

# Session IV

## Supporting Changes in Neighbouring Countries. The Role of the EU Policy

Chair:

**Krzysztof Lis**, President, Institute of Business Development, Warsaw

Speakers:

**Pavel Daneyko**, President, The Institute of Privatisation  
and Management, Minsk

**Marek Dąbrowski**, Chairman of the Council, Research Foundation of the  
CASE Centre for Social and Economic Research, Warsaw

**Yuriy Yechanurov**, Head of the Committee on Industrial Policy  
and Entrepreneurship, Ukrainian Parliament, Kiev

**Christoph Jessen**, Commissioner for EU Enlargement,  
German Ministry of Foreign Affairs, Berlin

**Alistair MacDonald**, Head of Unit, Directorate E (Eastern Europe,  
Caucasus, Central Asian Republics), European Commission, Brussels



## Krzysztof Lis

*President, Institute of Business Development, Warsaw*

Mr Lis stressed that all speakers are directly engaged in the process of developing mutual relations between the European Union and its eastern neighbours. The speakers are most competent to address the issues discussed in the session, including: How to best support positive transition in the countries east of the EU?; What is the role of the EU assistance programmes?

How can Brussels contribute financially and politically?

## Pavel Daneyko

*President, The Institute of Privatisation and Management, Minsk*

If political transition and radical reforms are to take root [in Belarus], this will happen thanks to the private sector.

Mr Daneyko, a democratic opposition activist, briefly outlined the balance of power shaping the Belarussian political scene. There are no organisations that could affect the decisions of the authorities headed by Alexander Lukashenka; opposition movements are mainly focused on human rights; informal fractions in government are powerless. The situation in Belarus is determined by the structures run by Mr Lukashenka and by Russian businesses which compete for control of privatisation. The standing of the local economy is very weak: Mr Daneyko quoted cases of discrimination against the private sector in the centrally controlled economy.

Mr Daneyko discussed the efforts made by neighbouring countries and the European Union to help democratisation in Belarus. The country can only evolve through privatisation and the formation of civic society (also as a consequence of the emergence of the private sector). The impact and the example of Poland may be instrumental. Mr Daneyko was critical about sup-

port given to democratic groups in Belarus by the EU. Most of the assistance programmes are designed to support reform-oriented governments. The programmes should be adjusted to fit the political specificity of Belarus where support should be offered to civic society; the existing programmes (TACIS) should be reoriented to follow the PHARE formula whereby NGOs could work as partners to the EU.



In my opinion, the European Union's support for Belarus is unconvincing.

### **Marek Dąbrowski**

*Chairman of the Council, Research Foundation of the CASE Centre for Social and Economic Research, Warsaw*

Mr Dąbrowski outlined the profile and the activity of the CASE Foundation. Drawing upon his experience, Mr Dąbrowski made comments on the transition in Central Europe, the Balkans and ex-USSR countries over the past several years.

These countries include a group of beneficiaries who implement effective reforms and head towards EU membership; others, mainly CIS countries, have not gained this status. What was key to the success of reforms was commitment to transition rather than historical experience (the beneficiaries include both ex-USSR republics and countries of the Warsaw Pact as well as the successors to Yugoslavia who were independent from Moscow). EBOR studies suggest a clear correlation between political reforms and positive economic transition. Commitment in the early years of the reform process was decisive to the evolution of these countries; other factors include the impact of international organisations, such as the World Bank and the IMF, and the prospects of EU accession, particularly topical to this conference. The importance of these factors is attested by a comparison of the present status of Moldova and Romania.

Even where transition has been successful, political will is not enough to make reforms; external assistance is indispensable.



The border  
between Poland  
and Germany...  
or the border  
between Hungary  
and Austria are  
Schengen borders  
yet they remain  
open.

Mr Dąbrowski called against the *a priori* exclusion of any European country from EU membership: accession prospects should be offered both to Turkey and Russia. This does not mean that the accession process should be triggered immediately but long-term strategic plans must be drafted. Given difficulty in modernisation and the ambivalence of several countries vis-à-vis accession, the plans could provide for transitional periods. In economic terms, candidate countries should be offered prospects of WTO accession and later on engaged in free trade negotiations.

Mr Dąbrowski criticised the “demonisation” of Schengen which misleads and confuses. Schengen borders, for instance the border between Poland and Germany, remain open despite the Schengen *acquis*. It will be possible to keep the Schengen borders with Ukraine, Russia or Moldova just as open. Mr Dąbrowski called for the definition of boundary conditions to be met by countries applying for assistance programmes.

