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"Political cooperation of EU.
A geographical assessment"

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This working paper is dedicated to political cooperation. Political cooperation designates the will of various countries and regional organisations, at the top level (governments, supranational institutions) to regulate, enhance and deepen their relation in various domains. The signature and enforcement of international treaties is a mean to come to such a result. In some cases, international treaties aim to reinforce the external security of states by making their external relations more predictable. According to the Vienna Convention adopted in 1969, a “treaty” is “an international agreement concluded between States in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments and whatever its particular designation”.¹ According to Malcolm M. Shaw, the expression “international treaty” refers to a certain type of transaction: “the creation of written agreements where by the states participating bid themselves legally to act in a particular way or to set up particular relations between themselves. A series of conditions and arrangements are laid out which the parties oblige themselves to carry out” (Shaw, *International Law*, 5th edition, Cambridge University Press, 2003, p. 88). Malcolm Shaw assumes that in contrast with the creation of law deriving from custom, international treaties are a “deliberate method” because they establish rules and obligations set up and recognised by the parties. Consequently, to a certain extent, international treaties can be compared to contracts. For this reason, treaties are considered the most important source of international law, especially in the case of multilateral treaties (G. I. Tunkin, 1974, *Theory of international law*, pp. 91-113, Cambridge, Harvard University Press; Ronald St. J. Macdonald, Douglas M. Johnston, 1983, *The structure and process of international law; essays in legal philosophy, doctrine and theory*, Martinus Nijhoff Publishers, The Hague, Boston, Lancaster ; Godefridus J. H. Hoof, 1983, *Rethinking the sources of international law*, Kluwer, Hingham, Mass.).

There are several kinds of international agreements under international law signed by [sovereign states](#) and [international organizations](#): agreements, protocols (first copy of a treaty before its ratification), covenants, convention or exchange of letters (formal agreement between two or more states, or the document in which such an agreement is set down), among other terms. Sometimes, protocols, conventions, etc. are considered less formal agreements than international treaties. Nevertheless, all these agreements set up obligations as they are legally binding, according to the Vienna Conventions on the law of treaties, signed in 1969 and 1986. However, in this paper, we will also pay attention to other types of agreements such as memoranda of understanding. A memorandum of understanding (MOU) describes an international relation between parties at the bilateral or multilateral levels. Contrarily to international treaties, it does not always imply legal commitments. But we will pay attention to it because, by signing a MOU, parties want to assume the existence of common views upon certain topics and possible future enhanced cooperation.

Already in 1983, Godefridus Hoof noticed what he called a proliferation of treaties since the Second World War. He assumed that the impact of international treaties had been considerably growing for decades. The European Communities and the European Union have taken part to this process. They have signed and implemented a long list of agreements and treaties with many third countries and regional organisations around the world. In this working paper, we will make a systematic cartographic representation of all these agreements and treaties: free trade agreements, non reciprocal trade agreements and various trade facilities, migration agreements (mainly readmission agreements), stabilisation and association agreements, partnerships and cooperation agreements (+ actions plans in certain cases), etc. This field of the external action of EU is important for various reasons. First,

¹ Vienna Convention on the Law of Treaties 1969, article 2.

several authors have already shown that EU tend to build and organize its relations with third parties in the same manner as member countries organized their mutual relations in the framework of the European integration. Secondly, voluntarily deprived from the possibility to use the force, the European Union tends to build its external relations and security on legal basis such as the rule of law. The negotiation and signature of international treaties is considered an efficient mean to disseminate commonly accepted norms in the world. By accepting these norms (European or international norms), the signing third parties become more predictable partners with more predictable behaviour. This is why European Union is sometimes called a normative power (Ortega, 2004; Laïdi, 2005; Manners, 2002 and 2006). Thirdly, European Union has been paying a special attention to its geographical neighbourhood since the 1990. This is attested by such initiatives as the Barcelona Process, the Neighbourhood Policy, the Eastern Partnership and the Union for the Mediterranean among others whereby EU seeks to enhance integration of the neighbours in functional terms, i.e. without sharing the institutions.²

This paper will be based mainly on maps. The EU (i.e. the European Community, Euratom, Coal and Steel community and the European Union) is an actor of the international relations (Sjöstedt, 1977; Bretherton, Vogler, 1999; Hély, Petiteville, 2005). It has signed almost 800 bilateral international treaties with more than 220 countries and regional organisations. We will mainly pay attention to bilateral treaties and agreements for the following reasons. This kind of treaty does not imply a multitude of parties. It is directly negotiated by the European Commission and it is then supposed to better express more obviously the preferences of the European Union itself. On the contrary, multilateral treaties are supposed to merge the governmental positions of many parties in the same text in which the European expectations finally may happen to be less visible. Two types of bilateral treaties and agreements will be dealt with in this study: treaties and agreements signed with third countries and other signed with international regional organizations such as Mercosur or Andine Community considered as international relations actors. Secondly, according to various specialists of international law (Decaux, 2006), bilateral treaties can be more easily compared to a contract setting mutual obligations than large multilateral treaties. Secondly, to analyse the geographical distribution of bilateral treaties signed by EU is a relevant method to highlight the geographical priorities regarding its external relations.

However, some other agreements will also be considered because they also reflect the political and geographic priorities of the European Union:

- Regional multilateral treaties and initiatives such as the Energy Charter Treaty, signed in 1991 by EU and 51 countries.
- Other regional initiatives which complete the European Neighbourhood Policy in various domains (energy and so on).
- In any case, only the treaties signed with third countries and organisations will be considered, but no treaty between EU members.

The main source used for this study is the website of the treaties office of the European Union. We will use the “treaties office” database on the European Union official website.³ On

² See for example the Communication From The Commission To The Council And The European Parliament On Strengthening The European Neighbourhood Policy, Brussels, 4 December 2006 COM(2006)726 final. In this official document, the word integration appears 9 times. The word means that the NEP “provides a single, clear framework covering the neighbourhood as a whole in which to discuss and handle the whole range of issues between the EU and each partner.”

³ <http://ec.europa.eu/world/agreements/default.home.do>

this web site, all the bilateral treaties and agreements signed by the EU are described in detail and sorted by activity (trade, research and innovation, transport, agriculture, energy, migration, development, education and training, etc.), by partner countries and by regions. Other sources will be used in some cases, such as the website of the International Sustainable Energy Assessment which provides complete information regarding the international bilateral and multilateral treaties in the field of energy.⁴

This analysis based on cartographic representation is aimed at highlighting the geographical priorities of the European Union with respect to its external relations. We will particularly put the stress on the countries of the neighbourhood:

- Does the external action of the EU match the discourses of European officials and the discourses displayed in official documents regarding the neighbourhood? In a word, is there a European regionalism in international relations in various fields?
- Is there a coherence between the geography of international treaties signed by EU and its external action in various domains? Here, we put the question of the European *actorness* which has been addressed by many authors in various manners.
- To which extent the international bilateral treaties signed by EU have an impact of the intensity and geography of functional relations existing it and third countries and regional organizations? This is another way to address the issue of the EU's actorness.

In a first step, we will produce a synthetic map showing the global geographical distribution of international treaties and agreements signed by the EU, whatever their content, in order to represent the variable density of political cooperation between the EU and other regions and countries. In a second step, we will be more analytical: a range of maps will show the geographical breakdown of treaties and agreements signed by the EU in various fields. Doing so, we will try to represent the geographical distribution of truly binding agreements and treaties (i.e. treaties and agreements in which partner countries have real mutual obligations). In the analytical subsections of the paper, we will consider three fields (international trade, energy and migrations) in which the European Union is an actor.

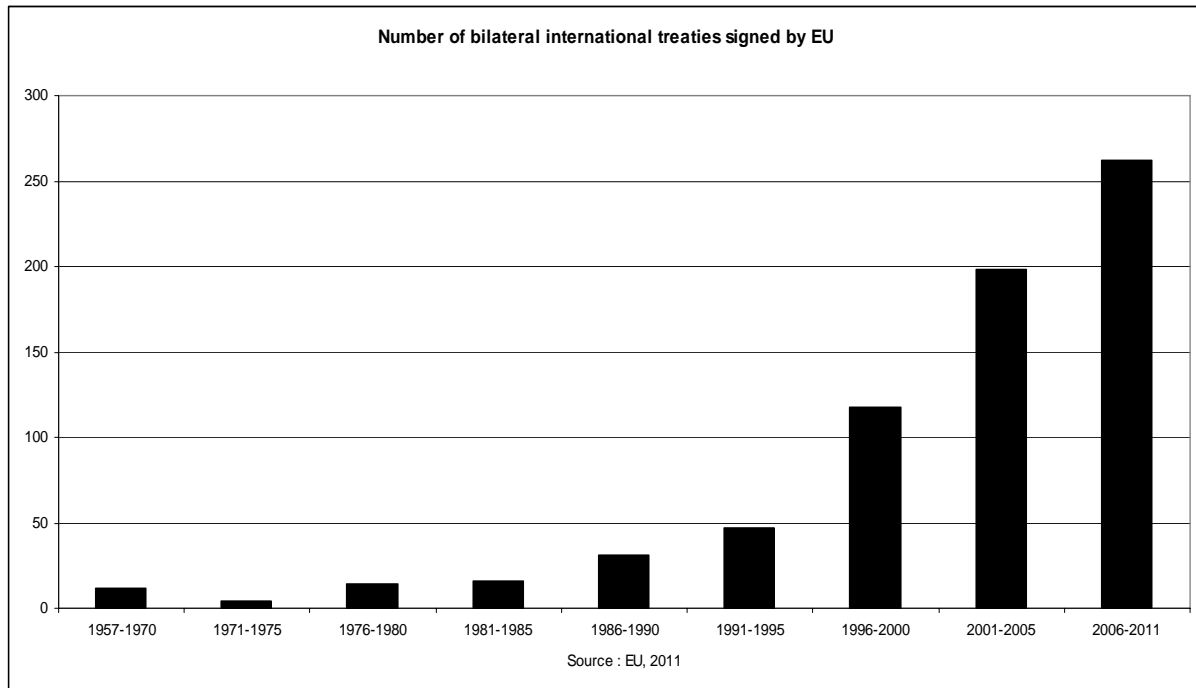
I. Is the neighbourhood visible in the external political cooperation of the European Union?

