

The European Union in its Neighbourhood: An Accidental Regional Hegemon

Sieglinde Gstöhl and Sofía López

Executive Summary

- > Drawing on a definition by Miriam Prys, this policy brief conceptualises the European Union as an ‘accidental regional hegemon’ in its neighbourhood, based on ‘4 Ps’: (1) the *provision* of regional public goods, (2) internal and external *perceptions*, (3) the *projection* of political, economic and institutional norms, including EU *acquis*, and (4) the (limited) *participation* of neighbours in EU structures and policies.
- > As such, the EU has since the 1990s intentionally or inadvertently ‘exported’ not just political values but various types of norms to a growing number of Western Eastern and Southern neighbouring countries. Yet, the EU needs to become more aware of the implications of its accidental hegemony. It needs to supply the right regional public goods, manage perceptions, monitor the projected norms and offer close neighbours ways to participate in their making.
- > The neighbours also need to better understand the EU’s accidental hegemony: what it can realistically offer and what they may in turn have to contribute, or how to deal with trade-offs between market access and participatory gaps in governance.
- > Finally, the EU needs to rethink not only the future of its internal differentiation but also offer external differentiated integration in the form of viable alternatives to full membership.

The longstanding scholarly and policy debate about what kind of regional or international actor the European Union (EU) is and what role it plays in its neighbourhood is far from over. Concepts describing the EU as a ‘normative power’ or empire have shown remarkable resilience despite multiple crises both in the neighbourhood (Arab Spring, Ukraine) and in the EU itself (economic crisis, so-called migration and refugee crisis, Brexit). This policy brief asks to what extent

those concepts are indeed appropriate and useful. It highlights shortcomings, such as their limited substantial and geographical focus, and advocates a broadening of the analytical frame. In order to capture the EU’s role in its entire neighbourhood, the notion of an ‘accidental regional hegemon’ is suggested as a more accurate conceptualisation. Rethinking the EU’s role in terms of the ‘4 Ps’ has significant policy implications for both the Union and its neighbours.

When speaking about the EU’s neighbourhood, there is a tendency to think only about those countries that are either candidates for membership or included in the European Neighbourhood Policy (ENP). Yet, there are also other neighbouring countries such as the members of the European Free Trade Association (EFTA) – Switzerland, Norway, Iceland and Liechtenstein – and the small states Andorra, Monaco and San Marino which are part of the EU’s customs territory. What these countries have in common is their lack of appetite to join the EU. One might add the case of Turkey, where attention has recently shifted from the stalled accession talks to a modernisation of the customs union as a potential alternative form of partnership. The Brexit debate has helped push these countries into the limelight as the United Kingdom is negotiating its future relationship with the European Union. Despite these developments, the concepts available for understanding the EU as a regional actor tend to neglect the Western neighbourhood and the full range of the EU’s (un)intentional norm export. Norms are thereby understood as encompassing political values, but also economic and institutional rules.

‘Normative power Europe’ is only part of the story

The concepts of ‘normative power’, ‘normative empire’ or ‘normative hegemon’ capture merely part of the EU’s relations with its neighbours for three main reasons: first, they focus only on the promotion of political values; second, they concentrate geographically on the EU’s Eastern and

Southern neighbourhood; and third, they overestimate the EU's active empire-building efforts.

For Manners (2002), who coined the seminal notion 'normative power Europe', the EU is a value-driven foreign policy actor based on the core norms that form its own identity (such as peace, liberty, democracy, rule of law, and respect for human rights) and which enable it to some extent to define what passes for 'normal' in international affairs.

Other authors contend that the EU's way of interacting with the candidate and ENP countries matches that of empires. For Zielonka the enlarged EU resembles a kind of 'neo-medieval empire' with overlapping jurisdictions and considerable heterogeneity, doomed to further enlarge and decentralise. According to him, the study of empires requires to focus on the scope and structure of their governance, the nature of their (fluctuating) borders, their centre-periphery relations and civilising missions (Zielonka 2011: 283). In the same vein, Del Sarto (2016: 216) argues that 'normative empires' – like the EU – “have sought to stabilize the periphery, to draw economic advantages from it, to export the imperial order, [and to] cultivate elites there” whilst “engag[ing] in some sort of 'civilizing mission' linked to a normative perception of themselves”. Although this value-based conception partially accounts for the EU's relations with its Eastern and Southern neighbours, it falls short of providing an understanding of the EU's approach to its Western, 'like-minded' neighbours such as the EFTA countries or the UK. These countries are not in transition from authoritarian or communist regimes to democracies and a 'civilising mission' is *a priori* unnecessary. In addition, they show that the EU 'empire' is not perpetually enlarging.