### **Yuriy Yechanurov**

*Head of the Committee on Industrial Policy and Entrepreneurship,  
Ukrainian Parliament, Kiev*

Mr Yechanurov discussed the outlook for Ukraine: either the country finds its position in European structures or the Kiev oligarchy prevails.

Mr Yechanurov pointed to several reasons for Ukraine’s slow growth, including: excessive optimism of the local elite in evaluating the pro-European potential of the country, as well as Europe’s unwillingness to open up to Ukraine. Sadly, Brussels is not ready to develop a road map for integration that would account for the specificity of Ukraine, or to prioritise (security vs. enlargement of markets) in its relations with Ukraine. Mr Yechanurov said

that Ukraine's neighbours, including Poland, could advocate for Ukraine in the EU as a friendly "go-between" since they have a good understanding of the country's situation.

Mr Yechanurov pointed to inconsistencies and double standards at work whenever Kiev is blamed for promoting illegal migration to the EU: in fact, Ukraine is a buffer as it intercepts a vast majority of illegal migrants from the east. However, the EU's visa regime works against Ukrainian nationals. Although understandable from the point of view of EU interests, the visa regime generates the risk of strong negative anti-EU sentiments in Ukraine.

Mr Yechanurov called on the EU to negotiate with Kiev on the priorities of EU relations with Ukraine. Otherwise, Brussels may ignore Ukraine's most acute problems. Like other speakers, Mr Yechanurov called for modification of assistance programmes: Ukraine should have a bigger say in defining the programmes. Equally important are real benefits of particular projects as well as the participation of Central and East European experts who are more competent on issues of economic transition.



Ukraine overcame one threat only to face another:... there is still the risk that Ukraine may remain outside the borders of democratic Europe.

## Christoph Jessen

*Commissioner for EU Enlargement,  
German Ministry of Foreign Affairs, Berlin*

Mr Jessen emphasised the importance of the conference to the position, currently developed by Germany and the EU, on co-operation with new EU members and neighbours. The EU concept of integration is an innovation in international relations: resolving international controversies in the EU and drafting relevant legislation has helped to turn Europe, a continent of war, into a region of peace and stability. Mr Jessen agreed with Mr Dąbrowski



Integration means that we are all coping with problems, differences and conflicts of interest, but we discuss them in Brussels, form an opinion, and draft legislation.

concerning the clear correlation between legislative enforcement and political democratisation on the one hand and social and economic growth on the other.

Mr Jessen discussed the prospects of EU accession which are open to each country that meets the basic boundary conditions. Where integration is a promise for relatively remote future, it is difficult to make it attractive. Responsibility for future membership is clearly defined: prospects of democratisation and market reform among the EU's neighbours are a responsibility of the local political class while the EU only acts as co-ordinator and evaluator. Particularly illustrative is the case of Turkey which first applied for accession in 1963.

Mr Jessen called for a strong integrated Union, fit to face the challenges ahead, mainly integration with the east. The EU's framework concept must be retained: excessive widening of the EU criteria to make them accessible to as many countries as possible could dramatically dilute the EU's identity.

### **Alistair MacDonald**

*Head of Unit, Directorate E (Eastern Europe, Caucasus, Central Asian Republics), European Commission, Brussels*

Mr MacDonald offered several definitions and clarifications to structure the debate.

Mr MacDonald said that the EU's policy towards eastern neighbours is more than assistance funds shared through TACIS; equally important are political decisions, investments, and development of trade relations, as illustrated by a comparison of TACIS funds transferred to the four eastern neighbours (EUR 300 million per year) with investments (EUR 1 billion per year).

Mr MacDonald said that Russia, Ukraine, Belarus and Moldova received an

estimated EUR 3.5 billion under TACIS and other assistance programmes in 1991–2002. These international transfers were very effective as they helped institutional reforms, the emergence of civic society, and nuclear security. The programmes were no panacea: one of the most acute trends of the last decade, witnessed across the region, involved falling standards of living. This must be taken into consideration when designing future assistance programmes.

In Mr MacDonald's opinion, the eastern border of the EU should be considered an opportunity rather than a threat or a challenge: while the borders must be secure, the EU's eastern neighbours will gain access to dynamic markets of half a billion consumers. The EU should support economic reform and overall transition bringing the EU's neighbours closer to the rule of law and democracy. Particularly important is cross-border co-operation at the EU level. Major tasks ahead include: secure borders; legal movement of goods and people; promotion of prosperity in border areas; strengthening contacts between local communities across the borders.

