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EU's cooperation with non-member neighboring countries: the lessons for other integration blocks

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The main characteristics of the EU

- Started in 1957 as the EEC, Treaty of Rome, 6 founding members, 7 subsequent enlargements
- Customs Union & SEM – all (28) members
- Economic and Monetary Union – 18 members
- Schengen zone – 23 members + 4 non-members
- EU budget (ca. 1% of GNI), cross-country redistribution, several common policies, including JHA and CFSP
- Non-homogenous architecture (opt-outs, transitory periods, country specific provisions  “Europe of various speeds”



The economic position of the EU

- 19.4% of world's GDP in PPP terms (2012)
- >30% of global export (2012)
- EUR: second most important currency
- Source of capital and technology
- Financial and corporate governance center
- Large internal market (SEM)
- Free trade policy for industrial goods (low external tariffs)



interest of other countries and economic blocks
(especially neighbors) in close economic cooperation



Cooperation with neighboring countries

- Article 8 of the TEU: the EU ‘...*shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation*’.
- This implies both economic and political motives of cooperation



Models of external cooperation (1)

- EEA since 1994 (Norway, Iceland, Liechtenstein): access to SEM except agriculture in fisheries, Schengen but not JHA, no customs union
- EU-Switzerland: partial access to SEM (except services, agriculture, state aid), Schengen but not JHA, no customs union
- Microstates (Andorra, Monaco, San Marino, Vatican City): use of Euro, partial or full customs union, de facto Schengen, partial access to SEM
- 25 OCTs (dependencies of Denmark, France, Netherlands and UK; the biggest one: Greenland): only partial access to SEM



Models of external cooperation (2)

- Future EU members
 - actual EU candidates (Macedonia, Montenegro, Serbia, Turkey)
 - potential EU candidates (Albania, Bosnia & Herzegovina, Kosovo)
 - partial access to SEM, preferential trade relations, partial customs union with Turkey
 - phases of accession process: SSA (all except Kosovo), candidate status, opening membership negotiation, closing negotiation, signing and ratifying accession treaty, post-accession transitory agenda
- EU cooperation with FSU countries
 - ENP/EaP: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine: from PCA to AA/DGFTA (Georgia, Moldova, Ukraine)
 - EU-Russia: PCA, four common spaces



Models of external cooperation (3)

- EU cooperation with Southern and Eastern Mediterranean (10 countries)
 - Barcelona Process, ENP, Union for Mediterranean
 - AA/FTA (mostly simple) all but Libya and Syria
- EU's trade agreements with other countries
 - In force: Mexico, Chile, Korea, Columbia and Peru, Central America, CARIFORUM, South Africa, Madagascar, Mauritius, the Seychelles and Zimbabwe, Papua New Guinea and Fiji
 - In process: Canada, US (TTIP), Singapore, Malaysia, Vietnam, Thailand, Japan, India, MERCOSUR
- EU cooperation with ACP countries – from GSP to FTA



Models of external cooperation - summary

- Flexibility in offering/ accepting the exact cooperation model depending on partner's specific needs, constraints and concerns (even in case of OCTs and microstates)
- Respect for partner's sovereignty
- Conditionality and aid in case of advanced forms of cooperation
- “Take or leave” choice in case of EU accession, in other cases such choice applies to individual sector/industries
- Harmonization with the EU standards vs. mutual recognition
- Economic, political and geopolitical considerations/ motivations on the EU side
- Large diversity of models – problems with transparency and administrative costs

