rise are his roots in south-eastern Ukraine and his special appeal to Russophone Ukrainians. Zelensky is less demonstratively and outspokenly pro-Western than Poroshenko and Tymoshenko, yet he presents himself as a Ukrainian patriot, has taken a clear position in the Russian-Ukrainian conflict, knows some English, and seems to be intuitively liberal, if not libertarian. Yet for many nationalistically inclined Ukrainian journalists and experts, he is still insufficiently trustworthy.

Nevertheless, even these commentators might agree that a Zelensky party is preferable as a representation of Russophone Eastern and Southern Ukraine within the *Verkhovna Rada* (Ukrainian parliament) and the regional as well as local parliaments, than the various successor organisations of Yanukovych's Party of Regions with their continuing ties to Moscow. If Zelensky creates a real party

> **Many Ukrainians know of or/and easily recognise Zelensky's Jewish roots. But – remarkably – this fact is not (or at least has not yet become) a topic of wider public debate, much as the current prime minister Volodymyr Hroysman's Jewish origins are only rarely mentioned in Ukraine.**

that becomes popular, electable and successful in eastern and southern Ukraine, he might be able to make a substantial contribution to Ukrainian nation-building.

A final positive aspect of Zelensky's political rise, which has largely been ignored (especially abroad), is his partly Jewish background. To be sure, many Ukrainians know of or/and easily recognise Zelensky's Jewish roots. But – remarkably – this fact is not (or at least has not yet become) a topic of wider public debate, much as the current prime minister Volodymyr Hroysman's Jewish origins are only rarely mentioned in Ukraine. Such private biographical aspects of various politicians are – as they should be – largely non-issues in Ukrainian politics and media.

Yet the ethnically non-Ukrainian roots of Hroysman, Zelensky and other Ukrainian politicians have considerable weight within the skewed international informational sphere and political messaging regarding post-Euromaidan Ukraine. Lingering Soviet-era propaganda memes, post-Soviet Russian defamation campaigns, radically left-wing anti-American alarmism, and dilettante post-modern commentaries on Ukrainian politics in the

Kyiv, Ukraine © Photo by Hristo Sahatchiev on Unsplash

West continue to reproduce an unbalanced image of Ukraine as infected with ethno-nationalism to an allegedly extraordinary degree. To be sure, Ukraine has various problems related to its radical right-wing parties, internationally offensive memory policies, violent ultra-nationalist war veterans, as well as popular chauvinism directed, above all, against Roma, non-white immigrants and sexual minorities.

But there is nothing special about Ukraine's various issues with ethno-nationalism – a phenomenon which nowadays is widely spread across Europe and the world as a whole. In fact, the relatively weak electoral performance and low

parliamentary representation of the Ukrainian far right during the last quarter of a century makes post-Soviet Ukraine somewhat unusual if seen in a comparative perspective. The party-political and electoral marginality of Ukrainian ultra-nationalism has recently become even more surprising in view of Russia's annexation of Crimea, Moscow's bloody war in Eastern Ukraine, and Ukraine's deep economic downturn in 2014.

The rise of Zelensky is yet another source of cognitive dissonance within the continuing international reproduction of the stereotype about Ukraine as a hotbed of xenophobia. Whereas this geopolitical aspect of Zelensky's rise may look irrelevant or bizarre to many Ukrainians, it will be a real factor in Ukraine's foreign image. In sum, while Zelensky may – in the light of his and his assistants' political inexperience – not (yet) be a fully adequate president for Ukraine, his engagement in Ukrainian party politics, parliamentary affairs, public discourse, foreign relations, and possibly a governmental coalition may not be that bad.

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Sources of insecurity
in the EU and its neighbourhood

Eastern Focus

Issue 02, Summer 2019

Marius Ghincea: The anxious Union. Overcoming the European culture of insecurity

SCHOLARLY VIEWS:

The anxious Union. Overcoming the culture of insecurity

By **Marius Ghincea** | Florence

The European Union prides itself on 'making war unthinkable' among its member states, and credits the European integration process for the great achievement of **Pax Europaea**, the longest period of peace in much of Europe since the collapse of the Western Roman Empire in the fifth century. Making war unthinkable and materially impossible was the main original purpose of the European project, and represents one of the main pillars of the narrative of European identity that legitimises the European Union, at the same time providing it with significant global normative power (Schuman 1950; Diez and Manners 2007). But if **Pax Europaea** has been such a stupendous success, then why are the Europeans feeling so insecure, fearful and anxious about so many issues?

Successive surveys have shown that Europeans do not feel secure in an otherwise peaceful Europe, with fears and anxieties running higher in the last decade than at any other point in time since the end of the Cold War (Eurobarometer 89 2018; Borger *et al*. 2015). The regular Eurobarometer published by the European Commission and other surveys show increased levels of insecurity and anxiety linked with factors unrelated to the more 'traditional' aspects of security, such as socio-economic well-being, personal safety and terrorism, climate change, and immigration and national identity, especially in Central and Eastern Europe (Eurobarometer 88, 89; Dennison *et al.* 2018; Hunyadi 2016). These findings confirm that while military-related insecurity has diminished since the end of the Cold War, other types of insecurities have become more prominent and emerged to replace the 'traditional' fears that dominated Cold War-era Europe.

In the last decade, the European Union has faced significant, even unprecedented, overlapping challenges for which in the eyes of many Europeans it has frequently failed to provide adequate solutions. And even when it did so, the emergence and overlapping character of these challenges created social and political reactions that still have the potential to undermine the European project (Kinnvall, Manners, Mitzen 2018). These overlapping challenges undermine not only the credibility of the European Union as an effective actor, at home and on the global stage, but also show the fluid and artificial character of external/internal divisions. External challenges like the refugee flows from the war-torn Middle East, the lingering conflict in Ukraine and the resurgence of a bellicose Russia converge with domestic crises caused by a decade of economic stagnation in much of Europe, the emergence of nativist populism across Europe, and the unpredictable Brexit process.

These external and internal challenges are serious and pose various levels of risk to the security of the European Union. The legitimacy and normative power of the EU on the world stage and at home depend on successfully providing not only effective solutions, but also a sense of security. The existential threat to Europe is not necessarily the sum of the challenges and crises pressuring it, which in themselves are manageable. The future of the European Union hinges on its ability to manage the culture of insecurity that dominates the European public spaces, which is effectively taking hold of the public agenda. This culture of insecurity produces political paralysis, creates societal instability and narrows the policy options available to decision-makers, while at the same time decoupling them from the set of values and principles that define the European identity and its political tradition.

The challenges and crises that Europe faces are real, but the way the European societies relate to them, through the lens of a dominant culture of insecurity, makes Europe incapable of acting effectively, undermining its political institutions and its fundamental

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Marius Ghincea: The anxious Union. Overcoming the European culture of insecurity

values. It forces European nations to look inward instead of outward, narrowing their focus to providing immediate relief to these deep-seated and culturally produced anxieties and fears. Moreover, this insecurity is being encouraged by foreign rivals through information warfare, and instrumentalised by far-right and far-left domestic parties against the political mainstream, fuelling radicalism, heightening political alienation, and halting progress on important issues.

In order to overcome the various challenges facing Europe, the European Union and its member states must tackle the ideational and material sides of this systemic crisis simultaneously. The problem posed by the culture of insecurity that dominates European public life will not disappear even if all the external and internal challenges are resolved. The dramatic decrease in the number of refugees arriving on Europe's shores, basically ending the refugee crisis, has not decreased immigration and identitarian anxieties, as the most recent surveys show. While this culture of insecurity provides some opportunities for enhanced cohesion and solidarity, at least on some issues, it primarily creates political paralysis and undermines European and national political institutions. Therefore, it is essential that the European institutions and national governments manage this culture of insecurity systematically and through a decentralised but coordinated pan-European strategy aimed at decreasing the sense of insecurity and increasing the sense of hope and trust in political institutions.

The purpose of this article is twofold. First, I focus on the production of insecurity in Europe, drawing attention to how insecurities emerge, become naturalised and are taken for granted; forgetting that these are essentially social artefacts that are culturally produced by our societies (Weldes *et al.* 1999, 9). The way we

conceive the world and the events affecting us are shaped by these 'taken for granted' insecurities that permeate our culture and public discourse. Cultures of (in)securities define the way the general public and the elites perceive and respond to challenges and crises, empowering certain actors and policy options while marginalising others. Second, I suggest several approaches that may provide effective and relatively efficient alternatives to the culture of insecurity that dominates the European public spheres. The most significant approach consists in mixing narratives with policy actions targeting the symbolic references of Europe's insecurities. These include the promotion of counter-narratives that deploy rejuvenated liberal myths, and of the memory of the past, both as positive and as negative, in conjunction with proactive policy measures to reduce the immediate day-to-day worries about the future.

What is a 'culture of insecurity'?

On culture

'Culture' has long been a fundamentally contested concept (Gallie 1956; Cobley 2008) which often awakens passionate debates over its meaning, characteristics, and even its purposefulness. Even so, culture permeates much of the existing scholarship in the social sciences, especially in political science and anthropology. Moreover, our societies rely on 'culture' as an important symbolic tool to justify and describe collective and individual behaviour, historical processes, and even societal and institutional frameworks.

Culture represents a system of intersubjective meanings, reinforced by practices and institutions, that human collectivities use to weigh and interpret physical and social reality.

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These systems function through meaningful symbols produced, reproduced, and disseminated through discourses, practices, and institutions. In turn, these dictate social acceptability, behaviour, desire, thoughts, and feelings. Culture, as an ideational structure shared by a human collectivity, provides a coherent, consistent, and continuous way of looking at the world, offering the necessary tools for effective and, sometimes, efficient decision-making. Culture liberates and constrains, creating the tools for comprehending the world but at the same time setting the limits of this comprehension. Moreover, culture plays a determinate role in defining identity, providing ontological security and oftentimes a sense of purpose.

The culture(s) of our societies can make us feel secure and strong or insecure and weak, irrespective of the facts on the ground and our actual strength. The events in the physical and social world become meaningful through our social interpretation of them, and this interpretation subsequently defines our response (Berger and Luckmann 1966). This interpretation

is neither pre-given nor universal in nature; it emerges from the constant competition between social narratives and performative practices that dominate the public sphere. This competition produces winners and losers, and the winning interpretative narrative and practices become habitualized and naturalized through mutual acceptance. Therefore, it is important to note that our own insecurities are not the direct product of the challenges we face, but are the result of the dominant interpretation of these challenges, which can be explicit or implicit. The production of insecurity is a process of translating social and physical facts into meaningful ideas and interpretations of these facts.