The subsequent subsection aims at describing the geographical distribution of international bilateral treaties signed by the European Communities since the 1950 down to the present time. We take into consideration all the bilateral treaties signed by the European Communities until the 1990 and then by the European Union afterwards.

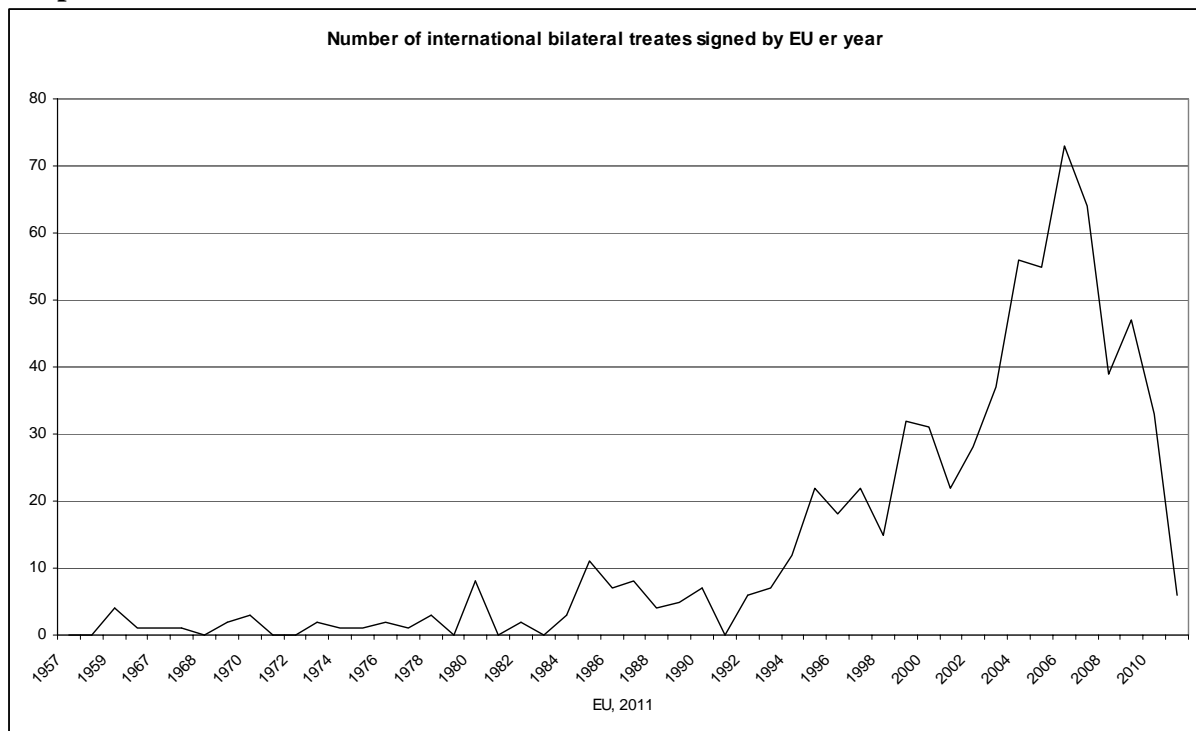
⁴ International Sustainable Energy Assessment :
<http://translate.google.fr/translate?hl=fr&langpair=en%7Cfr&u=http://en.wikipedia.org/wiki/Treaty> or
<http://cees.colorado.edu/isea/BrowseParties>

The geographical distribution of political cooperation in the world

Graph 1



Graph 2

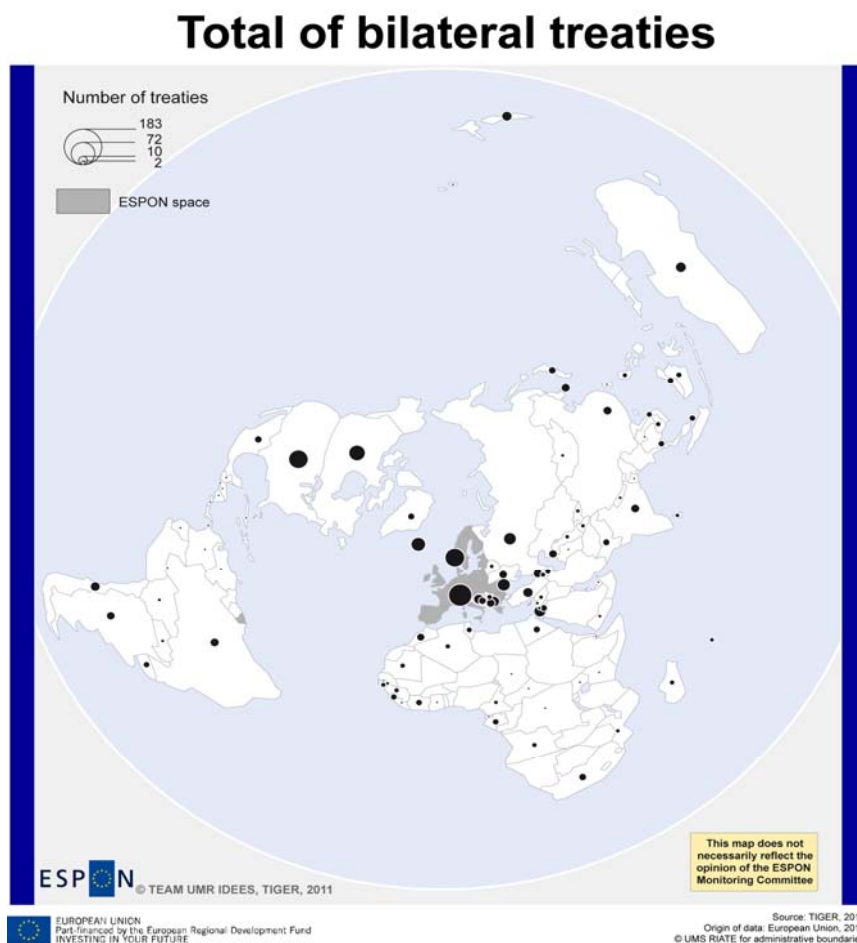


The graphs below make it very clear: the number of bilateral international treaties signed by the European Union has been steadily growing over time. The growth accelerated in the 1990. This evolution may be due to the enforcement of the Maastricht Treaty which changed the political status and nature of the EU and turned it in a more visible partner for many countries in the world. It may have been caused also by the rapidly evolving international situation after

the end of the cold war and the collapse of the USSR. This evolution made the international situation more fuzzy and uncertain and maybe pushed various countries to sign international treaties in order to bring some kind of stabilization in international affairs. Besides, many new countries appeared at this moment (namely the former Soviet republics) which also started to signed treaties.

The first map is a synthetic one as it represents all the aforementioned bilateral treaties with no consideration to the dates of signature.

Map 1: Total of bilateral treaties



Several conclusions can be drawn from this map:

- The most important partners of EU in terms of political cooperation are members of the European Free Trade Agreement: Switzerland, Norway at the first and second position, Iceland coming at the fifth. Together, these countries have 151 treaties and agreements with EU out of a total of 784 in September 2011. This situation characterised by a high intensity of political cooperation is not surprising because Switzerland, Norway and Iceland are *de facto* quasi members of the European common market, especially Norway and Iceland which are members of the European Economic Space. This confirms the hypothesis put forward by Christiansen, Petit and Tonra according to which the external frontiers of the European Union are fuzzy. It means that some non member countries are deeply connected to EU through a dense network of bilateral treaties in many domains.

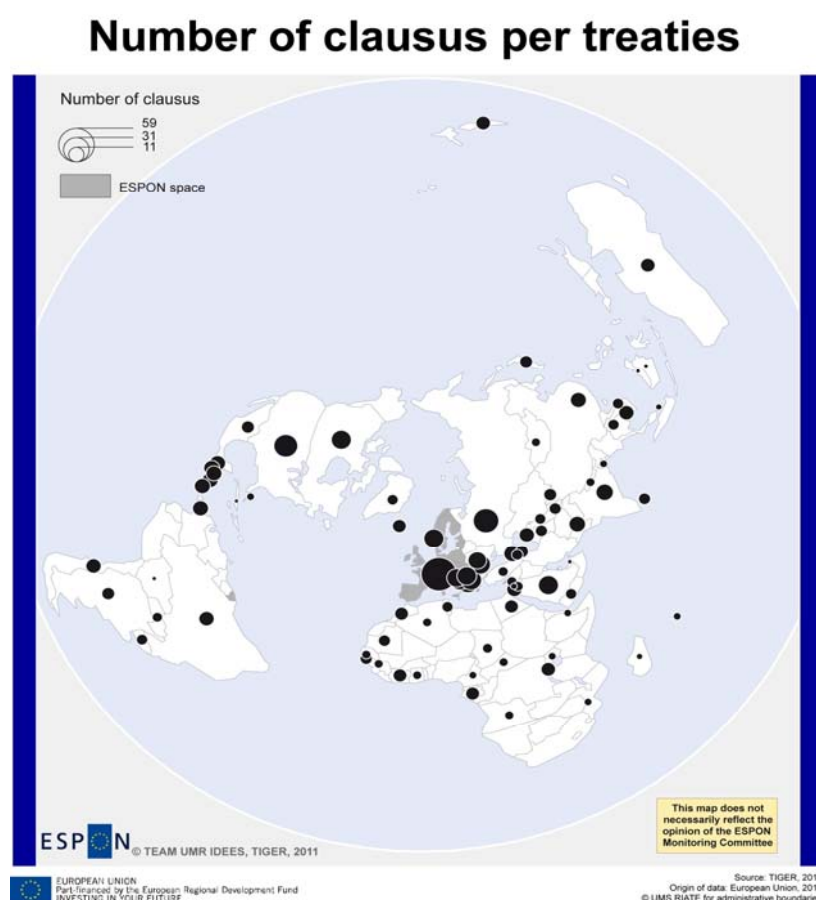
- The second most important partner is North America: Canada and USA account for 86 treaties. As a whole, the countries of the West (USA, Canada, Australia, New Zealand, Iceland, Norway, Monaco, San Marin, Andorra) account for 281 bilateral treaties, i.e. 36 % of the total, revealing the persistence of strong relations between the countries of the so-called “Occident”.
- The neighbourhood is divided: Ukraine, Russia, Belarus and Moldova form together the third most important partner with 58 bilateral treaties. But there are strong contrasts in this group: Russia and Ukraine come first with 23 and 22 bilateral treaties. Moldova and Belarus come far behind with 10 and 3 treaties. If one puts these former soviet countries together with others – Armenia, Azerbaijan and Georgia – the total reaches 78 bilateral treaties. The very low number of treaties signed by Belarus is a perfect insight into the very bad relations between this authoritarian regime and the European Union. Besides, the recent enforcement of Belarus – Kazakhstan – Russia custom union shows that the foreign policy of this country is very much oriented to Russia, although tensions also exist with this country.
- The Western Balkans comes just after with 60 international treaties for 6 countries, mainly Macedonia and Croatia. This situation is certainly due to the intensification of political relations in the framework of the pre accession process (Stabilization and Association Agreements and status of official candidate of several countries).
- Very surprisingly, the Mediterranean countries lag far behind with only 72 treaties for 11 countries. Besides, if one does not include Turkey (which is a particular position because of its membership to the European Custom Union) and Israel, the total number of treaties falls down to 39. If one takes a look at the ranking of 173 countries sorted by number of treaties signed with the European Union, the Mediterranean neighbours are not in the top list: except Israel and Turkey (8th and 12th positions), they are in 24th (Morocco), 30th (Egypt), 31st (Jordan), 44th (Tunisia), 49th (Algeria), 62nd (Syria), 78th (Lebanon), 75th (Palestinian Authority) and 116th (Libya) positions. As a matter of fact, the regional integration, based on the multiplication of treaties seems to be blocked. This situation has certainly something to do with the very limited outcomes of the Barcelona process and of the Union for the Mediterranean.
- Apart from South Africa, the African continent is clearly less connected to EU than more distant regions such as Central and a part of South America, or South Asia (Malaysia, India).

