

THE INTERRELATIONSHIP BETWEEN REGIONAL ECONOMIC COOPERATION, SECURITY AND STABILITY Integration or Conflict? - The Long-Term Choice for Europe

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There are many people who believe that the long-term real choice for Europe is either integration or conflict. As far as integration is concerned there is a demand for it (the desire to join a club) and a supply (the extent to which existing club members have an interest in admitting new ones). The determinants of such demand and supply are:

- historical, such as geography, culture and perceptions;
- economic, regarding markets, money and redistribution;
- political, meaning values, power and security.

Integration is a method of institutionalising cooperation which can powerfully reinforce expectations of compliance and offer incentives for striking successful bargains and agreeing policies. The interests of states are conditioned by a network of links between their societies and economies. The extension of globalisation since the 1970's has led to a substantial development of such links, which take the form of trade, investment and capital flows, cross border cooperation, large-scale movements of people and a sharing of information, news and ideas.

High levels of interdependence, however, do not of themselves determine either cooperation or conflict, but increase the stakes of relationships. Sometimes they foster a sense of common interest, at other times they may lead to a sense of vulnerability and threat. What matters is how and whether the interdependence is managed. When interdependence is poorly managed it can be a source of conflict. Whether conflict or cooperation will prevail depends in part on whether international institutions moderate state interests and in part on how domestic politics shape national strategies.

In order for societies to form a pluralistic security community, it is necessary for their political elites to share a basic level of political values and to be mutually responsive to one another. Post Cold War Europe has a considerable diversity of patterns of governance. The issues of governance and relationships between state and society are especially crucial for European order because the main threats to security and stability are now from internal sources. Highly charged and polarised politics, volatile swings from one direction to another and sharp challenges to government authority become more and more common. Added to this is perhaps the most important challenge to the European order - the problems of national minorities.

In order to moderate the risk of anarchy in the European state system and sustain cooperation it is desirable to strengthen the basis for the European Civil Space. The EU, together with NATO, the Council of Europe and the OSCE, are important in this respect. A "wider Europe" program should be seen as a balanced attempt to provide political order, security and economic stability at three levels; the international, the regional and the national. Such a program can be built only gradually, by opening societies to democratic scrutiny, strengthening international institutions and developing transnational links at all levels. It is therefore necessary to promote and manage interdependence between Western and Eastern European societies across a range of policy areas. A strategy of "wait and see" would risk allowing the situation in the wider Europe to deteriorate into a new confrontation.

Western Europe cannot insulate itself from the consequences of the Central and East European transition going seriously wrong. Achieving economic development in Eastern Europe is very much in the long-term common interest of all Europeans, on both economic and security grounds. Trade access, foreign direct investment, cohesion funds and regional funds are essential in order to move these countries forward. From the point of view of the interests of the countries of Eastern Europe, the most important solutions are those which open new opportunities for their inclusion into a stable European order and the wider Euro-Atlantic structures. In this context the eastward enlargement of the EU acquires a central role in reuniting Europe and making up for the divisions of the Cold War. What is equally important is an appraisal of the process of European integration on the stability and security of the countries of the European periphery.

The Enlargement of the EU

The collapse of communism was an historic opportunity to reunite Europe. The aspirations of the peoples of Central and Eastern Europe were expressed by their expectations to "return to Europe". West Europeans too felt that the EU should open its doors and eventually encompass the whole of Europe. The essence of a "Europe whole and free" was the overcoming of borders. After eleven years it is clear that borders are not about to disappear but to shift and threaten to become a new dividing line in post-communist Europe. Wherever the EU decides to draw its border, it will be seen by some as arbitrary, unfair and insulting. Yet it cannot do without borders. But at the same time, clear, firm and hard borders threaten the EU's capacity to manage its relations with the wider "Europe", some parts of which will not be able to meet the conditions of membership for many years and other parts no doubt will always remain outside.