On the production of insecurity

When it comes to the production of insecurity, we can distinguish between two main ways of creating a sense of insecurity in humans: linguistic and practice-based approaches. These two approaches can be performed separately or together, converging or diverging depending on the specific social and political

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context. Insecurity is not produced only in reaction to exogenous or endogenous social and physical events, but it may also produce these events in a circular process of co-constitution. Even more, these processes are the ones establishing the border between what is conceived as security and insecurity (Bigo and McCluskey 2018, 2-3).

When this sense of insecurity becomes systematic, when it is felt by significant segments of society, reframing the public space and changing the social priorities of a collectivity, we can say that a 'culture of insecurity' has emerged.

First, the linguistic production of insecurity is realized through so-called processes of securitization. Securitization is a discursive process that transforms non-political or political matters into 'security' issues that require extraordinary measures. It represents an extreme form of politicization that justifies extraordinary policies and institutional measures in order to eliminate or alleviate the perceived threat (Buzan et al. 1998, 25). Such securitisation attempts are undertaken by securitising actors that have the political capital and legitimacy to attract and maintain the attention of a target audience, be it a small elite group in a national government or the general public, which the actor seeks to convince in order to allow for the use of exceptional measures or the reallocation of resources. The collective securitization of Muslims in the European Union is such an example. Entire religious and ethnic communities have been reframed from benign to collective well-being and security into potentially existential threats (Kaunert and Léonard 2019; Hansen 2011) to European societies in various sectors of life, including public safety, culture and identity, or economic welfare. Similarly, as Szalai (2017) shows, the refugee crisis that affected Europe starting in 2015 is another well-known case of securitization, which in his words has been a source of 'enacted melodrama' performed by the European governments, especially that of Hungary, as a political spectacle that reframed what seemed like a humanitarian crisis into a threatening 'invasion' of Europe by non-European, non-Christian immigrants (Szalai 2017; Postelnicescu 2016). While the linguistic production of insecurity is more typical of those who have political capital, such as politicians and government

professionals, it is also possible to engage in securitization from outside the government. Journalists, non-profit actors, and foreign actors are among those with enough resources and access to the public sphere to reframe certain challenges as existential threats to a certain referent object.

Second, the practice-based production of insecurity results through institutional, individual, or collective practices, habitualized procedures, or technologies employed against a target: sometimes with the intention of creating chaos and uncertainty, and at other times to create a perception of security of control. The practices and technologies that seek to produce security can have the side-effect of producing insecurity and co-constituting the security/insecurity nexus (Pfaff 2010; Bigo 2002, 2014; Huysmans 2002). In the military field, states are crippled by uncertainties derived from asymmetric information and strategic opacity, always seeking to become relatively invulnerable but always discovering that the pursuit of increased security always causes increased insecurity. This (in)security paradox more often than not produces security dilemmas that spiral into threat and finally war, if states fail to properly signal benign intentions. Similarly, in non-traditional security settings, the pursuit of security often is the catalyst that produces insecurity. As Didier Bigo shows in his expansive scholarship, European governments' pursuit of securing Europe's borders has constituted the threats that these borders are created to protect against. Domestically, the economic and other societal policies and practices that are intended to increase the general welfare are creating the social and identitarian dichotomies that create social conflict and produce deep-seated perceptions of insecurity.

Non-state actors can also produce practice-based insecurities, especially terrorist

organizations and radical domestic political movements. Terrorist attacks are practice-based insecurity-inducers that seek to produce fear and uncertainty. Most terrorist attacks have small material and human consequences, but they produce gigantic insecurities among the target population. This is why some scholars, like Alex Schmid (2006), define terrorism as psychological warfare. But this is only one side of the coin, because governments that devise counter-terrorist policies and programs also produce insecurity in order to build political support and cohesion around the desired course of action against terrorist organizations (Ahmed 2015). Therefore, it can be said that both state actors and non-state actors produce insecurities for political, strategic, or as a side-effect of other actions or narratives.

When this sense of insecurity becomes systematic, when it is felt by significant segments of society, reframing the public space and changing the social priorities of a collectivity, we can say that a 'culture of insecurity' has emerged. The sense of insecurity drives action but can also produce paralysis, which usually requires radical upheavals of the status quo to overcome. It is therefore essential that *status quo* forces understand the risks – and opportunities – posed by dominant cultures of insecurity.

Producers of insecurity in Europe

The production of insecurity always presupposes the existence of at least two actors' part in what we may very well call a dialectical transaction. In this transaction, one party tries to inflict upon the other – with or without the acquiescence of the other – fear, anxieties, and a general state of insecurity regarding something the other values. Generally, an implicit or explicit recognition of a source of insecurity is needed

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for such a transaction to even be considered by the actors involved. The recipient of the insecurity needs to acquiesce to the dangers posed by the source of insecurity and to develop the emotions, set of beliefs, and behaviour associated with the sense of insecurity.

The sense of insecurity that dominates the European public sphere risks undermining the entire European project and dismantling over half a century of progress towards integration.

The refusal or even contestation of the insecurity produced may result in the producer failing to achieve the desired outcomes, and may even result in the emergence of counter-interpretations of events and situations.

The production of insecurity can take place through linguistic approaches, which involves convincing an audience about the existential threat posed by something or someone; or through practice-based approaches, like a terrorist attack or the imposition of security-enhancing technologies that themselves constitute the insecurity they seek to prevent. Both approaches make use of pre-existing myths, interpretations of social reality, and historical & political paradigms that dominate the public space. Nationalism, personal freedom, identity narratives about minorities and non-Europeans provide a framework in which the production of new or resurrected insecurities takes place, and in which these insecurities subsequently compete for attention and dominance of the public space.

In this section, I will discuss the most common producers of insecurity in Europe, in their linguistic and practice-based forms.

Revisionist political groups: producing narratives of insecurity

Far-right and far-left political groups have long traditions of producing anxiety and fear as tools for electoral success. Most European populist parties, both on the right and the left, instrumentalize insecurity as a driver for political success. When these marginal political groups acquire political power, they transform the production of insecurity into state policy and publicly construct financed campaigns of vilification that seek to reproduce the sense of insecurity, purposefully promoting a

culture of insecurity that allows them to remain in power and, even more, to adopt extraordinary measures that undermine checks-and-balances on their own political power. These vilification campaigns, which are instrumental in promoting a culture of insecurity and which allow revisionist groups to alter the political system to their desires, are building on pre-existing exclusionary conceptions of nationhood. These 'us vs. them' nationalist conceptions are deep-seated and inherent characteristics of national identities, especially in ethnically based forms of nationalism (Smith 1998, 55-56). Revisionist groups make use of century-old identity cleavages and historical myths in order to legitimise and promote their narratives of insecurity, and are effective because they are based on living traditions that are taken for granted.

The vilification and securitization campaigns, both linguistic and practice-based, of Fidesz in

Hungary are such an example. Similarly, populist parties across Europe, from the economic insecurity narratives promoted by Alternative for Germany against Germany's membership of the Eurozone to the anti-immigration propaganda promoted by Mateo Salvini's Lega Nord, are excellent examples of how marginal political groups produce and use insecurity as electoral tools.

Russia: Enhancing and spreading insecurity

Another source of insecurity in Europe resides in the subversive actions of third-state or state-supported actors. These states, notably Russia, use disinformation, hybrid and information warfare to enhance and spread insecurity (Thomas 2016; Stebbins 2018). By doing so, they seek to undermine the political *status quo* and cause chaos in European societies, forcing them

Mr Viktor Orban, Hungarian Prime Minister © Photo by Council of the European Union

to be more inward-looking. The methods used by Russian-backed information warfare rarely produce new insecurities, and usually focus on enhancing already-existing narratives which produce insecurity, spreading them further and targeting vulnerable demographic segments (Rummer 2017; Morgan 2018; Spaulding *et al.* 2018).

The press as a producer of insecurity

While not usually perceived as a producer of insecurity, mass media represents one of the main producers of insecurity in Europe. Intentionally or not, mass media across the continent produces, disseminates, and enhances the insecurities they seek to explain (Lamour 2018). In this way, the press metamorphosizes from being a simple conduit of knowledge and information into the producer of that knowledge and information, framing facts to induce desired reactions and political outcomes. Emotion sells papers and increases TV audience ratings, creating perverse incentives for news outlets to enhance and promote strong emotional responses, and therefore to frame social events, facts, and even ordinary news in ways that provoke insecurity. Moreover, the acquisition of media outlets by media moguls, like the Murdoch family in the United Kingdom, transforms these media outlets into tools of securitization for political or ideological purposes. Framing challenges and crises as potentially existential threats allows media outlets to remain relevant in an increasingly decentralized environment, with plenty of information, at the cost of destroying the fiber of society and undermining democratic politics and its liberal tradition.

Security professionals: maintaining purpose by manufacturing insecurity

Finally, a very important social group that produces insecurity is made up of security agencies and security professionals. Governmental security agencies, as bureaucratic organizations, need a reason to exist and to justify their public budget. In order to maintain and increase these budgets, security agencies need to convince legislators and decision-makers that their existence is justified by the emergence or existence of security threats, risks and vulnerabilities which need to be contained, eradicated, or alleviated (Huysmans 2002; Ghincea 2006). In pursuing these justifications, security agencies seek and define the threats they need to combat, directly or indirectly producing insecurities in society by reframing social and political events. This does not mean that objective

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security challenges do not exist, but the way we relate to them and the way we respond to them is the result of the social interpretation provided by security technocrats and professionals that have an invested interest in justifying their own work and in increasing the budgets available to them (Huysmans 2002). Therefore security professionals, in the pursuit of their own purposefulness, can produce insecurities that reinforce and justify their own work in the eyes of decision makers and the society they seek to serve.

How to overcome the culture of insecurity?

The sense of insecurity that dominates the European public sphere risks undermining the entire European project and dismantling over half a century of progress towards integration. No single, pan-European strategy can be employed in all the member states of the EU, but national strategies can converge at the European level on the most essential aspects that need to be covered, and pan-European coordination should be an endeavour undertaken by EU supranational institutions such as the Commission and the Council.

As stated earlier in this article, an optimal approach to overcoming the culture of insecurity in Europe requires mixing counter-narratives and proactive policy actions that could undermine the existing culture of insecurity and promote a culture of security and hope among the most seriously affected segments of European societies. In this section, I suggest potential approaches that can be used to overcome the culture of insecurity and promote a culture of security that is based on liberal values, political and cultural pluralism.