Mr MacDonald announced intensification of cross-border initiatives, both within existing institutional frameworks (e.g., Small Projects Programme) and by expanding the interoperability of TACIS and INTERREG to be followed by the introduction of a single instrument merging these two programmes with PHARE.

Mr MacDonald emphasised the role of the new neighbours in the initiatives of the European Union: they can help Brussels to gain a better understanding of East European countries and contribute their experience, primarily the human factor, by bringing the attention of EU citizens to the situation outside the EU.

Enlargement is a task for experts, for politicians, and for the entire population.



## DISCUSSION

### **Andriey Sannikov**

*Member of Charter '97, Minsk*

Mr Sannikov argued with the position presented by Mr Daneyko. Mr Sannikov said that the Belarussian opposition is not in the defensive: its elites are increasingly young people; the Belarussian youth are bitterly opposed against the regime; in addition, history has its parallels in that the direction of the transition in Central Europe in the late 1980s was difficult to predict.

Mr Sannikov called for the European Union to develop a coherent policy towards Belarus; he quoted several facts which suggest that Western Europe has little understanding of the situation in Belarus or is too willing to make concessions to Mr Lukashenka's government. Mr Sannikov referred to the CSCE Parliamentary Assembly's recognition of the Belarussian Parliament (which was elected undemocratically) and the requirement to obtain the government's endorsement for TACIS projects, very controversial in the case of Ukraine where the names of Belarussian authors of projects are erased from official documents where they are members of the democratic opposition contested by the regime.

### **Bogdan Borusewicz**

*Deputy Marshal, Pomeranian Region, Gdańsk*

Mr Borusewicz quoted a resolution of Polish Parliament condemning the abuse of the Belarussian regime against the country's legally elected Parliament. Mr Borusewicz then discussed the economic implications of the visa regime introduced by Poland vis-à-vis its eastern neighbours.

Mr Borusewicz emphasised the importance of innovative initiatives of Polish and Ukrainian governments. Despite understandable negative sentiments in Ukraine caused by the introduction of the visa regime by Poland, Kiev decided not to reciprocate and refrained from introducing visas for Polish nationals. This unprecedented decision gives a new quality to Polish-Ukrai-



nian relations. The model could be used in the EU's future relations with its neighbours, e.g., between Romania and Moldova. Mr Borusewicz wished the same solution (unilateral waiver of visa requirements) had been possible in Polish-Russian relations.

### **Anatol Godym**

*Centre for Strategic Studies, Kishinev*

Mr Godym discussed the probability of the EU accession of four East European countries who are new EU neighbours. Moldova's prospects of "fast Europeanisation" are greater than generally believed due to the advancement of legislative harmonisation as well as practical aspects: the country and its population are relatively small (which helps to implement new solutions); Moldavian migrants in EU Member States are very numerous (over half a million people); Moldova has European and multinational traditions. The key condition of Kishinev's potential success is to drop too demanding accession claims ("Give us a date!") in favour of enlargement as a long-term process.

### **Krzysztof Lis**

Mr Lis stressed the importance of assistance programmes taking account of the specificity of East European countries and acknowledged the critique raised by other speakers concerning co-operation with the Minsk government under TACIS. Mr Lis called for a clear message to be sent to the Belarussian people regarding the country's prospects of EU accession as a powerful and effective tool of exerting pressure. Mr Lis encouraged the participants of the conference to address the issue of the potential role of the European Union and its new members in democratisation and emergence of civic society in the new neighbours.

### **Olka Shumylo**

*Programme Director, International Centre for Policy Studies, Kiev*

Ms Shumylo put forth several arguments attesting to the importance of EU assistance to EU accession prospects of particular countries. It is borne out by

a comparison of the experience of Poland and Ukraine in the 1990s: Poland was successful thanks to its position at the time of downfall of the communist bloc, different from the position of Ukraine, and due to well organised assistance and financial commitment of the West. Ms Shumylo applauded the ongoing democratisation in Ukraine: even radical critique of successive governments raised in Kiev bears witness to freedom of political debate.

According to Ms Shumylo, due to long-time isolation of the nations of the ex-USSR, many Ukrainians failed to understand how important it is to introduce standards necessary to participate in assistance programmes. Potential launch of PHARE in Ukraine must be discussed; Polish solutions need not be transposed in minute detail.