As a whole, the share of the neighbourhood in the total number of international bilateral treaties is pretty high: 46% in September 2011. But this percentage is biased by Norway, Switzerland and Iceland. Without these three quasi EU members, the number of treaties falls to 193, i.e. roughly 24%: 7% for the Mediterranean countries, 8% for the Western Balkans, 10% for the Eastern neighbours including Russia. Last, if one considers only the neighbour countries eligible to the neighbourhood policy (without Turkey, Russia and Western Balkans), the percentage reaches only 17%.⁵ Such a low percentage should make us very cautious with respect to the status of the neighbour which is often presented as a priority of the EU in external relation documents and publications. It can be interpreted in several manners and it: (1) the “NEP neighbourhood” is a priority only in the official discourses and EU does not pay very much attention to this region; (2) the neighbourhood is really a priority but EU has not yet been able to deepen its relation with several neighbour countries, revealing the temporary failure of the neighbourhood policy.

⁵ 9% of the bilateral treaties for the 11 Mediterranean countries (including Turkey), 10% for the 7 Eastern neighbours, 8% for the 6 countries of the Western Balkans, 19% for the 4 countries of the EFTA.

Certain international bilateral treaties include particular clauses which add special provisions. These clauses set particular obligations regarding the implementation of the treaty or many other things which are not necessarily directly connected to the topic targeted by the treaty itself.⁶ These clauses have been listed on the web site of the treaties office of the European Union. We have built a chart containing all the clauses in the bilateral treaties signed by EU. In a second step, we have added them up. All the countries and regional organizations have been finally sorted according to the number of clauses included in the treaties which connect them to the EU. This method is based on a simple hypothesis: the more there are clauses in the treaties signed by a country with the EU, the more these treaties set obligations, sometimes mutual obligations and the more the two parties are engaged in a process of integration.

Map 2 : Number of clauses per treaties



According to this criterion, Switzerland is once more very much connected to Europe, with almost 60 clauses, before Russia, Montenegro, USA, Albania, Bosnia, Macedonia, Ukraine, S Korea, Norway, Canada, Croatia, Serbia, Moldova and Georgia. Once more, the eastern neighbourhood looks very much connected to EU, far before the Mediterranean countries. Israel comes at the 25th position and then Morocco and Egypt (33rd and 34th), Tunisia (53rd), Jordan, Lebanon, Turkey, Algeria (61st, 62nd, 63rd and 71st). There are no special clauses in the

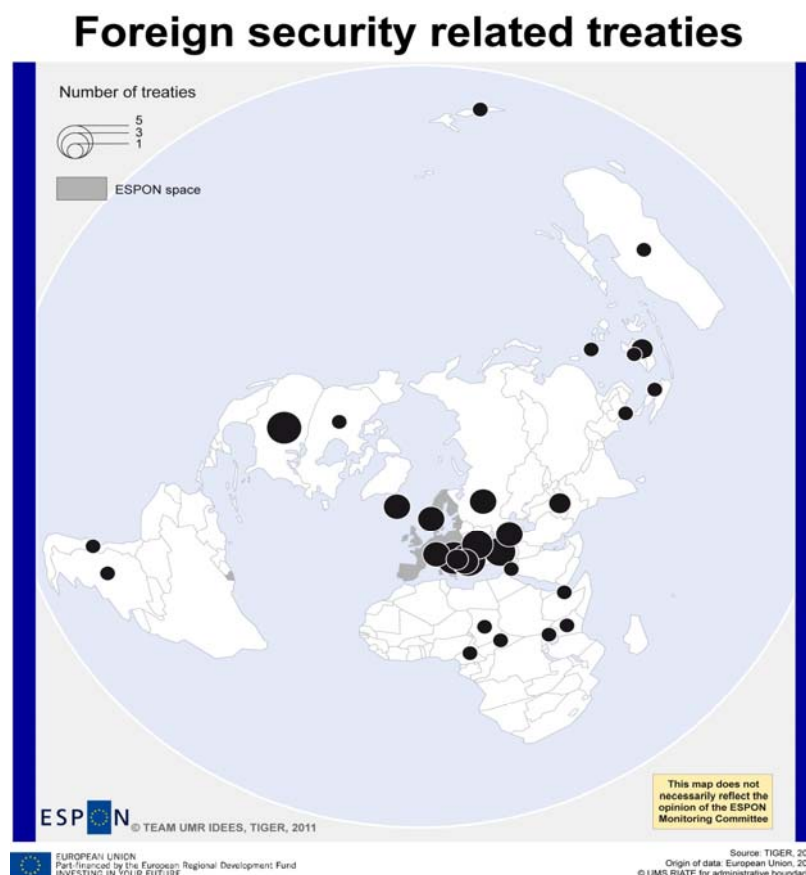
⁶ Suspension human rights clause, anti-terrorism clause, most favored nation clause, entry into force conditions clause, evolutionary clause, human rights clause, non-affectation clause, ratification clause, readmission clause, REIO clause, settlement of disputes clause, shortage clause, suspension clause, territorial application clause.

treaties signed by very reluctant neighbours like Belarus, Libya and Syria. This confirms the main results of the prior subsection: western Balkan countries, eastern neighbours and Western countries are much more connected to EU in terms of political cooperation than the Mediterranean neighbours. The intensity of the connection is particularly clear when it comes to the entry into force clause with the following top 15: Switzerland, USA, Russia, Norway, Ukraine, Albania, Canada, Montenegro, Croatia, Bosnia H., Macedonia, South Korea, Serbia, Australia and Moldova.

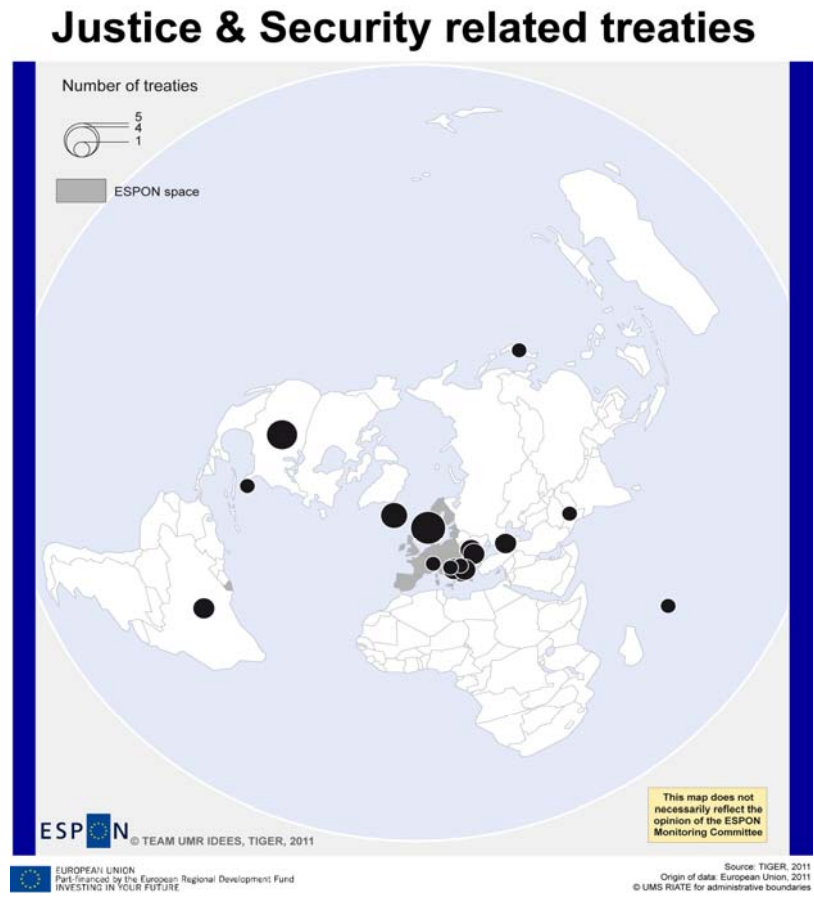
A geographical specialization by domains

This subsection is more analytical. Once we have had a look at all the treaties on the same map, it is necessary to examine their geographical distribution by domain. What is the share of the neighbourhood in the bilateral treaties signed in various domains? Are there geographical specializations? This question can be divided into two subquestions: what is the share of neighbour countries in the bilateral treaties signed in various domains? What is the breakdown of treaties by domains in the neighbourhood and to which extent this breakdown is different from the rest of the world?