As the prospect of "joining Europe" acts as a major motive for the candidate countries, the idea of exclusion has equally important negative consequences. Nor does ethnicity, nor religion, nor stage of economic development provide any convincing criteria of selection. There are ambiguities and the risk of inconsistency with this present enlargement and great uncertainty when it comes to questions such as where is this process of enlargement going to end. The other related question is what should the nature of the borders between the EU and its ultimate neighbours be?

The President of the Commission has already declared his objective not to create new Berlin walls. But policy makers in specific areas of cooperation have very often contradictory goals. The EU's external border cannot be treated simply as a physical line. Such an effort would increase instability by disrupting traditional, economic and cultural ties between neighbours. The external border has an enormous impact on the states on the other side and this consideration should be at the centre of the Union's own foreign policy objectives.

The EU must find ways of more active engagement in the problems of the world beyond its border. Border management implies deepening cooperation with the candidate countries and the new eastern neighbours in a wide range of fields: policing and judicial affairs, economic development, education and culture, cross-border links between local and regional authorities and communities. What is

really needed is a partnership with the EU's new eastern neighbours that would support their economic development, socio-political stability and administrative capacities and respect their close historical, ethnic and cultural ties with states beyond the EU's new eastern borders.

Central and Eastern Europe find themselves increasingly taking on the unwelcome role of a buffer zone. On the other hand these countries need to maintain good relations with their eastern neighbours. The various forms of "special relationship" between the Central and East European candidates of the first and second accession rounds and between them and their eastern neighbours are potentially a valuable asset in the development of the EU's external policy strategy and should be encouraged rather than undermined.

EU enlargement to the East has profound implications both internally and externally. Until the end of the Cold War division of Europe, the EU could enjoy the luxury of concentrating on its own internal evolution and interests. The development of the common foreign and security policy has only slowly moved up the list of the EU's priorities. All aspects of its activity need to be affected by the awareness of the new external dimension of its role in the wider Europe. Enlargement to the east should provide a new opportunity to renew the sense of the EU's original mission - that of transforming the pattern of European politics on the basis of reconciliation, cooperation and integration.

Another important issue to be addressed is the future of other international organisations (NATO, OSCE, UN, Council of Europe, EBRD) functioning in Europe which have different membership and varying effectiveness. While this international system has achieved many positive things, overall it has not managed to really facilitate the post-communist transition, at least beyond the most advanced EU accession candidates. The future role of these organisations, in the context of a pan-European order, has yet to be defined. Finally, a key related question is what should the role of Russia be in this new European architecture?

The Role of Russia

As many scholars have pointed out, Russia has belonged to European civilisation at least from the time of its Christian

conversation. Since then Russian history has witnessed periods of European orientation (mainly during periods of reform) followed by periods of reaction, self-isolation and self-identification as something rather distinct from Europe. Both in the West and in Russia this ambiguous inheritance promoted the perception that Russia never truly belonged to Europe. Russia's geographical position and history as a major Euro-Asian power have resulted in controversial interpretations of Russia as the bearer of a civilisation with Byzantine and Greek orthodox roots, distinct from the Roman origins of most European nations.

Russia once again turns the page on its attempt at westernisation. Economically and politically there has been so far a failure to adopt Western norms of corporate and public governance. The vested interests in the new Russian capitalism, with its extensive oligarchic elements, make the constituency for western-style reform weak. Politically there is popular support for strong leadership. Under President Putin, more robust pragmatism in domestic policies is followed by a stronger determination to control things in the Caucasus, but the southern Caucasus is gravitating increasingly towards the EU and NATO.

In an important policy document entitled "Foreign Policy Concept of the Russian Federation"¹ it is clearly stated that; "The Russian Federation views the EU as one of its main political and economic partners and will strive to develop with it an intensive, stable and long-term cooperation devoid of expediency fluctuations". In an equally important paper called "The ways towards a mature partnership between Russia and the European Union",² the Russian authorities are even more explicit: "Europe is entering the new Century as a shaped bipolar whole. At the West and Centre of Europe almost all states have integrated into the European Union. In the East, the CIS is being formed on the basis of transitional economies...".