Ms Shumylo said that the success of transition depends on a combination of well organised technical assistance, advanced financial instruments, and clear goals; it was the absence of these factors that hampered the effectiveness of TACIS and the initiatives of other donors active in Ukraine. Mr Shumylo emphasised the importance of the implementation of standards in Ukraine, even if the general public considers such standards to be too demanding: too much leeway would dilute the planned transition and reform.

Ms Shumylo said that subsequent assistance programmes in Ukraine should be preceded by the identification of major technical needs: goals and priorities of reforms should be defined prior to the implementation of TACIS and PHARE. The kind of available programmes is of secondary importance provided that necessary conditions are met, including co-financing, transfer of know-how, and consistent management.

### **Ales Ancipenka**

*Director, Belarussian College, Minsk*

Mr Ancipenka regretted that the governments of the new EU Member States made no declarations concerning the EU's new eastern policy at the conference. He welcomed the only exception: the presentation of the Polish government's non-paper on enlargement.

Mr Ancipenka called for a two-pronged approach to co-operation between

the EU and Belarus involving both governments and NGOs. He also called for Brussels to take a consistent position on its co-operation with Minsk.

### **Jakub Boratyński**

*Director, International Co-operation Programme,  
Stefan Batory Foundation, Warsaw*

Mr Boratyński raised the important point of programmes financing co-operation with the NGO sector; drawing upon recent experience, he called for increased flexibility. This has been possible in Central and Eastern Europe thanks to co-operation with private donors from the USA.

Mr Boratyński stressed the special importance of the flexibility of programmes in Belarus; he also called for the formation of a European democracy fund based on similar principles as the US initiatives.

### **Thomas Gulbinas**

*Head of the Common Foreign and Security Policy Division, European  
Integration Department, Lithuanian Ministry of Foreign Affairs, Vilnius*

Mr Gulbinas announced that the Lithuanian government is drafting a non-paper with Vilnius's position on the EU's new eastern policy. Such documents by new EU members could make an important contribution to the development of the policy.

Mr Gulbinas said that the Schengen formula, necessary for reasons of international security, is not designed to put in place new iron curtains or other divides. Effective borders can and must be friendly borders.



According to Mr Gulbinas, the new EU Member States must address the issue of how EU programmes can help to reform the economy and the society in the Kaliningrad district.

### **Alistair MacDonald**

Mr MacDonald said that the EU has the European Initiative for Democracy and Human Rights which is not unlike the European democracy fund promoted by several speakers. The Initiative helps to finance NGOs, also in unfavourable conditions, such as in Belarus. Directorate E of the European Commission will draft a strategy of co-operation with Belarus.

Mr MacDonald discussed the outlook for the Kaliningrad district: most responsibility is borne by Russia and the solutions adopted by Moscow will set a precedent for other regions. Mr MacDonald announced a forthcoming launch of a Kaliningrad district promotion programme.

Mr MacDonald was sceptical about the prospects of EU membership as an incentive for reform. Transition can be successful without such prospects, as in the case of Vietnam.

### **Yuriy Yechanurov**

Mr Yechanurov stressed the importance of effective exchange of information between the political and economic elites in Poland and Ukraine, helping Ukrainians to better understand the nature of Poland's transition on the way to EU accession and to follow positive behaviour and models. The process involves co-operation of Ukrainian businesses with the Polish Confederation of Private Employers.

Mr Yechanurov pointed to potential negative implications of the introduction of visas for Polish nationals: if customs regulations are amended, Polish exports to the east will suffer.

Mr Yechanurov called for closer co-operation with the Polish mass media. Polish-Ukrainian projects focused on exchange of information will help to enhance cross-border co-operation and to build civic society in Ukraine.

### **Marek Dąbrowski**

Mr Dąbrowski argued against the idea of replacing TACIS with PHARE proposed by several speakers: despite technical differences, the programmes are equally effective; their outcome depends on the political commitment and technological capacity of the beneficiaries rather than mere packaging.

Mr Dąbrowski disagreed with Ms Shumylo and reiterated the importance of political reform to economic and systemic transition: the pace of transition in Romania and Moldova in the late 1990s suggests how important political reform is to European integration.

### **Aleksander Smolar**

Mr Smolar summarised the discussion in the conference by quoting Henry Kissinger's phrase: "epistemological breakthrough." The two-day debate has given West European participants a better picture of the Polish and East European specificity as well as the challenges and issues involved in EU integration. This epistemological breakthrough brings this region of the world into the mainstream of European thinking.