Map 3: Foreign security related treaties

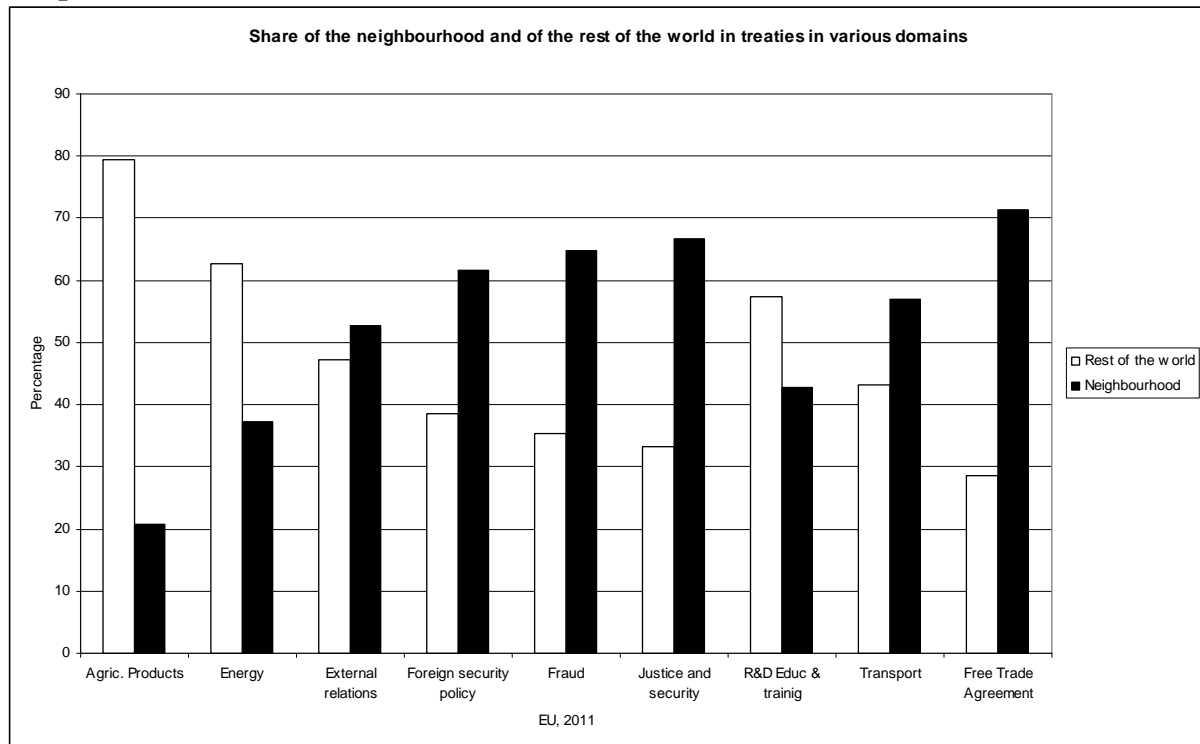


Map 4: Justice and security related treaties

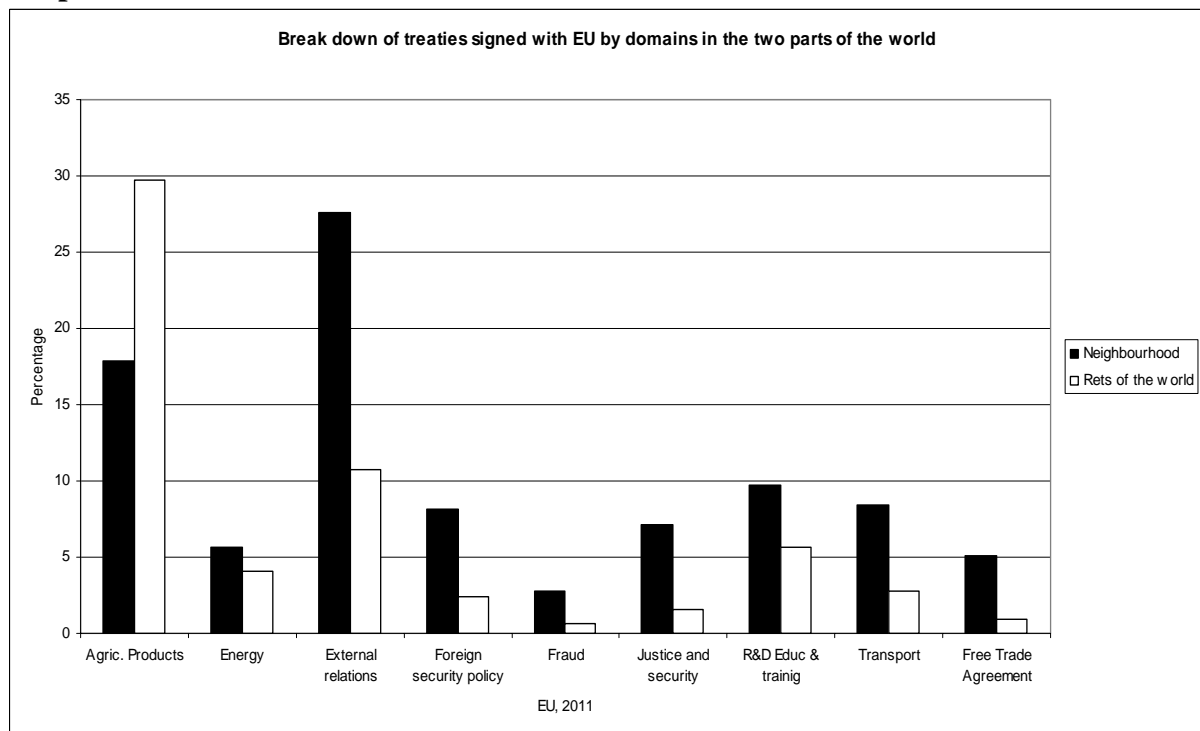


The neighbourhood countries have signed the majority of bilateral treaties in several domains: external relations, foreign and security policy, fraud, justice and security, transport, free trade agreement.

Graph 3



Graph 4



This remark is confirmed by the existence of regional patterns of political cooperation. The share of various domains is not the same in the neighbourhood as in the rest of the world. In the neighbourhood, the relative weight of “external relations”, “foreign security policy”, “justice and security” is higher, as well as the relative weight of “Free trade” (in the rest of the

world, EU signed mainly Preferential trade agreements which are not free trade agreements), “R&D + Education” and “Transport” agreements.

These graphs confirm the importance of the security issue when it comes to the relations with the neighbour countries. For instance, 59% of bilateral treaties in the field of fraud and 26% in the field of justice and security have been signed with the Western Balkan countries. In the eastern neighbourhood (including Russia), the stress is put on energy (19%), foreign and security policy (19%), external relations (15%), justice and security (14%).

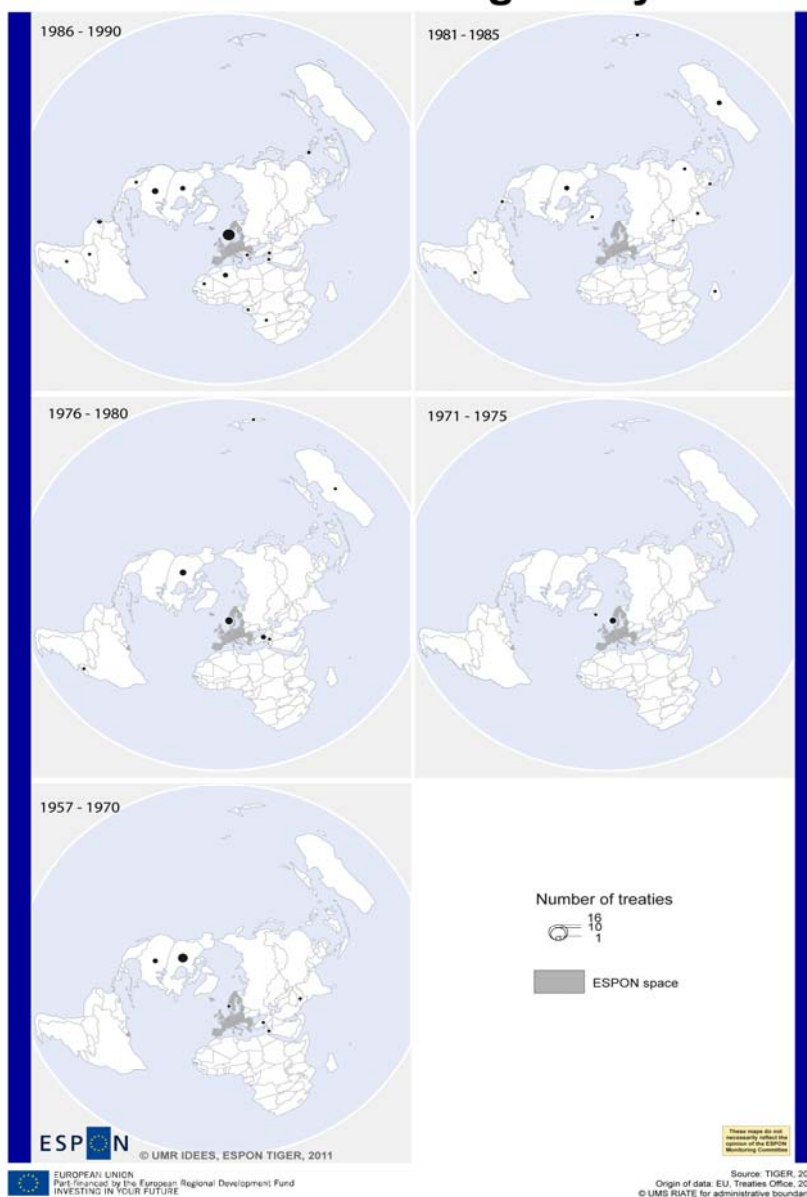
A geohistory of bilateral treaties: The emergence of the neighbourhood

The European Communities have started to sign international treaties in the 1957. It is possible to map the treaties signed according to the year of signature with all the countries of the world. In a first step, we have built a database providing this information. As it was already done above, in a second step the dates of signature have been grouped by periods of 5 years: 1957-1970, 1971-1975, 1976-1980, 1981-1985, 1986-1990, 1991-1995, 1996-2000, 2001-2005 and 2006-2011. A map has been realised for each period with the top 20 list of countries according to the number of treaties signed in each period.