Counternarrative: promoting the liberal worldview

The European Union and a majority of its member states are engaged in campaigns to combat disinformation and manipulation online. These seem to have been fairly effective in combating 'fake news', especially with regard to media literacy, but in my view these efforts have so far been ineffective at undermining the culture of insecurity (see also Levinger 2018, 131-132). The disinformation and manipulation campaigns promoted by foreign actors tend to enhance and disseminate an already existing sense of insecurity that has been promoted through other means by domestic actors, especially radical political movements, certain media outlets, and even

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governmental agencies, as I have argued in the previous section. Therefore, these campaigns against disinformation must be undertaken together with positive campaigns promoting counternarratives that reinforce liberal democracy formed universe formed of mythology, liberal values and principles, and build trust in democratic political institutions. It is not enough to simply signal the falsehoods promoted by revisionist actors, because those that believe such falsehoods are already alienated from the mainstream of society and have no reason to believe such signals. What is required is a reinforcement of the liberal universe as the single most desirable and achievable option (Tuck and Silverman 2016). Moreover, it is essential for liberal counternarratives to blend offline and online realities, assuring an overlapping between the online experience and real-world feelings and social engagement (Meleagrou-Hitchens 2017).

Learning from rivals

Another important step in the process of overcoming the culture of insecurity is to learn how insecurity is produced and reproduced by those actors that engage in such endeavours. The best sources of learning about how to overcome a culture of insecurity are the very same actors that create this insecurity. By studying and investigating their methods, approaches, and processes of production, dissemination, and improvement, liberal actors can find ways not only of

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undermining them, but to use the same methods for the production and promotion of counter-narratives that seek to provide an alternative worldview to that promoted by those who maintain a culture of insecurity.

Practices & policies: words into deeds

An essential component of any strategy that seeks to undermine the culture of insecurity consists in combining security-enhancing linguistic approaches with practice-based approaches. It is not enough to say that we are secure, that everything will be well, and that the future is bright; these words need to be transformed and associated with deeds. Policies and programs intended to alleviate economic anxieties, reduce segregation, enhance intercultural communication, and promote an inclusionary national identity should be undertaken and effectively promoted by governmental and non-profit organizations. Words need to be matched by deeds in order to be fully effective, especially because the alienation of vulnerable social groups has occurred in relation to the liberal worldview, which has failed to meet expectations and failed to provide what it promised. Therefore, it is essential that security-enhancing practices are employed together with positive narratives.

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Development disparities and Europeanisation
in Central and Eastern Europe

By **Clara Volintiru** | Bucharest

Cluj-Napoca © Photo by Adrian Ciorba on Shutterstock

Central and Eastern Europe (CEE) is facing a historical turning point, as the European Union is in the process of implementing a project of deeper integration in various domains—from energy and public finances to security and foreign policy. For CEE countries, the process of Europeanisation has brought about significant gains, both financial (in terms of economic growth and development) and normative (in terms of the quality of democracy and governance).

However, human rights and rule of law are increasingly being challenged by anti-establishment or Eurosceptic parties in the EU. The nationalist and sovereignist platforms are gaining force. Beyond the posturing of incumbents, such as Viktor Orbán in Hungary, Jarosław Kaczyński in Poland, or more recently, Matteo Salvini in Italy, power is coming under increasing contestation by the *Rassemblement National* (National Rally) in France, the Freedom Party in Austria and the *Alternative für Deutschland* (AfD) in Germany.

So, how will the political balance tilt in Central and Eastern Europe (CEE) beyond the European elections? It is unlikely that the nationalist parties will be able to impose a drastic shift in the policy agenda (either in the European Parliament or in the individual nations). Although increasingly loud nationalist and Eurosceptic sentiments are resonating within leading political parties across Europe, the fact remains that integrationist policies have indeed taken effect at a steady pace and will likely continue to do so. With regard to the major threats that Europe is facing nowadays (i.e. migration, security, competitiveness on global markets) there is simply no solution at an exclusively national level—only together can member states prevail.

Still, within CEE there are persistent sentiments of being left behind: from Macron's two-speed Europe project and the increased perception that Germany shapes Europe, to the persistent developmental divisions, there is mounting pressure for a new approach towards the newer member states in Europe.

How will the EU address these sentiments in CEE? The main offer so far has been based on investing in efforts to overcome the development divide and the feelings of inequality and unfairness that it breeds, with the aim of strengthening resilient pro-European attitudes. While this might be a useful long-term response to short-term outbursts of discontent, any integrationist agenda or political platform (see the recent efforts by the French president Emmanuel Macron and the German chancellor Angela Merkel) at the EU level should be as inclusive as possible towards CEE member states, whose nationalist parties are currently gaining ground.

Secondly, CEE member states should seek increased partnership in terms of energy,

transport and digital infrastructure, to mention only the most important areas of intervention. In the face of Russian posturing and cyber threats, CEE must seek security through interdependence.

Regional specialisation and factor endowment

The current global economy can be characterised by the term 'New Economy', that is, economic growth driven by new, high-growth industries that are on the cutting edge of technology. While the term 'new economy' has been popping up since the early 1990s, there is an argument to be made in favour of current developments. On the one hand, there has been an increase in the use of disruptive technologies in economic sectors, and innovative solutions for financing are clearly paramount in this overall context. On the other hand, the institutional and regulatory frameworks are increasingly responsive to these new developments, and whether they are adequate or not, it is clearer than ever that there has to be dialogue between the financing sector and European & national regulators in a meaningful, considerate manner.

There is no one-size-fits-all economic model for development across Europe; not all the member states have reached the same level of development and convergence. In CEE for example, Romania and neighbouring countries are good examples of how to move from a low-value economy to a higher value-added economy. Achieving this transition is very important in order to achieve sustainable development. It is also the right recipe to escape the middle-income trap in these countries. The middle-income trap refers to a situation where the level of wages in a country stagnate as a result of its own economic development; more specifically, when the economic model based on low wages

(e.g. manufacturing) changes given a certain increase in wages, but at the same time, the development of new high value-added industries lags behind.

The path to sustainable growth is very much influenced by the availability of factors of production in a given country. For example, Romania benefits from very high-quality human capital (e.g. trained and skilled professionals), but very poor infrastructure. As such, we see a value increase in human capital-intensive sectors such as ITC, where we no longer see the highest frequency in call–centre-type activities, but rather in high-tech and RDI-intensive activities.

In contrast, due to the poor infrastructure, there is slow progress in the industrial sectors reliant on physical activities and logistics. Industrialisation is essentially hampered by the very poor infrastructure.

Also, the issue of financing is important for economic agents, particularly SMEs. In Romania 75% of SMEs are self-funded; furthermore, approximately half of them display no activity, and of those that are active, many do not report profits. Therefore a vicious cycle develops between lack of capitalisation in the start-up segment and the lack of sophistication in developing markets.

Subnational disparities

New division lines are appearing in the European Union, without the historical disparities of development between the member states and regions having necessarily been resolved. The divisions within the different categories of the population both across Europe and within member states are currently just as important as the traditional divides across member states.

Regional divisions are persistent in the EU, and they no longer align to the classical categories of old vs. new member states. The latter are facing challenges of convergence, or catching up, as the European Commission has recently labelled many of them as 'lagging regions'. However, although CEE is still struggling with low incomes in some of its regions, high economic growth rates have been recorded across the area as a whole, as opposed to older member states in Southern Europe (i.e. Portugal, Spain, Italy and Greece) whose lagging regions are marked by low economic growth. Many of the EU member states have seen rising regional inequality, as convergence stalled during and since the economic crisis.
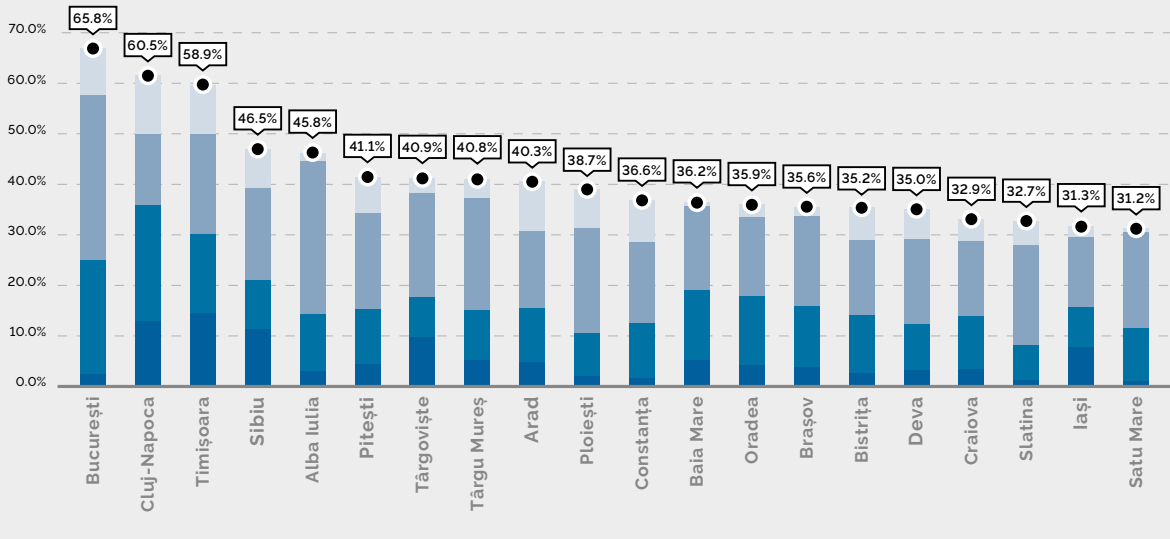
Social divisions have become increasingly apparent according to various Eurobarometer data from the past decade. The values and beliefs of European citizens reflect new division lines on top of the persistent socio-economic ones, as social insecurity across Europe has been amplified by the economic crisis in Southern Europe and its strong negative social impact, as well as the current migration crisis. Capital cities are increasingly behaving very differently from rural areas in elections (e.g. Poland, Hungary, Bulgaria, UK, and increasingly Romania, as the latest European elections showed urban voters' preference for liberal and cosmopolitan platforms to sovereignist and anti-EU rhetoric), according to different alignments of values: as the major cities remain predominantly liberal and cosmopolitan, the rural areas are increasingly turning to traditional or even fundamentalist values.

Economic divisions were meant to be tackled from the very beginning of the cohesion policy and the integration process. Still, economic grievances persist and amplify social and cultural insecurities. According to a recent survey of CEE states, EU membership has made prosperity more achievable for countries in transition, but

> **Many of the EU member states have seen rising regional inequality, as convergence stalled during and since the economic crisis.**
>
> **Social divisions have become increasingly apparent according to various Eurobarometer data from the past decade.**

GRAPH 1: RANKING OF MUNICIPALITIES BASED ON LOCAL BUSINESS ENVIRONMENT INDEX (LBEI)

Source: Volintiru and Ștefan, 2018

■ *Innovation Index (max. 20%)*   ■ *Entrepreneurship Index (max. 30%)*   ■ *Investment Index (max. 35%)*
□ *LPS Index (max. 15%)*   ● *LBEI*

has also made the consequences of failure more apparent. EU-wide income inequality declined notably prior to 2008, driven by a strong process of income convergence between European countries; but the Great Recession broke this trend and pushed inequalities upwards, both for the EU as a whole and across most countries. Also, according to recent surveys, both inter- and intra-generational mobility has stagnated or decreased in several member states. Nevertheless, in a number of CEE countries (such as the Czech Republic) citizens still believe they are better off economically than they ever were before. Furthermore, several regions in CEE countries have changed their status from 'less developed regions' to 'developed regions' over the course of the current multiannual financial frameworks (MFF 2014-2020).