This latter document continues; "The merging of the EU and Russia is unreal and unlikely. To begin with, the great world powers - and Russia should not be hastily excluded from this category - rarely join any alliances, they rather create their own ones. Secondly, the unique Euro-Asian location of Russia rules out the exceptional orientation only towards a European direction. Thirdly, the degree of EU integration has reached a certain level at which independent economic and (very soon) foreign policies are circumscribed, while for Russia, with its own specific features, size, political system and so on, it is of

the utmost importance to maintain freedom and independence in the decision-making process. Finally, in the case of accession to the EU, the obligatory convention to the *acquis communautaire* would mean the radical breaking of the whole legal and administrative system of the country and, figuratively speaking, another "perestroika" that Russia is unlikely to deserve. Therefore, in the visible perspective, the best format of the relationship between Russia and the EU seems to be a mature contractual partnership: in politics and in economics and in forms not contradicting Russia's obligations within the CIS".

The text continues by proposing a Russia-EU cooperation in the field of Caspian Transport Corridors and the construction of Trans-Balkan oil pipelines in order to export to Europe oil from Russia, Kazakhstan and Azerbaijan. Then it mentions that the EU falls behind the USA in terms of investments in its economy, especially in the energy sector. Finally it turns to the issue of enlargement and admits that it will have for Russia major and not only economic consequences. It mentions in addition some serious security considerations plus concerns about the position of Russians living in the new accession candidates and the future of cross-border cooperation. It is thus clear that Russia is expressing a real concern about its future relations with the EU but at the same time a genuine desire to work closely with it in a wider European framework.

In our opinion, whatever direction developments in Russia take, it will remain a major European nation. Either as an uneasy great power "re-emerging" onto the European scene or as a cooperative partner, "compatible" with European civilization. It is of vital interest that there be a place for Russia in the emerging European order, whatever it looks like. The process of elaborating options for institutionalising Russo-European relations should ensure for Russia the role of an equal partner in shaping Pan-European developments. The enlarged EU must keep the relationship with Russia to a reasonably predictable, stable and cooperative status with the aid of important shared interests, for example in frontier regions and the energy sector. Another overarching challenge for the EU is to adopt coherent policies between the several regions of its borderlands and develop regional cooperative mechanisms, some of which may overlap the EU, accession candidates and neighbouring non-candidates.

Borderland Europe

Borderland Europe is defined to include, from North to South, the following regions:

- from the EU-Finnish border with North-West Russia;
- through the Baltic, Central and South-Eastern borderland of the enlargement candidate states with Russia, Belarus, Ukraine and Moldova;
- onto the former Yugoslavia;
- then Turkey and its neighbours in the Black Sea and the Caucasus;
- to the Mediterranean countries of the Barcelona process.

Borderland Europe will ultimately be defined by two parallel processes:

- The enlargement of the EU and the development of a huge economic and political entity around a core of Western European countries;
- The creation of another economic space having as its core Russia.

Borderland Europe may be viewed as a buffer zone between two big European spaces, the enlarged EU and Russia/CIS. It thus requires a different perspective from either Brussels or Moscow. Indeed, the future of Europe depends to a great extent on the future relations between the two main economic blocs and on what conditions are going to prevail in the borderlands.

The Role of Regional Cooperation

In recent years many discussions have taken place about the advantages of regional economic cooperation in promoting the development of the participating states. The issue of regional cooperation can be also addressed from another perspective. Should the countries whose aim is to be integrated into Europe join the

continental and Euro-Atlantic structures individually or through some form of preliminary regional cooperation?

After the period 1989-91, many analysts perceived a process of growing integration in Western Europe and growing disintegration in Eastern Europe. According to some theorists, the more states there are in the system the greater the potential for disputes. In other words, a multi-polar system is more likely to be associated with violent conflict than a bipolar one. The existence therefore of regional formations may be instrumental in stabilising the situation and in gradually developing intra-regional cooperation with an emphasis on cross-border economic, social and cultural relations. This is the idea behind the various initiatives that have been taken in recent years in SE Europe.