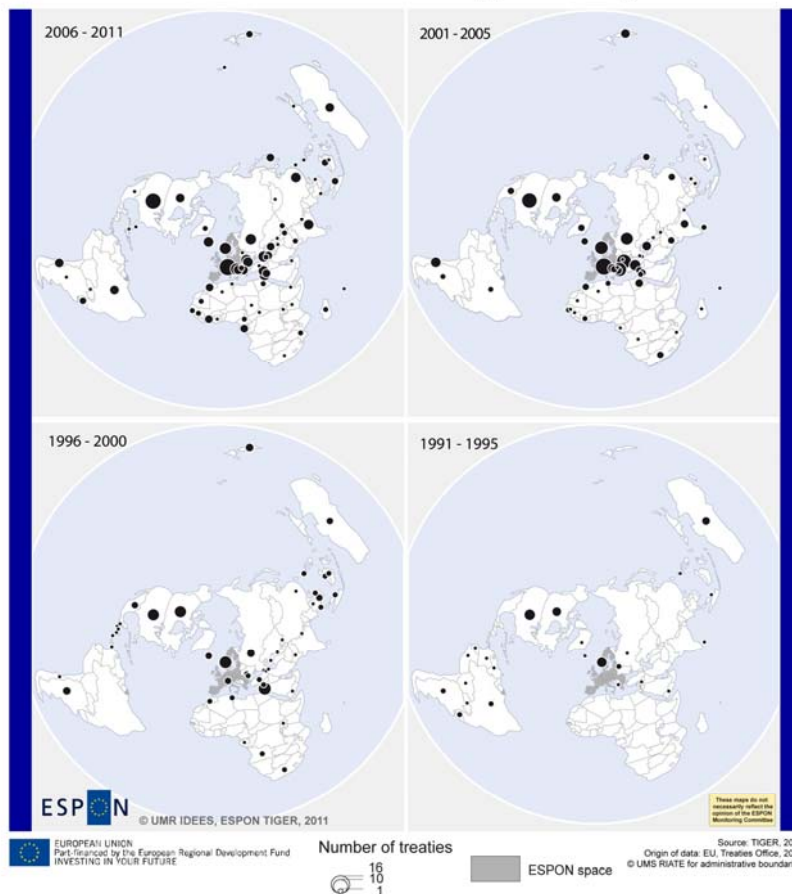
When one compares these 8 periods, the importance of the neighbourhood is growing. The neighbour countries are more and more numerous in the top list as time goes by over these decades: only 5 countries in 1957-1970 and 14 in 2006-2011. This reveals a regionalization trend based on the intensification of political relations between EU and the countries of the neighbourhood. However, the trends are not the same for all the parts of the neighbourhood. Once more, the intensification of political relations is clear in the East (Russia, Ukraine, Moldova), except for Belarus whose relations with EU have been continuously strained for years. Besides, the political cooperation with the Western Balkans countries is also getting stronger. On the contrary, the Mediterranean neighbourhood is generally far behind especially in the last period, except for some countries from time to time. Just as if the Mediterranean Sea was a strong political limit, hampering the regional integration.

Maps 5 and 6: Bilateral treaties signed by EU

Bilateral treaties signed by EU



Bilateral treaties signed by EU

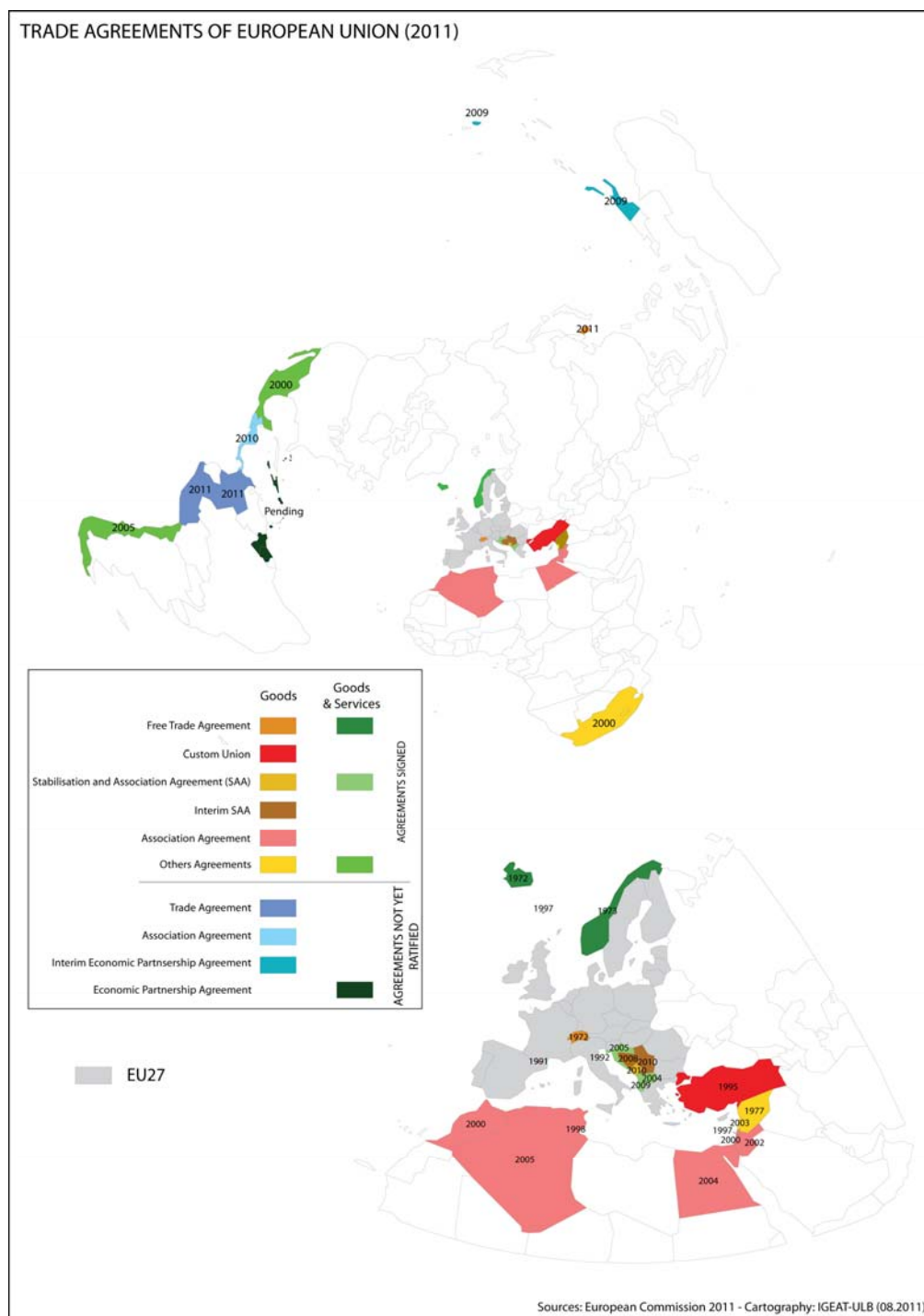


II. International trade agreements. Regional strategy or not?

Less regional, more global

The European Union has signed several free trade agreements since the beginning of the 1970. The map shows that a majority of these agreements covering the trade in goods were signed with neighbour countries: EFTA countries in a first step: Switzerland, Iceland, Norway; other small states of Western Europe: San Marin and Andorra, plus Feroe islands ; Mediterranean countries since 1995 (Turkey) and 2005 ; Western Balkans countries since 2005 to 2010. Almost all the countries of the neighbourhood are now linked to EU by free trade agreements. And some of these agreements are included in broader agreements: custom union with Turkey, San Marin and Turkey, association agreements with Mediterranean countries, stabilisation and association agreements with Western Balkans countries. Some are also combined with treaties covering the international trade in services.

Map 7: Trade agreements of European Union (2011)



Contrarily to what was said above, the southern neighbours are more connected to EU than the eastern ones: there no agreements signed with former soviet republics, neither with Libya and Syria. The absence of agreements with the eastern neighbours is partly due to the fact that Russia is not a member of WTO and tries to hamper the European influence in its traditional area of influence: the enforcement of the union custom with Belarus and Russia render potential negotiations of EU with these countries more difficult on an individual basis. Besides, it seems that EU has turned its view to other parts of the world. Trade agreements were signed in 2000 with Mexico and South Africa and this trend has been confirms in the

most recent years. New FTA were signed in 2003 and 2005 with Chile, in 2009 with Papua New Guinea and Fiji (and economic Partnership Agreements with Cote d'Ivoire and Cameroon), in 2010 with Cariforum (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Christopher and Nevis, Suriname, Trinidad and Tobago; not into force yet) and the Central American countries (not into force yet), and finally in 2011 with South Korea, Peru, Colombia. We can propose several interpretations for this trend: now that EU has signed FTA with almost its neighbours, the European Commission negotiates with more distant countries; considering the considerable difficulties to sign a comprehensive free trade regional agreement involving all the countries of the neighbourhood, EU prefers to launch bilateral negotiations with other countries. This method is advantageous because EU can more easily impose its preferences to a single country in a bilateral negotiation.

This “deregionalisation” trend is confirmed by the geography of the most recent negotiation for not yet signed treaties: beside Syria, Libya, Ukraine and Caucasian states, there are ongoing negotiations with Mercosur, Ecuador, Bolivia, the countries of the Arabic peninsula (except Yemen), India, Bangladesh, Asean. The targets of the European Union external trade policy are more and more diverse (often developing countries) and more distant.

EU is not the only big economic power which adopted this non regional approach which is a reaction to the crisis of the WTO inside which multilateral decisions (necessarily based on the consensus of all the members) are really difficult to make. United States do the same. They have signed bilateral treaties with various American countries (Nafta, Central American States, Peru, Chile) and more and more with non American countries: Morocco, Oman, Israel, Jordan, Bahrain, Singapore, Australia, South Korea (pending). Other possible free trade agreements are envisaged with many other countries or regions: EU, Taiwan, Mozambique, Ghana, Qatar, countries of South East Asia, etc.

No agreement with big players. Why?

Surprisingly, EU has signed no bilateral treaties with the other great commercial powers for various reasons:

- Japan is characterized by the impenetrability of its domestic market (Bretherton and Vogler, 2006). Very little efforts have been made so far by the two parties to sign commercial agreements in spite of a continuous dialogue. Bretherton and Vogler state that the relation is based on mutual indifference and it is not likely to change in the near future: Japan has no geopolitical interests in Europe and the contrary also true. Besides, the structure of Japan's production and exports is to a certain extent complementary to that of Europe (computers, electronic devices, etc.). This explains that without any agreement, Japan is the third commercial partner of EU, after the USA and China.