While member states in Central and Eastern Europe (CEE) have showcased steady economic growth over the past years, the area still lags

behind its Western counterparts. It now stands at a crossroads, attempting to avoid the 'middle-income trap'. In order for this region to continue its path to prosperity, it must enhance the competitiveness of its domestic SMEs and push forward in new technologies and innovation.

Drivers of economic development: Romania's local business environment

In the current context, in which global markets are marked by growing uncertainty, ensuring sources of capital for investments is one of the paramount conditions for achieving and sustaining economic growth and development.

For the EU member states, there is the added benefit of accessing EU structural funding for investments, besides the capital markets, national budgets and public-private partnership.
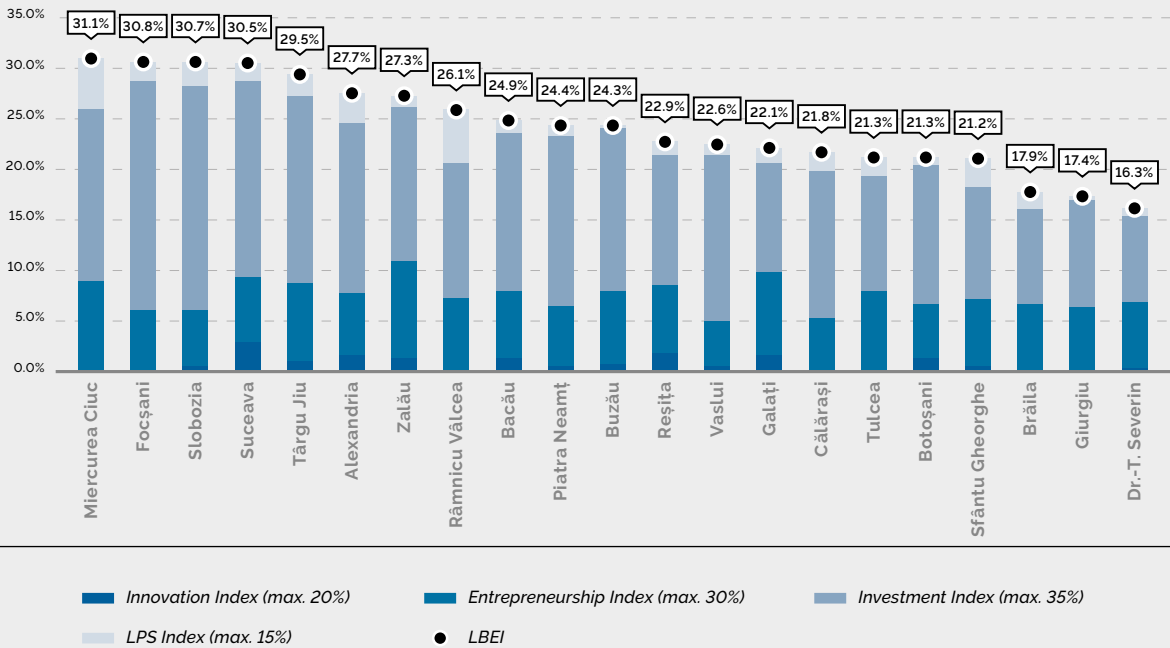
Whatever the source of funding might be, it is necessary to identify the specific needs of a given economy, and to prioritise investment projects according to those needs.

It is clear that in the case of Romania there is an essential need to develop several priority infrastructure projects. However, it is often difficult to properly understand and address the investment needs from a national, or increasingly a European view-point. Meanwhile, in a context in which structural funding is mostly directed to projects that provide 'European added value', decreasing attention is paid to local needs and opportunities.

In a recent paper with George Ștefan, we present an original metric to assess economic activity at the local level: the Local Business Environment

Index (LBEI).[1] In the development of this metric we explored a large set of variables that are disaggregated at municipal level. Following the extant literature on the different drivers of economic development, we proposed four major axes of assessment: entrepreneurship, innovation, investment financing, and support from public authorities.

The highest scores in the 2018 overall ranking of the level of attractiveness of the local business environment went to cities of various sizes: Bucharest, Cluj-Napoca, Timișoara, Alba-Iulia and Sibiu. Each municipality has a different distribution of its specific strengths.

Interestingly enough, it is not just the capital city of Bucharest that dominates the different components of the LBEI. In the case of the sub-index

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1. Volintiru, Clara & Ștefan, George (2018). '**Economic Development and Opportunities in Romania: Local Business Environment Index (LBEI)**'. Aspen White Paper; cf. Volintiru, C. *et al.* (2018). '**Economic Development and Innovation at Local Level-Local Business Environment Index**'. *Romanian Journal of European Affairs.* 18. 5.

for Innovation for example, the rankings are dominated by Timișoara, Cluj and Sibiu, and not the capital city of Bucharest. In the case of the sub-index for Entrepreneurship, the top-ranking city is Cluj, and not Bucharest. As such, we can see that there are elements (competitive advantages) that define some Romanian cities and lead them to excel in certain areas over others. These rearrangements in the ranking of Romanian cities in the sub-indexes of our proposed LBEI metric show the extent to which there are specific local and regional economic opportunities and challenges.

In the cities that occupy the top positions, the economic growth rate and general development level surpass those of many Western European cities. It is important to understand the drivers of this economic performance, as this is key to remedying the disparities across the wider EU.

Rethinking CEE: Bridging the divides

It is becoming increasingly obvious that the two-tier approach of the European Union might shelter Western countries from economic and social risks, but it also fuels tensions between old and new member states.

> **The two-tier approach of the EU might shelter Western countries from economic and social risks, but it also fuels tensions with new member states.**

Economic development in many of the newer member states has been robust, albeit heavily concentrated in major cities. As shown in the case of Romania, the economic development of many cities in Central and Eastern Europe depends on the extent to which these are integrated into the larger European market: whether in terms of innovation or access to capital, connectivity remains a central driver.

Social integration often comes by way of economic integration. For Central and Eastern Europe (CEE) the path to further economic integration into the European Union lies through (1) market linkages (e.g. integration into regional value chains, development of high value-added economic agents, increased FDIs) and (2) institutional and policy instruments (e.g. adopting the Euro, EU-funded investment projects).

In terms of institutional performance and policy choices, political will and knowledge are essential in order to further economic integration and effectively reduce disparities. For example, in the upcoming Multiannual Financial Framework (MFF 2021-2027)[2], the process of negotiation will be very important as the EU may lose a net-contributing member state through Brexit, which would cause a deficit in EU budget revenues estimated at over €10 billion. Central and Eastern European (CEE) member states are generally net beneficiaries from the EU budget, and are heavily invested in programmes such as those funded through the Cohesion Policy and the Common Agricultural Policy (CAP) which specifically address the current disparities.

As far as Romania is concerned, it draws approximately four times the amount of money from the EU budget as it contributes. Still, it is important to maintain the same level of absorption of EU funds, as these are the third largest source of financing for public investments apart from the national budget and capital loans. At this stage, it looks likely that Romania will be allocated more resources than in the previous financial year (in current prices), but the conditions of eligibility and the context are considerably different, making it harder to draw the pre-allocated funding. Other CEE countries whose regions have moved from 'less developed' to 'more developed' are likely to see their funding diminished, but they have a great deal of experience in using the available funds optimally (e.g. Poland, Hungary). Overall, the negotiations for the future MFF will be more difficult for CEE member states in the coming period.

With the growing concerns regarding the future and sustainability of the European construction, we should rethink the Central and Eastern European region not as a peripheral area, but rather as a region in which further integration will yield higher rewards for the EU as a whole. This shift towards the core of the EU is based on three elements. Firstly, there is a sociological component: in CEE member states there is still a predominantly pro-European attitude, in contrast to the increasing wave of Euroscepticism in Western Europe. Secondly, there is an economic element, as CEE has also presented a strong economic outlook over the past years, making it a key market for larger European economies such as Germany. Finally, there is a geopolitical argument, as many CEE countries have strong incentives to increase their interconnectivity with Western Europe, so that they are sheltered from instability, such as that in neighbouring Ukraine.

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2. Dăianu, D., Fugaru, A., Mihailovici, G., and Volintiru, C. (2018). **'Multiannual Financial Framework Post-2020: Risks and Opportunities'**, European Institute from Romania (IER) Strategy and Policy Study, no. 1/2018 [in Romanian].

Enter the dragon:
Rising Chinese influence in Serbia

By **Mihailo Gajić** | Belgrade

Would China be able to leverage this new influence in Serbia and the Western Balkans, and thus gain a strong foothold in Europe?

Since the People's Republic of China began its One Belt One Road (OBOR) initiative, there has been much discussion on how this initiative would affect the countries it covers. The main goal of this project, as proclaimed, is to increase connectivity between China and other markets through the development of infrastructure and eliminating transport choke points. This would enable a higher level of economic cooperation by reducing the costs of freight transport and the time necessary for the goods to reach their target markets. However, does this economic project come with political strings attached? Would China be able to leverage this new influence in Serbia and the Western Balkans, and thus gain a strong foothold in Europe? I argue that much of the discussion in this area is either misplaced at present, or overlooks the real reasons why Chinese influence is rising in the WB and particularly Serbia; and I offer a list of policy recommendations that would make Serbia more resilient to this influence.

Loans passed off as investments

Whenever Serbia's President Vučić discusses infrastructure projects that involve Chinese partners, he always depicts them as 'investments'. In a country where media freedom is severely limited at best, these reports have been picked up by the media and widely disseminated, without any fact-checking. One should also understand why the country's president – a figure who has no constitutional role

in the conduct of economic or foreign policy – has been so vocal in promoting Chinese influence: Mr Vučić, as the president of the most important party in the country, has been able to dismantle almost all institutional checks and balances and put almost all state institutions under his political control 'à la Orbán'. Hence, Chinese investments in the country seem to be multiplying; this sheds a good light on the current regime, which bases its legitimacy on economic issues, making public finances stable and promoting economic growth. Growth is probably the most pressing issue in the country; public opinion polls show that the vast majority of citizens regard the overall economic situation, unemployment and low salaries as the most pressing matters to be addressed. Furthermore, the sluggish growth in the previous decade stemming from the weak rule of law means that Serbia was only able to regain its 2008 pre-crisis GDP per capita level in 2016.