It is not accidental that after every crisis in SE Europe new regional initiatives were introduced. Such a list would include: the initiative on Good Neighbourly Relations and Stability in SE Europe; the Rooyamont Process; the Southeastern Cooperative Initiative (SECI); the Dayton Peace Agreements; the Southeastern European Cooperation Process (SEECF); and the Stability Pact for South Eastern Europe and the Security Council Resolution 1244 (1999). Some of these have been more successful than others.

Why is this part of Europe the area with the largest number of regional and international programs and initiatives? Because it is being recognised that the main obstacle to European integration and the enlargement process is South-East European instability. Moreover, the establishment of peace and stability in South-Eastern Europe on the basis of the European values of democracy, human rights and the rule of law is an absolute and pressing necessity both for the countries of the region and for the future of peace and security in the whole of Europe and the wider European-Atlantic space. Viewed from this wider perspective, the establishment of peace and stability in Southern Europe is an inseparable part of the goal of building a united, democratic, prosperous and secure Europe. To quote the former Secretary General of the Council of Europe, Daniel Tarschys: "it is an illusion to believe that we can maintain and develop prosperous zones of peace while neighbouring regions are devastated by conflict and misery".

Despite good intentions, it was only after Kosovo that the need was realised to move away from crisis management to a long-term

comprehensive policy framework for effective economic, political and diplomatic actions in all directions and that the EU should offer to all countries in the region the prospect of integration into the European structures. The implementation of regional projects of common interest, in the fields of communications, transport and energy infrastructures, trade, science and technology, protection of environment, combating of organised crime and illegal drug and weapon trafficking are the main vehicles for promoting a climate of mutual confidence and good-neighbourly relations. Such projects also promote democratic processes, respect for human rights, including the rights of minorities and the rule of law in all countries of the region. Such regional cooperation could be successful only if approved and actively supported by the EU and NATO.

At present the parallel processes of EU and NATO enlargement run the risk of reinforcing the division between those countries in Central Eastern Europe that are already most stable and secure and those that are not included. Yet there is little coordination between the two bodies to ensure that the applicants with more remote prospects for joining one or both organisations are not alienated by the processes of enlargement. However, measures directed only at the level of international institutions and interstate relations cannot deal comprehensively with problems which also crucially involve the state-society dimension. Perhaps even more important than policies at the national and international level are the transnational contacts between societies not only at the level of investments and trade, crucial as these are, but also through educational and cultural exchanges, training, links between towns, and naturally through cooperation between political parties, the media and active citizens. If through such contacts a wider sense of European solidarity develops, the prospects for cooperation among states would very much improve, because such integration is usually set in motion by the formation of core groups with sufficient cultural affinities and commonality of interests and values. The process is then further amplified by domino dynamics according to which peripheral countries may find that exclusion from the core has greater risks of unfavourable outcomes than joining a core whose policies may not be their first best choice.

From the above analysis it is very clear that regional cooperation is extremely important. Regional initiatives are very valuable because not only do they create a framework of wider cooperation within the region, but they facilitate the relations of the participating member states and the area as a whole with the outside world too.

The emerging new regionalisation is part of a process which aims at creating order when the old order (based on bipolarity, confrontation and the balance of power) has vanished. Yet we must remember that the pursuit for order still remains; the difficulty being that instead of one overarching order there seems to be a tendency towards smaller "suborders". A very interesting case of an area which was a victim of bipolarity and where confrontation has been followed by cooperation is the Black Sea region.

The Black Sea Economic Cooperation

For many decades the countries of the Black Sea belonged to two totally opposing political and military blocs. With the end of the Cold War the countries of the region have jointly decided to revive the cooperative spirit despite the fact the Black Sea Economic Cooperation (BSEC)³ is one of the most diverse subregional groupings. Its eleven member states differ in:

- their economic and military potential, geostrategic interests and geographic size;
- their cultural, social and religious traditions;
- their affiliation with and their attitudes towards the Euroatlantic structures.