- There are many subjects of disputes between China and Europe: recently China was not granted the status of market economy by EU; the Chinese domestic market is not really opened... China pursues its own national interests. It does not really want to sign a free trade agreement with such a powerful partner as EU in order to maintain its actual favourable situation. Besides, the European Commission won't be able to launch any trade negotiations with Beijing as long as there is no common position of the EU member states on that topic.

- For a long time, the negotiation of a free trade agreement was not considered a priority on both sides of the Atlantic Ocean: USA is already the first economic partner of EU (exchanges of services, of goods and investments) and the contrary is also true; the customs duties are already very low; there are many trade and apparently insoluble disputes in various domains (mutual accusations of public subsidies to Boeing and Airbus, trade of genetically modified agricultural goods and food and other trade conflicts) but they concern only a very low share of mutual exchanges. More importantly, nothing in the world order really gave an impetus to such negotiations. But the situation has changed

because of the emergence of China as a world serious competitor. This may encourage the USA and the EU to come up to an agreement in order to loom larger in negotiations with China and other emerging powers. The idea of a free trade agreement was proposed in 2007 and it was in the agenda of the last EU-US summit at the end of 2011.

Visibility of the EU's actorness in the international trade domain

This subsection addresses the *actorness* of the European Union in the field of international trade. Various authors have studied the concept of *actorness*, applied to EU and came to the conclusion that the level of actorness is associated with presence, visibility, coherence, convergence and autonomy (Bretherton, Vogler, 1999; Caporaso, Jupille, 1998; Petiteville, 2002; Smith, 2003; Helly, 2005; Helly & Petiteville, 2005). We try here to study the ideas of coherence and visibility. We assume that level of *actorness* of EU is determined by the coherence between its external actions and presence. We put then several questions:

- Is there a geographical coherence (resemblance) between the external actions of in various domains: international trade cooperation and official development assistance for example? We can compare the geography of FTA signed by EU and the geography of its action as a major development assistance donor.
- Is there a coherence between the geography of its *de facto* functional relations with third countries and regional organizations and the geography of its political cooperation? We can then compare the map of FTAs and that of FDI made by European firms in third countries.
- We can also compare the level of efficiency of the FTAs by checking the consequences of these treaties on the intensity of international bilateral trade now and over time.

To be efficient, the EU's external policy in trade must be in line with other forms of external actions. This largely covers the criteria of cohesion, presence, and effectiveness. Here, we precisely test whether development aid is in line with the trade agreements signed by the EU. What can be said when we cross the existence of trade agreement with data of development aid?

First, by far, the Western Balkans and Turkey, which are deeply integrated in the European market (Turkey is part of the custom Union while former Yugoslavian republics have different types of agreements with the EU), receive the largest amounts of aid by the European Commission. As a result, nearly 41% of all aid received from 2008 to 2009 come from the EU; this does not include the aid given by EU members.

Concerning all other neighboring countries, the paradox is that aid is higher where there is no trade agreement. However, this is mainly due to the high level of aid given to Palestinian-occupied territories. However, when excluded, the aid remains slightly higher for countries where there is no trade agreement with the EU (primarily the Ukraine, Belarus, Caucasian Republics, and Libya). As shown in the previous section, the absence of trade agreements with the Eastern neighborhood does not mean that this part of the world is not a priority to the EU. As indicated by the high level of aid, this absence reflects their resistance to sign trade agreements and integrate fully into the EU economic system. Concerning countries that have signed trade agreements (i.e., Moldova, Northern Africa except Libya, Lebanon, Jordan, Syria), they also receive significant aid and the share of aid given by the EU is very high. However, we find in both types of countries, significant differences from one country to another. Among countries that have signed agreements, Moldova receives the largest amount per inhabitant; again this indicates the large interest of the EU for the Eastern neighborhood. In contrast, Algeria and Syria receive very small amounts of aid.

Finally, beyond the neighborhood area, we observe important differences in the amount and share of aid given by the EU, as based on the existence of a trade agreement. Developing countries that have signed trade agreements with the EU receive more aid per inhabitant and EU represents a larger part of the aid they receive. This difference may be explained in different ways, but at least gives some credit to the coherence of the external policies implemented by the EU.

To conclude, we find that both distance and the existence of trade agreements are essential factors to explain the amount of aid given by the EU to developing countries as well as the share of the EU in the total aid they receive. Only in the Eastern neighborhood are high amounts of aid not related to the existence of free trade agreements. This correlation certainly illustrates the coherence of the EU's actions in both areas (trade and aid policies); however, cannot be interpreted in causal terms because they are both the result of political decisions of the EU and its capacity to implement this policy in the different parts of the world.

Table 1: Development aid of the European Commission for developing countries, by group of countries and trade agreement, 2008-2009

		Total Aid per inhabitant (\$/hab)	Share of the EU in the aid received (%)
Neighbourhood 1		23,1	40,9
Neighbourhood 2	With trade agreement	6,4	17,9
	Without trade agreement	14,5	12,1
	idem without occupied territories	7,1	8,1
Rest of the world	With trade agreement	3,9	9,0
	Without trade agreement	1,2	7,2

Note: Neighborhood 1 includes Turkey and the Western Balkans; Neighborhood 2 includes all other countries considered under the EU's neighborhood policy, plus Russia and the three Caucasian Republics.

Sources:

- Development aid: Roodman, 2011
- Commercial treaties: FTA database, EU

Focusing on trade, we assess the complex relation between the trade influence of the EU (functional links) and its external political actions in the trade area. Therefore, we test whether the geography of trade agreements are in line with the geography of trade by the EU. More decisively, we attempt to test the impact of trade agreements on trade relations by assessing whether the signature of such treaties have significantly impacted the trends in trade with these countries. In other words, does the EU trade policy produce some reality? This questioning relates to the criteria of opportunity, by assessing whether the EU's actions are shaped by structural trends and effectiveness, by assessing whether the EU has the capacity to reshape these trends.

On the same basic divisions used in the previous section, we test whether trade agreements are in line with EU trade relations. To begin, despite their strong links with the EU's economy, we observe a decline in the influence of the EU in the Western Balkans and Turkey. This has occurred despite the signature of trade agreement treaties; notably the integration of Turkey in the Custom Union in 1995. However, this first neighborhood shows, by far, the highest shares of trade with the EU.

Concerning the rest of the neighboring countries, the situation is paradoxical because we find, in 2007, a higher share of trade and higher amount of trade per inhabitant with those countries that have not signed a trade agreement with the EU. This must be understood as a shift toward the East in terms of trade. In contrast, despite the signature of trade agreements between 1997 and 2007 with all Northern African and Near East countries (except Libya and Syria), the share of the EU in their trade have dramatically decreased.

As for the rest of the world, we observe a large difference between those countries that have signed trade agreements with the EU and those that have not. The former are much more dependent on the EU than are the others. However, we must note that, despite the fact that most trade agreements have been signed between 1997 and 2007, the share of the EU in the trade of these countries declined during this period, while it has remained stable with countries that have not signed any bilateral trade agreement with the EU. Hence, it seems that the EU has signed agreements where its commercial influence is the most developed, in return, these agreements have not had a significant impact on the trade relations of those countries with the EU.

Table 2. Trade between EU and partners, according to the existence of a trade agreement and the type of neighborhood.

		Share of the EU in countries trade, 1997 (%)	Share of the EU in countries trade, 2007 (%)	Total trade with the EU, 2007 (\$ per inhab.)
Neighbourhood 1		63,1	56,0	2055,3
Neighbourhood 2	With trade agreement	54,4	42,4	882,2
	Without trade agreement	41,0	44,9	1474,3
Rest of the world	With trade agreement	34,5	30,9	1260,6
	Without trade agreement	19,0	18,5	440,4

Note: idem

Source:

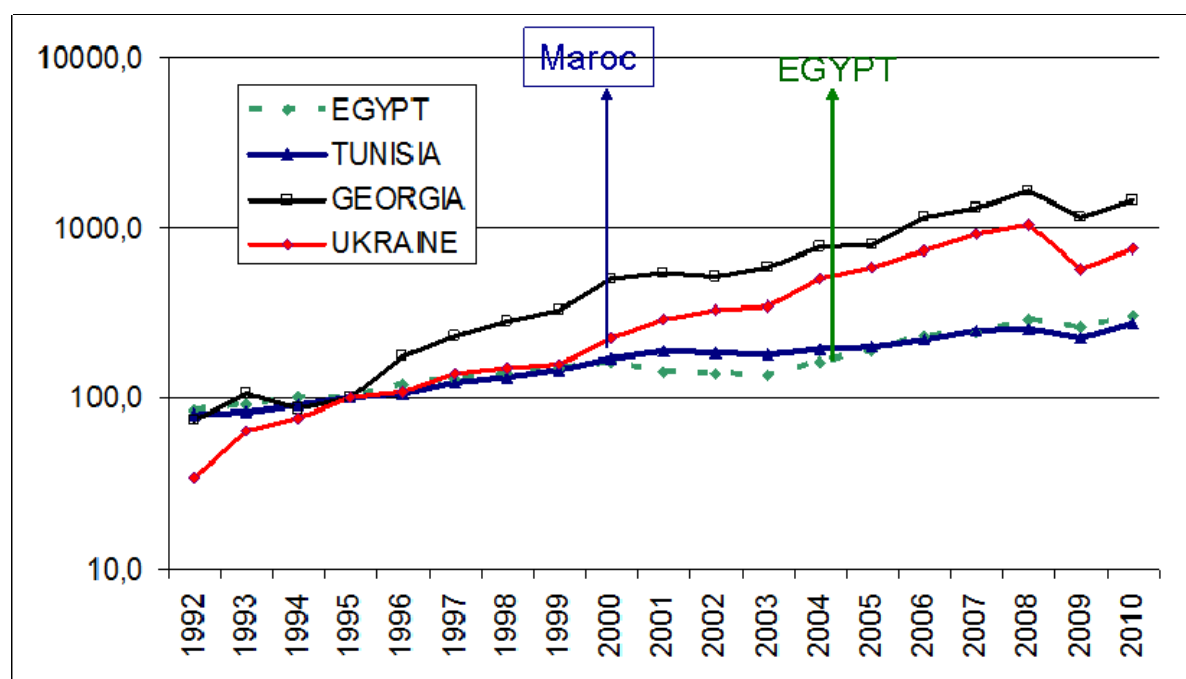
- Trade data: IMF, 2011

- Commercial treaties: FTA database, EU.