However, in reality the true level of Chinese investments in Serbia is very low. Apart from two already completed acquisitions (the Smederevo steel mill in 2016 and the Bor mines in 2018) and one big investment that has been announced for the near future (a car tyre factory in Zrenjanin), there are few Chinese investments in the country. But these investments are strategically located; the cities of Smederevo and Bor are almost completely economically dependent on these facilities. Since these two companies incurred substantive losses when in government hands, the state was more than happy to sell them off to interested investors. However, it seems that this process was not transparent or fair, since the names of the buyers were effectively already known before the tenders were completed. Although the Chinese companies are there to make a profit, their influence can also reach higher political levels, as they are among the most important economic players in that region of Serbia. But since their total stock is very limited, the Chinese economic presence in Serbia is overall rather modest in actual numbers... Serbia is just a springboard for reaching the more developed, and therefore more important, markets in the EU. This is well reflected in the fact that Serbia, which is not yet

GRAPH 1: TOTAL FDI INFLOW TO SERBIA 2010-2018

Legend: China, Russia, EU 28, Rest of the world
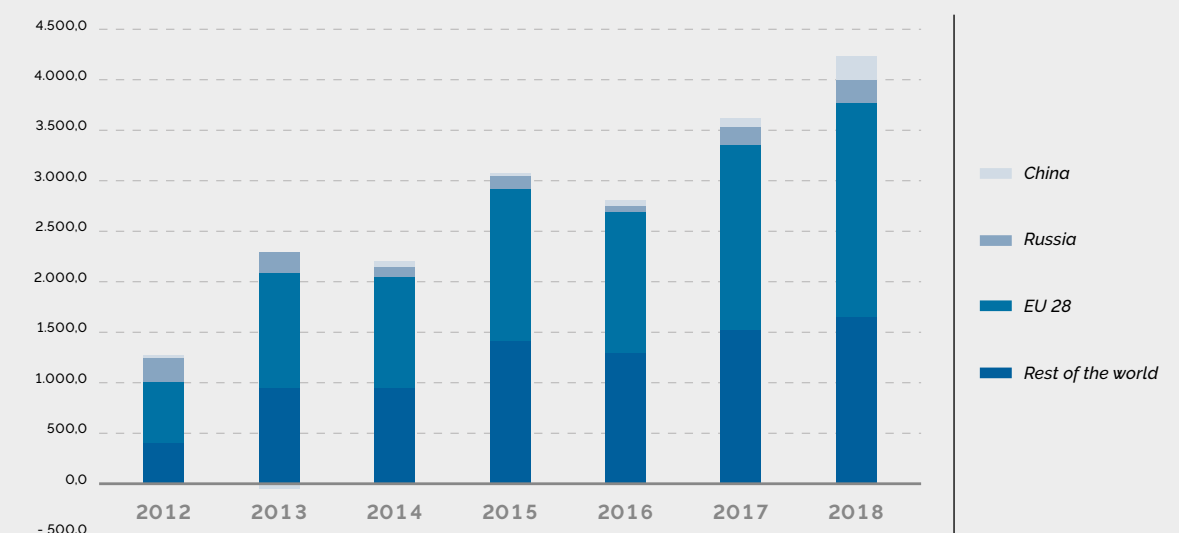
a member of the WTO (so its trade barriers are higher than in other comparable countries), has signed free trade agreements with all its important political and economic partners (including the EU, CEFTA, Russia and Turkey), in addition to China.

Less bureaucracy, more appealing loans

For the time being the loans from the Chinese government are being used to fund infrastructure projects. The overall infrastructure in the country needs to recover after two decades of low investments: during the 1990s, military conflicts swallowed up most of the state's financing capabilities, and public investments were the first to be cut after the 2008 economic crisis. This is well portrayed in the Global Competitiveness Report 2018, which ranks the quality of the roads in Serbia as 95th in the world (out of 140 economies listed).

To respond to this need for infrastructure investment, multilateral financial institutions such as the World Bank, the European Investment Bank and the European Bank for Reconstruction and Development have provided significant assistance and loans. However, these institutions were more concerned with projects of international importance, such as the international E10 highway running from Budapest to Sofia or Thessaloniki, than with those of local importance, such as the E11 highway from Belgrade to Bar. Furthermore, these institutions have rather strict regulations, including financial supervision and auditing, while construction companies need to pass well-designed tender procedures. Therefore, there is little room to siphon off funds. Meanwhile, the public procurement system in Serbia is notorious for its corruption

Highway in Serbia © Photo by Vladimir Mijailovic on Shutterstock

GRAPH 2: PUBLIC DEBT OF SERBIA, IN BILLION EUROS AND % OF GDP
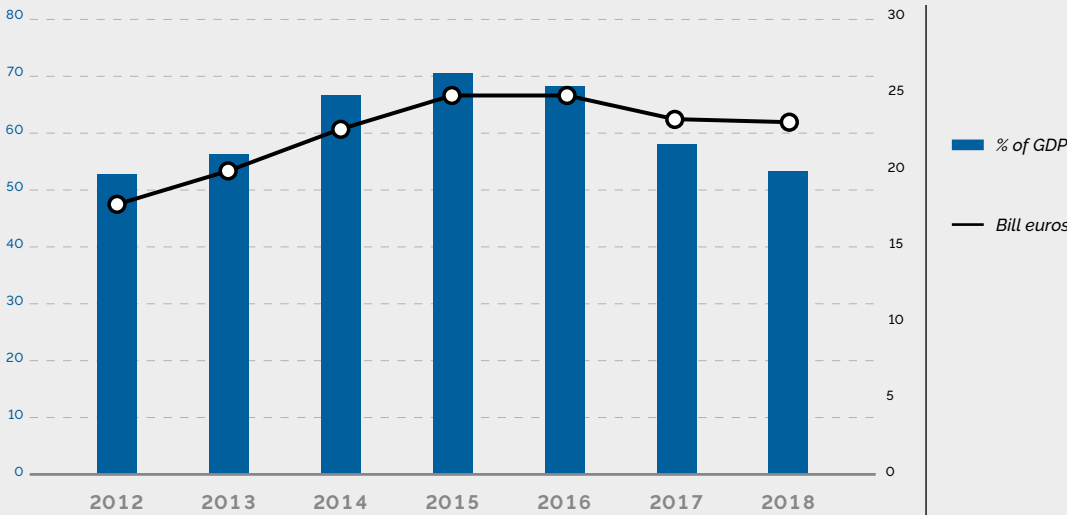
scandals, many of which have been connected to government-sponsored infrastructure projects.

China does not labour under these constraints. The only condition Beijing has is that a Chinese company will get most of the construction work at the price determined beforehand, without submitting to any tender procedures. A smaller part of the work goes to local sub-contractors, also without a public tender, so that the local partners can also gain a (smaller) piece of the pie. For a political elite well-versed in political clientelism, this is a win-win situation. This is what mainly explains the attractiveness of the Chinese investment loans in the region.

The interest rates on the Chinese loans are not that important. For most of the loans the interest rate applied is 2-3%, a figure similar or just slightly higher than the rates applied by the international financial institutions. The interest rates on government bonds have recently also declined significantly (Eurobonds for 10-year loans in 2014 carried a rate of 5.5%, while in 2018

the rate was 3.5%, and the most recent Eurobond carried 1.6%). So, since there is no big difference between direct state financing and Chinese loans, the latter are actually probably more expensive, because there is no pressure on costs from the competition, in the absence of tender procedures.

The actual level of Chinese loans is still low

In some countries, the Chinese infrastructure investment loans were renegotiated when the total debt level became unsustainable. Since the Chinese took over the Sri Lankan port of Humbantota in 2017 in a debt/equity swap, there has been rising concern over whether this situation could also occur in other countries, such as Zambia, but also in Serbia. If the government proved unable to meet its rising obligations to its Chinese partner, would the latter then take over some important infrastructure, or increase their political leverage in the country in some other manner?

The level of Serbia's public debt is still high, but it is not yet at an alarming level. The fiscal consolidation measures put in place in 2014, together with the higher growth rates of the economy that followed curbed the level of public debt, whose share in GDP significantly decreased. Furthermore, the share of Chinese loans in total government debt is rather low, making up just €895 million euros, or just under 4% of the total public debt. But if the lack of bureaucracy or checks on how the money is spent makes Chinese loans appealing, why have there not been more of them? The answer is: because the level of discretionary power which politicians have over regular loans financed through the international market is already significant – they can spend the money only in line with local regulations, which are easy to disregard or circumvent. Therefore, the Chinese loans are only being used in place of financing from international financial institutions.

A strong economy with limited soft power

Chinese soft power in the country is still weak. Many different initiatives regarding cultural, educational and scientific cooperation have been started, but these are restricted to a rather limited number of experts. The two Confucius Institutes in the country (in Belgrade and Novi Sad) are active in these fields (especially regarding language training), and have for the time being avoided entering into political debate. Chinese state media does not have a local media affiliate, but is content with a cooperation agreement with a local radio station in Belgrade, which rebroadcasts their programmes on Chinese culture. The number of Serbian nationals working or living in China is also rather limited (most of them are teachers of English), so their perspective on the country does not affect how most Serbs perceive China.

The main drivers of Chinese soft power in Serbia are the fact that the Asian giant is perceived as a strong and growing economy, as well as the political support that China has provided to the Serbian government by not recognising Kosovo as an independent entity. Therefore, the wider population perceives China as a benevolent actor that supports Serbian interests – something which could easily be used as political leverage.

Serbia as a future Trojan horse inside the EU?

An important argument mentioned by regional policy experts, and even by high-ranking politicians such as Johannes Hahn, the EU Commissioner for European Neighbourhood Policy and Enlargement Negotiations, is that the rising Chinese influence in the country could make Serbia a Trojan horse within the EU. This is a valid argument, but it is based on false premises: Serbian accession to the EU lies in the rather distant future, and the Chinese have much more important friends who are already inside 'fortress Europe'.

First of all, there is rising anti-accession sentiment within the most important EU countries, such as France. As Nathalie Loiseau, the top candidate of *La République en Marche* party for the EU elections stated during her visit to Belgrade as French Minister for European Affairs in March 2019, there would not be a new wave of EU accession any time soon. This is not only because of Serbia's lacklustre track record in meeting EU criteria, but mostly because the EU itself is not ready for the accession of new members.

Furthermore, if one wants to look for Chinese Trojan horses, one should not look at the gates, but beyond the walls. The two most important candidates for this title are Viktor Orbán's

Hungary and Matteo Salvini's Italy. Both these countries are dissatisfied with certain EU policies, and are trying to establish strong political connections with non-Western stakeholders. Both countries are also vying for Chinese investments and loans, although this economic segment is probably more important for the Italian government, due to the sluggish performance of the Italian economy and weak public finances. Hence, overemphasising Serbian cooperation with China as a political problem could seem simply hypocritical and insincere, bearing in mind the much higher levels of cooperation between the EU core countries and China.