Despite these differences, the member states of BSEC have concluded that their common interests prevail and that through cooperation they can promote them in a better way. BSEC's diversity makes it also very convenient to play the role of a bridge between Europe, the Caspian Sea and Central Asia.

On the 25th of June 1992 when the Summit Declaration of the Black Sea Economic Cooperation was signed by the Heads of States or Governments of the eleven member states, its signatories set as their aim to ensure that the Black Sea becomes a sea of peace, stability and prosperity. The BSEC has so far accomplished significant progress in achieving its basic goals. The good functioning of a formation like the BSEC may be instrumental not only in stabilising the region but in facilitating its integration with the wider European structures too. The EU will not exploit its full growth potential if the BSEC area continues to stagnate and lag behind the advanced wes-

tern economies. Another important function of the BSEC could be that of a bridge connecting neighbouring countries that are located in what I earlier called Borderland Europe, of which SE Europe, the Black Sea and the Caucasus were key components.

The introduction of a Black Sea Dimension to the EU along the lines of the Northern Dimension, by institutionalising the relation of the EU with the Black Sea Economic Cooperation, would be extremely beneficial for all parties. Such an initiative should combine the policy initiatives of the EU in three areas; the Balkans, the Black Sea and the Caucasus. As far as the Balkans are concerned, the EU is already very active. For the Caucasus, there are also proposals for a special Stability Pact and other similar initiatives. The EU must now develop a policy for the Black Sea region as a whole. After the accession of Romania, Bulgaria and Turkey, its borders will extend to the Black Sea. The enlargement of the EU creates a de facto new relationship between it and the Black Sea region. NATO too has a major stake in promoting political stability, economic prosperity and security in the Black Sea region. Through cooperation with the BSEC, the EU and NATO can create an umbrella of stability for the entire region from which both would benefit. The Black Sea's geostrategic importance is well known.

Europe needs an active presence in this part of the world and the BSEC is the appropriate counterpart for the following reasons:

- including Russia, it represents a vast Euro-Asian space of almost 20 million square kilometres populated by 340 million people. It possesses huge deposits of natural, particularly energy, resources;
- it is the bridge between Europe and Eurasia;
- it is important for the transportation of energy resources from the Caspian and Central Asia to the rest of the world;
- through closer cooperation with the BSEC, Europe can upgrade its relationship with a number of key countries of borderland Europe like Russia, Ukraine, Turkey and the Caspian countries. Segmentation of regional initiatives is perhaps a less efficient method of tackling regional problems. Through cooperation with the BSEC, more synergies and better quality projects can be developed.

BSEC has in this part of the world a more advanced institutional structure than all other regional initiatives. It is a fully-fledged regional organisation, since the Council of Ministers takes binding decisions. It is also supported by a Permanent International Secretariat (PERMIS) and its related bodies like the Black Sea Trade and Development Bank, the Parliamentary Assembly, the Business Council and its think-tank, the International Center for Black Sea Studies. So the BSEC possesses an infrastructure which can generate ideas, follow through on decisions, coordinate eleven administrations, and therefore ensure a more efficient cooperation process.

What is really needed is a "political" decision by the EU and NATO to recognise the BSEC as their formal partner in this region. Through an EU-BSEC and a NATO-BSEC platform of cooperation, not only would the "wider Europe" concept be substantially promoted, but the Euro-Atlantic geopolitical and economic interests would also be advanced in what is and will remain a very sensitive and important part of the world.

1. "Foreign Policy Concept of the Russian Federation", Information Bulletin (Special Issue), Ministry of Foreign Affairs of the Russian Federation, Information and Press Department, Moscow, July 10, 2000

2. Ivan Ivanov, "The ways towards a mature partnership between Russia and the European Union", "Sovremennaya Evropa", No 2, 2000

3. For an excellent paper on the Black Sea Economic Cooperation see Y. Valinakis "The Black Sea Region: Challenges and Opportunities for Europe", Chaillot Paper 36, Institute for Security Studies, Western European Union, Paris, July 1999.