The weak impact of trade agreements on real flows with the EU is confirmed when assessing countries one by one. Figure 3 shows examples of Morocco and Egypt, who have signed a trade agreement with the EU and the Ukraine and Georgia who have not. We observe that the growth of trade has been much lower for the former. Moreover, trade flows between these

countries and the EU stagnated after trade agreements were signed. Indeed, there has been no exception to this trend; all neighboring countries that have signed a trade agreement have demonstrated slower growth of trade with the EU than those that have not signed, even when Libya, the only southern neighbor that has no trade agreement with the EU, is considered. Despite the latter exception, this trend reflects, as already suggested, a shift toward the East of the European trade and economic relations.

Figure 3. Evolution of trade volume between the EU and some neighboring countries, 1992-2010. Trade volume in 1995 = 100



→ Date of signature of trade agreement with the EU

Source: Comtrade (Eurostat, 2011)

III. Cooperation in energy. Looks like regionalism but it is not

The European Union is one of the biggest importers of energy in the world, because of the exhaustion of its own natural resources and because of its economic and demographic size. EU imported 45% of its energetic resources in 1997 and 53% in 2007, probably 70% in 2020. The level of external dependency is higher for oil (83% in 2007) than for natural gas (60%) and coal (35%). These energetic resources represent respectively 36%, 24% and 19 of the total final energy consumption of the European Union.

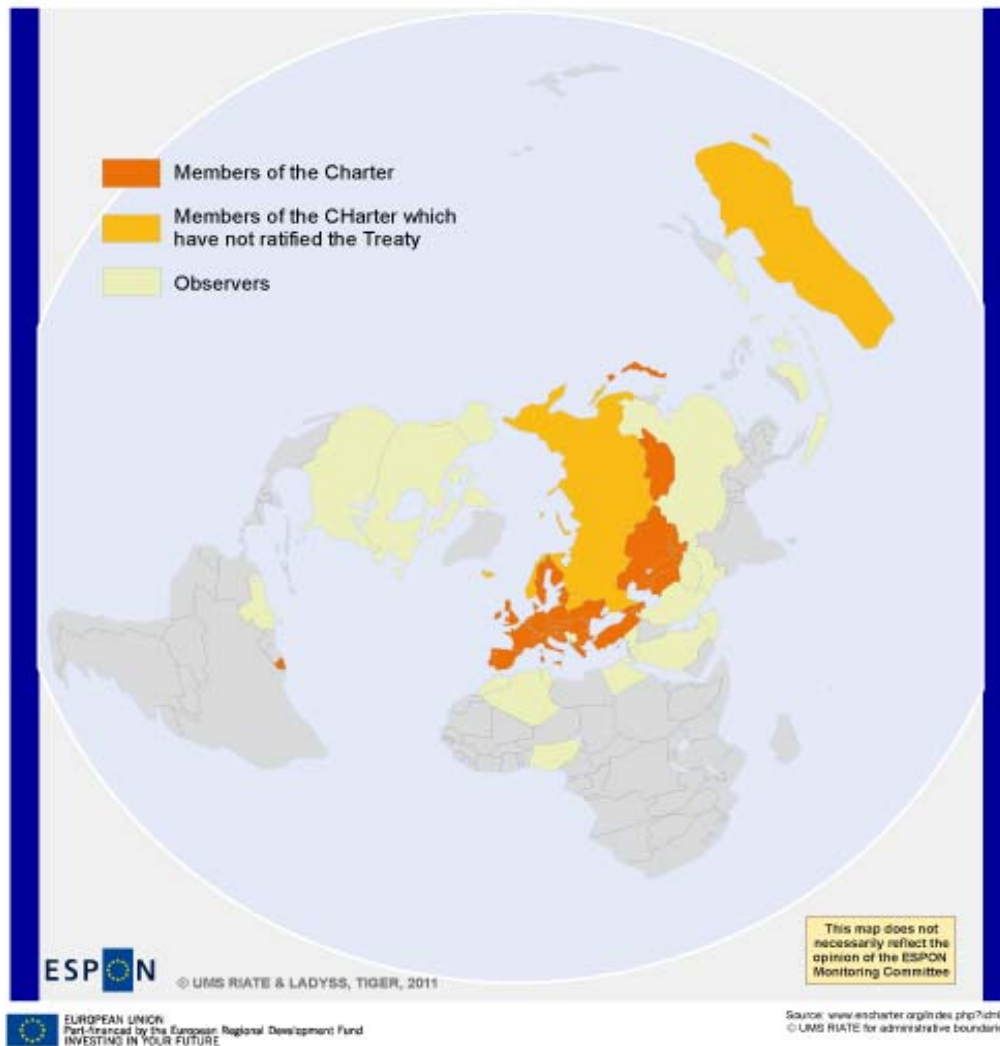
It is then obliged to secure its energy supplies. To this purpose, EU is used to applying in external relations the same method as in its internal affairs: setting legally binding conditions by signing international treaties with suppliers. The international treaties are supposed to create stable conditions and to make the behaviour of the partners more secure and predictable on the long run. Two kinds of partners are targeted by these treaties: suppliers and transit countries. Ideally, EU tends to disseminate the regulation of its own internal market in a wider geographic ensemble that includes EU and several neighbour countries. This is one of the aspects of the so-called process of integration which is often underlined by the references documents of the neighbourhood policy.

Most of the major world oil and natural gas producers are situated in the outskirts of the European Union. Almost 70% of the oil proved reserves and 80% of natural gas reserve are located in a geographical zone which includes the former USSR, Northern Africa, Norway and the Middle East. But this region is chronically unstable. And several neighbour countries a major transit countries (Ukraine, Belarus, Turkey). Besides, the natural gas market is not yet global, contrarily to the oil market, because of technical and prices constraints. The major part of the natural gas imported by EU comes from neighbour countries through gas pipes. In 2009, 70% of the natural gas imported by EU came from Russia, Algeria, Norway and Qatar. And 80% of oil came from North Africa, Middle East and former USSR. Consequently, EU and neighbour countries are more and more interdependent. This situation urges EU to carry out various regional initiatives: initiatives for oil and gas transport and imports with producing and transit countries.

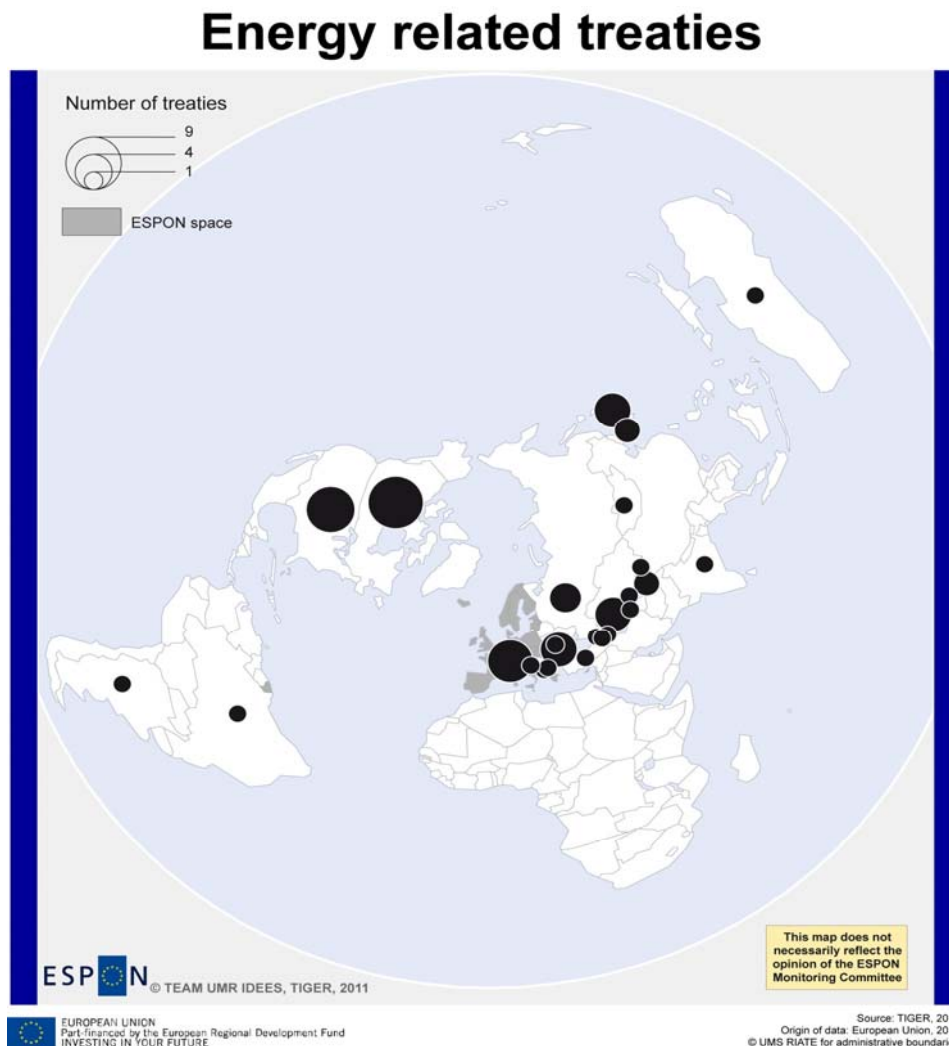
Regional cooperation of EU in the field of energy

The objective of the energy partnerships signed by EU is threefold: to secure the energy procurements at affordable prices, to protect the environment, to guarantee sound competition on the European energy market. In this context, the energy relations with the neighbourhood deepened in several steps:

- June 1990: the European Community decided to establish a regular cooperation with EEC and former USSR countries in order to support their transition.
- In 1991, signature of the European Charter of Energy by 51 countries, plus the European Communities. The parties committed to develop the cooperation in the field of energy. Nevertheless, this document is not legally binding. It only sets a framework of cooperation and declarations of intention.
- In 1994, signature of the Treaty on the Energy Charter. This document is much more restrictive because it sets many mutual obligations and legal guaranties between the parties. The objectives are: stable conditions of the investors (one of the highest level of protection in international law), generalization of the most favoured nation clause, facilitation of energy transit, settlement of disputes between States and investors (arbitration, possibility to bring a case to an international court if one party thinks that the treaty is violated), establishment of common norms on a common legal basis.