How can the West take on the Chinese challenge?

For the time being, it seems that the West has not been able to counteract China's rising influence in Serbia, as well as in the Western Balkans. Brussels needs to make some strategy changes. It needs to communicate with the Serbian people (who still wrongly believe that Russia is Serbia's most generous donor!), not just their government - something the US seems to have acknowledged too: the US Embassy in Belgrade has recently stopped focusing on the painful past or on Kosovo, and turned to future fruitful cooperation. It should also not come as a surprise that few EU flags were spotted during the street protests against Mr. Vučić's government in recent months. It is hard for Serbians to see the EU as a supporter of freedom, when the president of the European Council Donald Tusk called Vučić his 'friend' and 'soulmate' at a press conference. The very technical language of accession reform conditionalities is hard to understand for the general public, whereas EU support for Vučić is plainly clear.

The EU should place more emphasis on the rule of law and media freedoms in the country (most programmes so far have not produced any significant outcomes), as well as the centralisation of political power, which could be tackled through changes in election

Overemphasising Serbian cooperation with China as a political problem could seem simply hypocritical and insincere, bearing in mind the much higher levels of cooperation between the EU core countries and China.

system and judicial appointments. The Kosovo issue should be re-solved as soon as possible, but on a more inclusive and participatory basis, in order for a long-term compromise to be reached.

These changes would eliminate most of the factors that enable China, Russia and other external factors to exert their influence in the country. Mutually beneficial cooperation with these countries could still take place, but Serbian society would then be able to distinguish between opportunities and traps. For the time being, the EU's actions as an external factor in the region are not strengthening or developing local resilience to foreign influence, but are in fact supporting the very forces that are undermining it.

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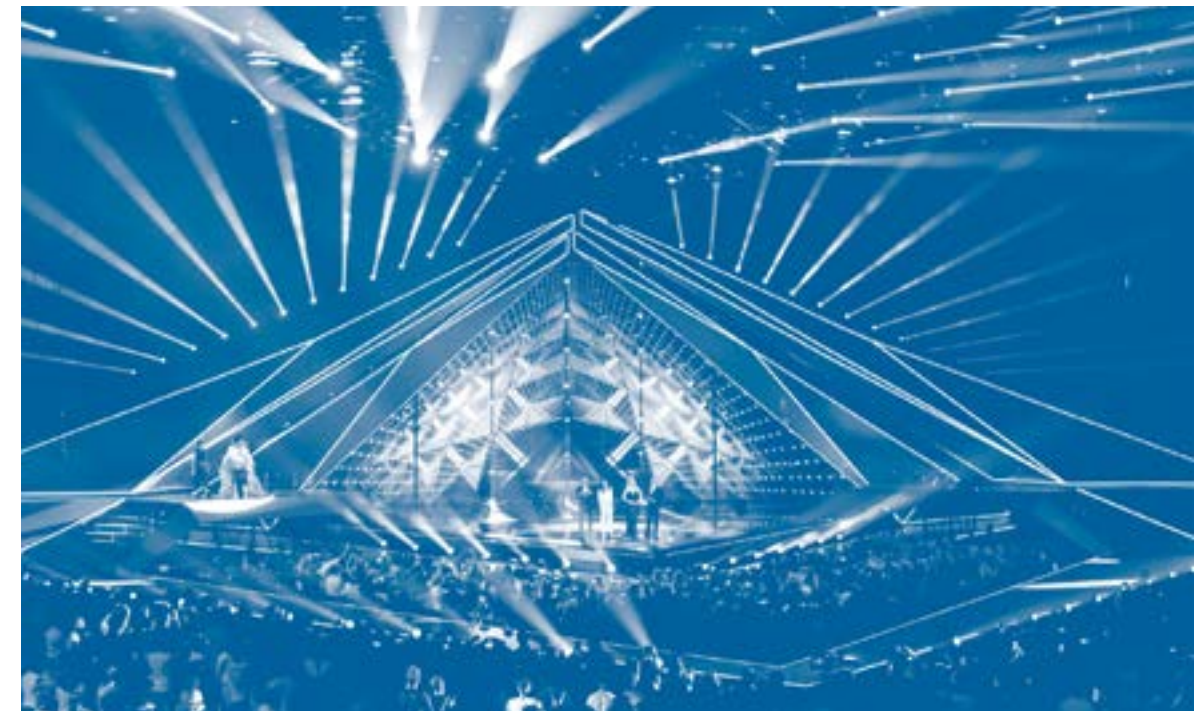
The EU as seen from outside

Israel's complicated relationship with Europe: **between Japheth and Esau**

By **Owen Alterman** | Tel Aviv

Eurovision Grand Final Opening 2019 © Photo by Thomas Hanses on eurovision.tv

Israel's relationship with Europe is not a 'love' relationship. It is a 'love-hate' relationship. The animosity is there, too, and not in small doses.

May 2019 featured three major European events. One didn't even take place in Europe. The first happened on May 9, Europe Day, when European leaders gathered for their summit in Sibiu, Romania. The second: the set of European Parliament elections across the 28 European Union member states. And the third major European event of May 2019 was the Eurovision song contest, which took place not in a quaint Transylvanian mountain town or across the villages and downtowns of the Continent or British Isles, but in a convention center on the edge of Tel Aviv, Israel. In the city's beachside park, some 500,000 people packed the largest Eurovision village in the history of the competition.

The night when singer Netta Barzilai won the Eurovision contest in 2018 – giving Israel hosting rights for 2019 – thousands of Israelis spontaneously converged on Tel Aviv's Rabin Square to celebrate. Two days afterwards, on May 14, 2018, tens of thousands came back again for Netta's heroic welcome home. The event played as part of a triple split-screen on a momentous – and bizarre – day in Israel's history. In one box, Jared Kushner and Ivanka Trump celebrated the opening of the U.S. embassy in Jerusalem. In another box, at least 63 Palestinians were killed in violent protests on the Gaza border. And, in the third box, Netta.

That Netta would make the split screen – and compete as an equal with two other mega-headlines – sends a strong signal. Netta's win was a triumph for Israel in the country's love-hate relationship with Europe, and the latest twist in the centuries-long tussle between Athens and Jerusalem.

When Israel won its first major European competition, (the 1977 European basketball championship), Maccabi Tel Aviv forward Tal Brody screamed into the cameras: "*We're on the map, and we're staying on the map!*" The jubilation, marked by Brody's distinctive American-accented Hebrew, has become an iconic moment in Israeli culture, one that many Israelis can recognise instantly.

Craving for Europe

And many Israelis can recognise, instantly, the psychology behind Brody's comments, what Brody was really saying: A part of the Israeli psyche wants – craves – to be accepted by Europe.

To be at a European standard in culture, in sports, in education, in economic achievement. To have the stuff of Europe. In a recent poll conducted by the Konrad Adenauer Stiftung (KAS), some 53% of Israelis said they would want Israel to be part of the European Union.

The craving for Europe – to be worthy of Europe, to be the proud, equal partner of European nations – was part of Zionism from its very beginning. Theodor Herzl, the founding father of modern Zionism, envisioned a Jewish state in which German would be widely spoken and in which European culture would predominate. Herzl's intellectual successors inherited the craving for Europe in different ways. David Ben Gurion, the leading force in left-wing labour Zionism (who would become Israel's first prime minister), looked to the values of European socialism. Ze'ev Jabotinsky – Ben Gurion's rival, who founded the movement that would become the Likud party – was himself a European intellectual, comfortable in European salons discussing the mix of liberalism and Jewish nationalism in which he believed.

Yet Israel's relationship with Europe is not a 'love' relationship. It is a 'love-hate' relationship. The animosity is there, too, and not in small doses. The KAS poll showing that 53% of Israelis want to be part of the European Union also showed that 54% of Israelis have a negative view of the EU. A segment of Israelis wants to be part of the EU, but doesn't like it. To veteran observers of Israel, that strange finding would come as little surprise. Tension with Europe is a constant item in the Israeli press. A year ago, the tension was about an EU initiative to put special labeling on products made in Israel's West Bank settlements. More recently, the tension has surrounded Israeli plans to raze the Bedouin village of Khan al-Ahmar in the West Bank (which has EU-funded projects in it). In reality, the tension is about neither: it's about the feeling shared by many Israelis that a condescending Europe is preaching to the Jews about what they should do.

The ghosts of troubled history

The ghosts of European and Jewish history are awake, all the time. In looking at Europe, many Israelis have a post-colonial mentality, fed by those historical ghosts and then compounded by the wariness in the Jewish tradition toward European civilisation. Europeans often understand and empathise with the post-colonial mentality in dealings with Africa, India, and the Arab world. But is that post-colonial mentality recognised among Jews?

Save for the few decades of the British Mandate, Europe hasn't been a colonial power over Jews for almost two thousand years. Yet Jews still feel as if they were colonised by Europe, with the same sense of grievance and

© Photo from commons.wikimedia.org

historical wrong. This is not just because of the Holocaust. Even without Hitler, there would be ample material. The massacres of the Crusades and expulsion from Spain are still memorialised year in, year out, in Jewish liturgy as part of a litany of tragedies, since the Romans' destruction of the Second Temple. The Jewish religion does not forget: as the tradition notes, he who remembers the destruction of the Temple will deserve to see it rebuilt.

In the meantime, he who remembers the destruction of the Temple remembers what Europe has been. Dealing with a modern Europe threw Judaism into chaos; and the reverberations of that—the fallout from emancipation and persecution—have now become the central question of modern Jewish history. This necessarily affects the practical question of how a modern, sovereign Jewish state should deal with Europe.

Israelis are from Mars, Europeans from Venus

That historical tension is supplemented by two others. One is ideological. Modern political Zionism – the Zionism of Herzl – was born out of nineteenth-century-style liberal European nationalism. Herzl and other Zionist thinkers imagined a world of liberal, sovereign nation-states cooperating with each other, the Jewish state among them. Zionism has broadly stayed in that place – the model of individual, sovereign nation-states. Post-World War II, however, Europe has largely moved on, even

> **Post-World War II Europe has largely moved beyond the model of individual, sovereign nation-states at the forefront of modern Zionism.**

if that consensus is now famously being questioned (about which more below). The general thrust of Yoram Hazony's controversial *The Virtue of Nationalism* is powered by these Zionist impulses, even if not all Zionists would vouch for all of Hazony's specific claims.

Zionism and the EU's supra-nationalism are ideologically at odds with each other. They have different models of the geopolitical good life. Leading Israelis in policy circles often note that Israel has better diplomatic relationships with governments of individual member states than it does with officials at the EU level. That is no coincidence. Member state governments are incentivised, first and foremost, to look out for individual national interests. EU officials have a different mindset and worldview. At a basic, ideological level, Zionism and EU supranationalism are hard to reconcile and are an added tension. They are Mars and Venus.

Finally, there is a more surface-level set of differences in policy and values between many European leaders and the elected Israeli governments of the present and recent past. In some ways, these differences are an outgrowth of the other two tensions (historical and ideological). Increasingly, they also have parallels with the clash between the European establishment and illiberal governments in Hungary, Poland, and elsewhere. There are also differences in assessments of the parties' incentives and motivations in the Middle East. These flare up around the Israeli-Palestinian conflict and, in the past few years, especially with regard to Iran, where the tension is both

the 'what' of policy and also, as noted above, the 'how': the perception of a condescending Europe disrespecting the Jews. There is tension both about the substance of the policy and also about the style of a Europe that does not bear Israel's security risks seeming to preach policy— with all the historical demons that awakens.

This set of tensions, too, is important and complicated; at times, this is not only a question of tensions between Europe and Israel, but also within Europe, and within the Jewish world. Europeans are familiar with the tension within Europe between the liberal and the illiberal; but they may be less familiar with the tension between the Israeli government and some local European Jewish communities. These are at their sharpest in Hungary, where Benjamin Netanyahu has more or less embraced Viktor Orbán, while the mainstream of the local Jewish community more or less shuns him over charges that Orbán has fanned anti-Semitism, as well as his 'illiberal democracy' agenda in general.

Poland is another important case. With Poland and Israel, the present is at war with the past. Should Israel prioritise the present, putting aside the ruling party's policies on Holocaust history? Or prioritise the past, putting aside practical trade, tourism, and security ties between the countries? Can alignment on policy mean that history is forgiven and forgotten? Or do the scars of history mean that the more concrete national interest should be sidelined?

In Israel, these questions are fiercely debated – and remain unresolved, driving a wedge through the heart of the Israeli right. The prime minister has signed a deal with Poland on Holocaust memory, accepting many Polish claims, presumably in order to push historical grievance to the side in order to work on joint policy goals in the here and now. And the acting foreign minister, just a few months later, quips on television that

Poles suckle anti-Semitism with their mothers' milk.

Identity split: between Esau and Japheth

Is Europe Esau? In the Jewish tradition, Esau is not only Jacob's resentful brother. He is a prototype for Rome and the Western Christian civilisation that came after it: the smart, shrewd, powerful civilisation that respects its father (Isaac), but is destined to be Jacob's eternal foe, any reconciliation always being appended with an asterisk. The tradition says, "*The law is well-known. Esau hates Jacob.*" And so it will be forevermore. Poles suckle anti-Semitism from their mothers' milk. Europe is to be kept at arm's length.

But the Book of Genesis has another, more promising prototype for European-Jewish relations: Japheth, the youngest son of Noah. The Jewish tradition's attitude toward Japheth is no less chauvinistic than toward Esau, but it is more forgiving. Japheth is the paragon of beauty, aesthetics, the arts; the progenitor and symbol of Greek civilisation. He is destined not to be the eternal foe of the seed of Jacob, but rather their potential partner. Japheth can, if he chooses, dwell in the tents of Shem (the son of Noah and ancestor of Abraham and the Jewish people). Japheth can partner with Shem, and together, they can channel their best characteristics toward repairing the world.

There is a potential for reconciliation, even if, in modern times, the metaphor has been turned on its head: not Japheth dwelling in the tents of Shem, but Shem seeking the acceptance that comes from dwelling – culturally, politically, economically – in the tents of Japheth. A Jewish state wanting Europe to accept its policies, to accept it as an equal cultural partner. And, if

acceptance is not forthcoming, then to see Japheth as Esau. An eternal foe.

On that night back in May 2018 when Netta won the Eurovision contest, Europe was Japheth. It was Japheth, too, when Tel Aviv hosted the contest a year later.

But Esau hovers about. Take many of the half a million people who flooded Tel Aviv's Eurovision village; in another time and place, many would curse Europe.

So for us in Israel, what is Europe? The cultural partner whose acceptance we crave? The Dark Continent, to be treated with history's resonant suspicion? Or a place with which to do tourist, financial, or diplomatic business in the practical, modern here-and-now?

Europe may be Japheth. It may be Esau. Or it may be a normal civilisation, rescued from the shackles of tradition. Or, somehow, in the vortex of the Israeli mind, it may be all three.

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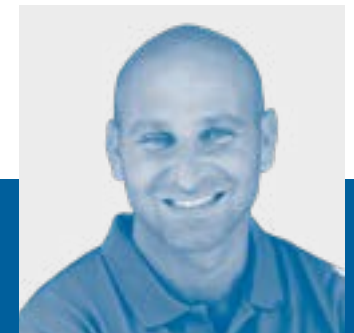
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Europe: the only source for **Russia's modernisation**

By **Pavel Luzin** | Moscow

Since at least 2014, Russia's economic and technological cooperation with Europe (and with the West altogether) have been in decline. Both Russia's government and its people tend to underestimate the long-term consequences of this decline, because they fail to appreciate the fact that in previous decades and even in previous centuries, the paradigm of Russia's development was based on close relations with Europe. In short, Russia was incapable of achieving economic growth if its relations with Europe were damaged.

Without the extended cooperation with Europe, Russia faces long-term and growing underachievement in its economic and techno-logical performance.

We should also remember that Russia's governance is still despotic in nature, even though by the end of the twentieth century it had transformed from a Bolshevist regime to semi-authoritarian (now fully authoritarian) with the predominance of a state-run economy. This despotic nature came to define the classic Russian approach towards such relations: Russia efficiently exploited both the political contradictions within Europe and the frictions between Europe and America. That approach provided the impetus for economic and technological modernisation, but also allowed the Russian authorities to prevent significant European influence on Russia's political system.

However, the principles and values of institutional Europe (as well as the principles of trans-Atlantic unity) such as human rights and freedoms, the market economy and democracy, an independent judiciary and so on, pose a challenge to the domestic political order of Russia,

especially after these principles came to be implemented in most Eastern European states. So, it became harder for Russia to play its old-fashioned political game, and the essential tensions in Russia–Europe relations became apparent in 2008 when Russia's post-Soviet political and economic model faced deadlock: in 2008, Russia's annual GDP exceeded $1.6 trillion, and in 2017 it was less than $1.58 trillion. Moreover, Russia's annual economic growth has hovered around 1.5–2% since 2017 (after another recession in 2015–16), less than the average growth rate across the European Bank of Reconstruction and Development countries. At the same time, ties of cooperation between Russian and Western companies were damaged due to both the disillusion of foreign investors and the imposition of sanctions. So, even if Russia is growing, the development gap between Russia and Europe will only expand in the coming years.

It is in this context that Russia decided to rely on military power, in order to find a new path but also to prevent its near-abroad from gaining access to any competitive/ alternative political and economic institutional model. The reason was clear: any potential success story in the democratisation of post-Soviet states poses a threat to Russia's domestic order. This was the perspective which guided Russian aggression against Ukraine in 2014. Nevertheless, sooner or later Russia will need to make a choice between reconciling itself to all the necessary domestic political steps towards a market economy, democratic governance and peace in its relations with Ukraine, including the withdrawal from Crimea and Donbas on the one hand – and the irreversible loss of its relatively high status in world politics on the other. The second option will be just as probable, as Russia will not be able to use Europe as the technological and financial source for its modernisation. The main challenge here is that without the extended cooperation with Europe, Russia faces long-term and growing

underachievement in its economic and technological performance. This underachievement creates problems even for Russia's military capacity, which is one of the main tools for Russia's foreign policy. For instance, Russian defence industry is incapable of producing advanced satellites, warships and aircraft and many others without access to European technologies.

History does matter

In the twentieth century, Russia's most important achievements in the area of modernisation came from Europe and the United States. In 1922, soon after the Bolsheviks took full power in Russia, they signed the Rapallo Treaty with Germany which gave them access to German arms manufacturing technologies. Later Moscow obtained much industrial equipment and technology from the Soviet occupation zone in Germany after WW2, and some of this equipment was used in Russian factories until this century.

Supplies of industrial equipment and technologies from the United States, in the 1930s through commercial contracts, and in 1941–5 through the Lend-Lease Act, also played a crucial role in Russia's modernisation. However during the second half of the twentieth century Europe remained the main driver for Russian economic and technological development.

During the Cold War, the USSR used both legal ways and espionage to get equipment and technologies from Western Europe, including Great Britain, Germany and France. Moreover, rising oil prices and higher demand for petroleum from European countries, along with the discovery of huge oil and gas fields in Siberia, allowed Soviet Russia to increase its trade with Europe. Russia mostly exported raw materials and mostly imported machinery and equipment, other goods and technologies (*see Table 1*).

TABLE 1: TRADE BETWEEN THE USSR AND SELECTED WESTERN EUROPEAN STATES, 1960-1989 (MILLIONS OF SOVIET ROUBLES, CURRENT PRICES)

	1960	1970	1980	1989
Great Britain	270.5	641.4	1811.8	3217.8
Federal Republic of Germany	286.2	544	5780	6554.7
Finland	264	530.7	3888.5	3885.6
France	183.1	412.8	3752.7	2567
Italy	173.6	471.8	3034.3	3526.4

TABLE 2: TRADE BETWEEN THE USSR AND ITS MAIN PARTNERS IN EASTERN EUROPE, 1960-1989 (MILLIONS OF SOVIET ROUBLES, CURRENT PRICES)

	1960	1970	1980	1989
Czechoslovakia	1156.4	2193.2	7184	12865.2
East Germany	1782.9	3295	9200	13837.9
Hungary	503.7	1479.9	5738.2	9001
Poland	789.7	2349.8	8002	13180.4
Romania	486.6	918.6	2791.5	5170

However, the Eastern European states inside the Soviet bloc were even more important for Russia's modernisation. The Council for Mutual Economic Assistance (CMEA) was established to this end in 1949. During the decades Eastern Europeans were not only consumers of Russian raw materials, but also supplied the machinery and equipment that Russia needed *(see Table 2)*. Moreover, their workers and engineers helped Russia in the construction of crucial facilities such as gas pipelines.

Europe and Russia before and after 2014

After the end of the Warsaw Treaty and CMEA, and the collapse of the Soviet Union, the ties of cooperation with European states also changed, although Russia became even more dependent on the whole of Europe. Nevertheless, in the post-Soviet era, before the annexation of Crimea, Russia's access to Western technologies and investments was also limited due to the grand corruption and poor institutional environment in the country. Later, in the 2000s Russia was able to support its economic ambitions with huge amounts of petrodollars as it had done in the 1970 & 1980s. The modernisation and the trade and cooperation with European states as Russia's main partners certainly benefited it a great deal *(see Tables 3 and 4)*.