Map 8: Energy treaty charter**Energy Charter Treaty**

- The Northern dimension includes an energy strand and it was reformed in 2006. Its provisions spread over a large area from Iceland to north-western Russia.
- Creation of the European Energy Community in 2005, aiming at establishing a common market for electricity and gas and increasing the security of supplies in south eastern Europe. This treaty involves all the EU members, plus several neighbour countries: Albania, Bosnia and H., Croatia, Macedonia, Serbia and Kosovo. The parties commit themselves to abide by a common legal framework based on the *acquis communautaire* in the fields of energy, environment and competition. All the involved non EU members are de facto included in the common energy market.

Map 9: Energy related treaties

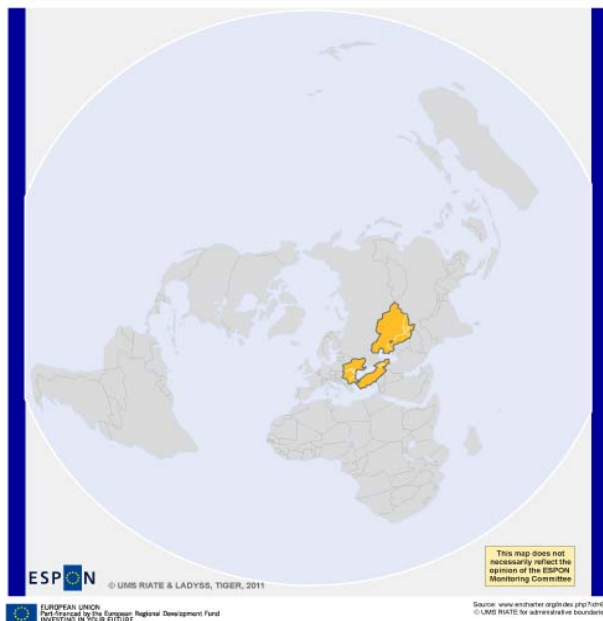
In a second step, EU has tried to strengthen this regional energy policy:

- In 2006, Mrs. Ferrero-Waldner proposed to enlarge the principles of the Energy Charter to the Gulf countries. And even before this, in 2003, an energy initiative had been launched in the framework of the Mediterranean partnership: Algeria, Morocco and Tunisia had signed draft agreements in order to progressively the European electricity market. On this occasion, the European Commission presented the project of Energy Community with the Maghreb countries. More recently, a draft agreement has been signed with Iraq (January 2010).
- This agreement completes the Iraq – EU partnership and cooperation agreement which contains several provisions related to energy.
- Enlargement of the Energy Community: in 2006, accession of Moldova, Norway, Turkey and Ukraine with the status of observer, last step before full-fledged membership. In 2009, EU granted full-membership to Ukraine and Moldova.
- The Baku Initiative was decided in November 2004 by the European Commission and the Black and Caspian Seas Countries (Azerbaijan, Armenia, Bulgaria, Georgia, Kazakhstan, Kirghiz Republic, Moldova, Romania, Tajikistan, Turkey, Ukraine and Uzbekistan). Iran and Russia are observers. This initiative is based on the following

principles: to support the development of the regional energy market, to attract investments for the construction of new infrastructures, to implement more efficient energy policies, to proceed to a deeper integration of national energy markets. The objective is the creation a energy bridge between EU and the energy resources of Central Asia (approximation of legislations, possibility to merge this regional market in the European energy market).

Map 10: Baku initiative

Baku initiative



- Creation of the Black Sea Synergy: this regional forum includes an energy strand. It is supposed to facilitate the dialogue between producing, transit and importing countries, to promote the harmonization of national laws and regulations, to permit the enlargement of the Energy Community (enlargement of the *acquis communautaire*) to help construction of energy infrastructures.

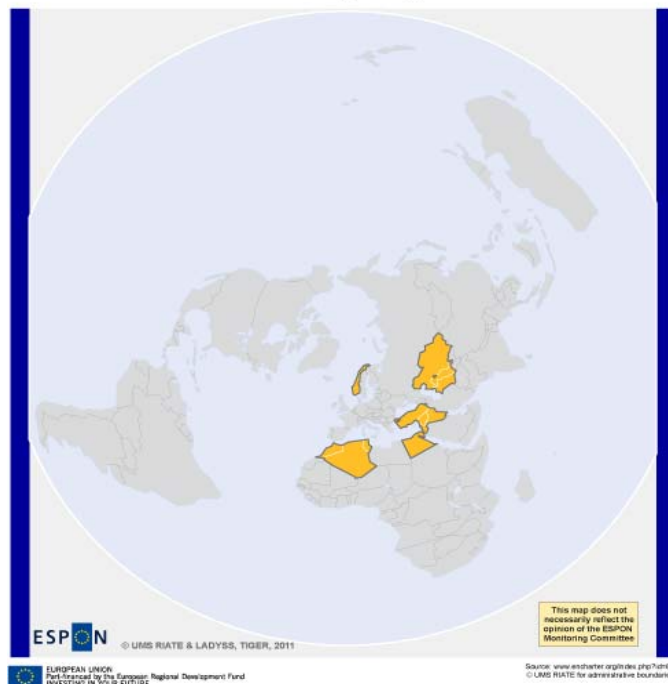
Map 11: Countries participating to the Black Sea Synergy



- EU Russia Energy dialogue launched in the 1990s which revealed the existence of an agreement of the parties on general principles: more security, more transparency, development of a mutually advantageous partnership, fluid transit of resources, etc.
- Memoranda of understanding were signed with several eastern neighbours showing the will of EU to foster the cooperation in the field of energy: Azerbaijan and Kazakhstan in 2006, Turkmenistan in 2008. Another MoU was signed with Ukraine which looks like with that of Azerbaijan. It proposes a step by step integration of Ukraine in the common European energy market: implementation of the *acquis communautaire* in energy, environment, competition (legal approximation), creation an independent regulation authority, unbundling of the energy chain (production, transport and distribution), modernization of the connexions with the European electricity network.
- Memoranda of understanding have also been signed with Mediterranean countries.

Map 12: Energy memorandums of understanding signed with EU

Energy Memorandums of Understanding Signed with EU



All these initiatives prove that the European Commission is pretty single-minded with a spectacular continuity in energy external action whereby EU tries to disseminate its own norms, regulations and preferences. However, the outcomes of this policy are generally thin and fragile. EU has very accurately perceived the limits of its wider functional neighbourhood in this particular field (expanding to the Gulf and to Central Asia) but this region is still very far from the implementation of the *acquis communautaire* because most of the agreements signed are not legally binding. In the place of an integrated ensemble, there is a West-East gradient with decreasing levels of commitment and obligations:

- The level of integration is the highest in the Balkan countries because these countries are engaged in an accession process.
- It is also relatively high in Moldova and Ukraine because the Energy MoU signed by EU with this country is intertwined with many other agreements which are aimed at deepening the relations of Ukraine with EU in view of a possible accession (in an undetermined future). The MoU is coherent with the advanced association agreement under negotiations since 2007-2008. This framework sets real obligations for Ukraine because this country aims for an accession in EU. If it does not fulfil its obligation, the possible accession process can be hampered. Even if EU assumes that the approximation of Ukrainian laws with the *acquis communautaire* are not proceeding at a good pace, the negotiation process has already had some outcomes (application of the directive 2003/55/EC, end of negotiation of the enlargement of the Energy Community in October 2009, increase of gas prices on the internal market). Nevertheless, the institutions in charge of the management and regulation of the energy sector in Ukraine have not gained a real independence yet (namely Naftogas) and the natural gas storage capacity is still insufficient.
- The preamble of the MoU signed with Azerbaijan assumes that this country should enter the European energy space by implementing progressively the *acquis*

communautaire, plus particular technical and environmental norms. The MoU is in line with the principles set by the neighbourhood policy and it is coherent with the action plan. However, this country is much less connected to Europe in terms of political cooperation. Azerbaijan does not plan to access to EU. The implementation of the MoU is more based on the principle of good will than on real obligations and legal constraints: « Azerbaijan will endeavour, where necessary, to create or strengthen the role of institutions for the operation of an open electricity and gas market ». The word « endeavour » means that Azerbaijan will do its best to implement the agreement but there is no obligation of results. Further, the MoU ends with this phrase: « The present document records political intent alone and provides for no legal commitment. However, it is a basis for possible discussions between concerning a legal agreement, elaboration of which will depend upon the development of the relevant issues emanating from this memorandum of understanding ».⁷

- The MoU signed with Kazakhstan is even less ambitious because this country is not eligible to the neighbourhood policy. The title of the MoU, the word « cooperation » does not appear; it is replaced by « strategic partnership ». The document does not promote any legislation harmonization and the word “norm” does not appear in the text. It only proposes regular exchanges of information on the development of policies, regular consultation on energy scenarios, to cooperate to facilitate the development of new infrastructure, to produce short reports on factual actions, to organize joint seminars and conferences, to make the investment climate more attractive, and so on. But there is no calendar or road map and no real commitment. It ends with the same phrase: « The present document records political intent alone and provides for no legal commitment ».⁸ And it is also the case for the MoU signed with Turkmenistan whose provisions are very superficial.⁹

The only binding document signed by many countries in the part of the world is the Energy treaty Charter. But Russia, one of the most important partners of EU in this field, has decided to withdraw in October 2009. The Russia administration regularly declared that this treaty says this treaty is too favourable to the interests of the consumers (importing countries) and does not take enough into consideration the interest of the producing countries. This is a major set-back which dramatically downsizes the impact of the principle of regional integration in the field of energy. Future negotiations for a new agreement will be difficult because Russia and several countries of the former USSR are not members of the WTO yet. Besides, an important amendment has not been ratified yet (“Amendment to the trade-related provisions of the Energy Charter Treaty”¹⁰ related to the transit issue among others). More importantly, no agreement has been signed with other major producers (Iran, Gulf countries, Algeria). In fact, there is no evidence that the energy supplies from the wider neighbourhood have been secured in the European fashion (common norms and regulation, legal approximation).

⁷ *Memorandum of Understanding on a Strategic Partnership Between the European Union and the republic of Azerbaijan in the Field of Energy*, Bruxelles, 7 novembre 2006

⁸ *Memorandum of Understanding on Co-Operation in the Field of Energy Between the European Union and the Republic of Kazakhstan*, Bruxelles, 6 décembre 2006.

⁹ *Memorandum of Understanding on Co-Operation in the Field of Energy Between the European Union and the Republic of Turkmenistan*, Achgabat, 28 mai 2008.

¹⁰ See

<http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=626>

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