The problem is that up to 70% of all FDI (Foreign Direct Investments) in Russia are FDI round tripping. So, actually they are not direct foreign investments but come back from the offshore subsidiaries of the Russian corporations.

However the other 30% are real, and most of them come from Europe. There were two peaks in the balances of FDI in Russia: $74,783 billion in 2008 and $69,219 billion in 2013. After that Russia lost many European investors; some of them have decreased their work in Russia since President Putin returned to power in 2012 (*see Table 5*). Of course, there are still European investors working in Russia, but they have definitely become much more prudent in their business strategies.

Although the post-Soviet modernisation of Russia has not been completed, some competitive companies have appeared in the fields of telecommunications, IT, banks and retail. Once again Europe was a source of knowledge, technologies, capital and equipment. Moreover, Russia cooperated with European companies in order to modernise its defence industry and armed forces. For example, in the 2000s Russian authorities tried to interest EADS (currently Airbus) and AugustaWestland (currently merged with Leonardo) in manufacturing aircraft in Russia. The German defence company Rheinmetall supplied a training centre for the Russian army, the Italian company Iveco supplied armoured vehicles, and a couple of Mistral helicopter carriers were ordered from France (these ships had not been supplied due to the European sanctions in response to Russia's actions against Ukraine). One more example: as one of the leading space powers, Russia was unable to develop and produce advanced communication satellites without cooperation with European aerospace companies such as Thales, Airbus and others. So, Russia needed such cooperation in order to maintain its ambitions to world-power status.

All the examples above mean that the annexation of Crimea and the war in Donbas have impacted Russia's economics hard. This situation suggests that the country will be unable to develop successfully before it withdraws from Crimea and European investors come to trust

TABLE 3: TRADE BETWEEN RUSSIA AND ITS MAIN PARTNERS IN EUROPE, 1995–2017 (MILLIONS OF US DOLLARS, CURRENT PRICES)

	1995	2000	2005	2010	2015	2017
France	2593	3090	9784	22,555	11,632	15,454
Germany	12,691	13,130	33,008	5,1817	45,792	49,966
Great Britain	4166	5531	11,056	15,887	11,198	12,737
Italy	5227	8466	23,469	37,448	30,614	23,940
Netherlands	4838	5089	26,555	58,405	43,944	39,500
Poland	3009	5168	11,370	20,761	13,765	16,553

TABLE 4: BALANCE OF FDI IN RUSSIA, 1995–2017 (MILLIONS OF US DOLLARS, IN CURRENT PRICES)

	1995	2000	2005	2010	2011	2012	2013	2014	2015	2016	2017	2018
FDI	2066	2678	15508	43168	55084	50588	69219	22031	6853	32539	28557	8816

TABLE 5: BALANCE OF FDI IN RUSSIA THAT COMES FROM MAIN EUROPEAN PARTNERS (EXCEPT CYPRUS), 2008–18 (MILLIONS OF US DOLLARS, IN CURRENT PRICES)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
France	604	696	2592	1107	1232	2121	2224	1686	1997	854	1134
Great Britain	1007	699	1142	2007	46	18927	120	1112	478	2076	2511
Germany	3379	2914	3196	2234	2265	335	349	1483	224	470	343
Ireland	52	564	2326	5306	9877	10399	-531	623	-1789	889	-3850
Netherlands	10184	-3391	3733	7383	10330	5716	1102	-246	165	-1427	7910
Sweden	1892	1863	1831	2025	1322	-1203	166	122	530	20	350

TABLE 6: BALANCE OF FDI IN RUSSIA FROM CHINA (WITHOUT HONG KONG), 2008–18 (MILLIONS OF US DOLLARS, CURRENT PRICES)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
China	-49	231	336	126	450	597	1271	645	345	140	-13

Russia again. This scenario will be unavoidable if the EU and the US maintain their positions towards Russia's trouble-making foreign policy. Therefore Moscow's model of economic growth, with its typical authoritarian practices of limiting private initiative and its aggressive foreign policy, is bound to fail – there are just no drivers for sustainable development in Russia, so the country will likely only be able to maintain its current status projection as a political winner for a limited time.

Reasons for measured optimism

So, more than five years of confrontation between Russia and the West have resulted in the long-term decline of Russia's economy. The economic gap between Russia and the developed countries is increasing, and there is no hope of Russia managing sustainable development within the current political circumstances. Nor can China replace Europe as Russia's main trade partner. In 2017, the trade between Russia and six European countries presented in Table 3 was 1½ times higher than that between Russia and China that year. Also, China cannot give Russia the investments that the European countries gave before the Crimean annexation or even still give now, even if it were just because Russia is not a priority market for Chinese companies (*see Table 6*).

At the same time though, Beijing is trying to keep Moscow as a strategic partner. For instance, China has secured itself a long-term supply of oil and gas from Rosneft and Gazprom. Also China is gradually entering the Russian telecommunications and transport sectors, and will hardly stop there. However, what China needs is a predictable neighbour which will definitely not join any anti-Chinese coalition. This is China's main objective in its relations with Russia. All that means that China has no interest in Russia's sustainable development, as it has no interest in Russia's domestic political situation.

So, the cost of confrontation is growing for Russia. With Western sanctions in place, Russia is unable to modernise its economy. Due to the absence of significant sources for development in 'fortress Russia', it is fated to decline in its political and economic sustainability, which makes scenarios of domestic turbulence much more probable. Also the number of people in Russia who have benefited from its authoritarian regime is decreasing. Consequently, we will see a significant transformation of the regime in the coming decade, with the option of transition towards democracy and market economy.

In order to restore itself as a trustworthy actor and partner, Russia will need to undertake huge domestic reforms and withdraw from Ukraine, and possibly from Georgia and Moldova (that depends on the political circumstances of the future transition of power in Moscow in the coming decade). Also, Russia will have to reconsider its trouble-making tactics towards the Western states and its adverse approach towards NATO and the EU enlargement process. Nevertheless, if this happens, some day Europeans will be the first to support Russian efforts towards economic and political modernisation.

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Kremlin, Moscow, Russia © Photo by Michael Parulava on Unsplash

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The changing character of war

Iran would not lose a war. **Everyone would**

By **Alec Bălășescu** | Hong Kong

When Iran claimed to have downed a US drone for the first time in 2012, an Iranian friend gifted me a new toy bought in Tehran: a plastic, low quality model of the said drone, bearing on its box the inscription in Farsi and in English: "We will crush Amrican (sic!) hegemony!" My friend commented that if they were to use the same technology that produced the toy, the chances of success would be minimal.

© Photo by U.S. Air Force photo/Staff Sgt. Brian Ferguson

The issue with my friend's assessment is a common miscalculation that spills over in many domains of analysis, not only in foreign policy: over-reliance on assessment of technology advances as a measure of unavoidable progress and thence victory, at the expense of analysis of socio-cultural dynamics, long term history, or ideological motivations. It is only natural, since we are immersed in modernity's promise of continuous social and political progress signaled and measured by technological advances. While this is true to a point, it may not be extended to the analysis of possible outcomes of international conflicts in today's world.

At the time I was living in Istanbul, witnessing from that vantage point the unfolding of the war with ISIS in Syria, and the civil unrest that accompanied the cementing of Erdogan's grip on power. Iran was a tacit ally in the fight against ISIS, the Iran nuclear deal was on the table, while Turkey's position on the Syrian conflict was unclear from a Western perspective, despite the country's membership in NATO.

Today, things have seemingly changed: ISIS appears to have been all but obliterated, Erdogan's party lost mayoral positions in many cities in Turkey including Istanbul, and Iran is back on the blacklist. The US pulled out of the nuclear deal, imposed new sanctions that all but kneeled Iranian economy while previously faint calls to arms against Iran intensified in the past two weeks since the shooting of another surveillance drone.

The proponents of the conflict seem sure of victory but vague about the parameters of that victory and what a post-conflict Iran would look like. Is regime change the endgame? The opponents point out to the regional diplomatic dynamic that places Iran in a web of alliances that includes Russia and to a lesser extent China (for whom Iran continues to be an important source of energy), to the danger which the proxies to an Iran that is newly emboldened by conflict may pose to American allies and assets, to the disruption of world economy, and to a war that may start from there and become impossible to contain.

What is missing from this analysis is the Iranian socio-political internal dynamics. From this perspective, there are a few elements that need to be taken into consideration and that advocate strongly for a diplomatic solution to the crisis rather than for an attack on Iran:

1. Iran is a country based on a long history of centralised power and governance (about 2500 years), in no way similar to Iraq, Libya, or Syria, which are post-colonial political formations with mostly arbitrary borders. This provides a general sense of legitimacy and social cohesion that transcends current forms of governance. In case of an overt attack, those sentiments can, and will be mobilised to assure national mobilisation, despite the possibly diverse or divergent political choices within the society. From this perspective Iran is less fragmented than Iraq.

There is a common miscalculation that spills over in many domains of analysis, not only in foreign policy: over-reliance on assessment of technology advances as a measure of unavoidable progress and thence victory, at the expense of analysis of socio-cultural dynamics, long term history, or ideological motivations.

2. The Westernised class in Iran that some may perceive as a potential ally in a conflict meant to topple the regime may not necessarily and enthusiastically embrace the conflict. On the contrary, the past few years of sanctions that brought down the value of Iranian Rials also hurt this class's interests, while making travel to Western Europe or the US and Canada more difficult. For some, these were frequent trips for business or to visit family, or sometimes both, and they had their role in cementing both a class identity and - through direct exposure - a type of political culture with a penchant to democratic forms. Isolation is and will be resented.

3. While Iranian technology is not as advanced as that of their possible opponents, a war against Iran would have to be won in the streets. Keeping in mind that winning itself has no clear definition in this case (as it did not have in other cases either, i.e. winning in Iraq did not magically bring a democratic regime in the country but opened the Pandora box of endless conflict), victory is not guaranteed. Both the Iranian army and the Guardians of the Revolution would probably enjoy increased support within society for reasons already explained and also due to the fact that a big part of the population is ideologically and politically aligned with the current regime.

A war in Iran would be much more resemblant of the Vietnam War of the past century than of the series of military interventions in the Middle East that occupied the first two decades of the current one. It also may estrange even more allies in the region, such as Turkey, which has no interest in having yet another conflict-ridden country at their border, or in the possible empowerment of Iranian kurds. Iran would not crush "American hegemony", but a war against Iran would contribute to delegitimising current American politics in the region even more.

For all these reasons, diplomacy should prevail. And in order to succeed, this diplomacy should also take into consideration, beyond purely security calculations, the feeling of pride that Iranians extract from their long history in the region.

■

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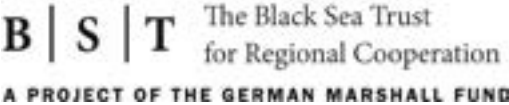**Art Director**

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