The Union has become an international regulatory actor and the sheer size of its internal market acts like a magnet. Especially in its proximity the EU constitutes an interest-driven 'market power' externalising economic and social market-related policies and regulatory measures (Damro 2012: 682). Firms that want to export goods to or provide services in the EU's internal market may need to change their product standards and practices. Having done so, they may apply EU standards, which often tend to be at the higher end, also elsewhere. Also foreign governments may choose to align their rules with EU norms unilaterally, as a result of bilateral negotiations or of EU activism in international standard-setting bodies.

Additionally, Haukkala's (2017: 78) conceptualisation of the EU as a 'regional normative hegemon' that “engages itself in deliberate attempts at active norm transference” through highly asymmetrical bilateral relationships should also be cautiously applied, as the EU does not always purposely try to transfer its norms. Georgia after the Rose Revolution in 2003, for instance, sought the EU's support and went as far

as declaring its wish to become a member thereof. One of the immediate results was the inclusion of this country – as well the other two South Caucasian republics Armenia and Azerbaijan – in a policy, the ENP, that was first meant to target Eastern European countries and then those included in the so-called Barcelona process in the Southern Mediterranean. In other words, the EU did not knock on Georgia's door, but Tbilisi took the initiative.

Another illustrative example of the lack of a deliberate EU attempt to transfer its norms is the principle of 'autonomous adaptation' introduced by the EFTA countries in the late 1980s. This principle entails that said countries would bring their national law as close as possible to EU law and thus *ex ante* voluntarily scrutinise the EU-compatibility of new legal acts. Although the logic of 'autonomous adaptation' lost importance after most EFTA countries became members of the European Economic Area (EEA), it is still a guiding principle for Switzerland – and may become one for the UK.

Hence, a broader notion that captures all shades of the EU's neighbourhood relations is needed. Such a concept should reflect both the EU's active promotion of different types of norms and the neighbours' voluntary alignment. Finally, it must also expose the imbalance of power between the EU and its neighbours.

The EU as a regional hegemon 'by accident'

Miriam Prys (2010) identifies three constitutive features of regional hegemony, that is, the role of a dominant power in a geographical region ('3 Ps'): the *provision* of regional public goods, the self- and external *perceptions* of the regional power as an actor with a special responsibility and the capacity to have an impact in its sphere of influence, as well as the *projection* of the regional power's values and interests through both socialisation and manipulation of incentives. Given that Prys' analysis focuses not on the EU but big states in other regions of the world, we add a fourth 'P' that is specific to the EU, namely *participation* of the neighbours in the structures, decision-making processes and policies of the regional hegemon.

The term hegemon implies that there is a power asymmetry between the actors. This may involve material capabilities but also soft power resources. The adjective 'accidental' conveys that the EU has grown into this role, at times even trying to avoid new membership applications by offering alternatives such as the EEA or the ENP and Deep and Comprehensive Free Trade Areas (DCFTAs). It also encompasses both deliberate attempts and unintentional effects at exporting the hegemon's norms, be they political, economic or institutional, and this to all geographical neighbours.

Provision of regional public goods

The provision of regional public goods typically requires cross-border collective action. As a peace project, the EU has for many decades ensured security and political stability among its members, while reaching out to the candidates for accession. Through the ENP it is attempting – albeit with great difficulty – to export this stability into the broader neighbourhood as well. In addition, the EU's internal market – the free movement of persons, goods, services and capital – provides economic public goods for its members as well as to some extent for the countries in the neighbourhood and beyond. The EU has removed restrictions on capital flows also for third countries, it is setting many international standards, foreign products circulate freely once they have entered the customs union, and the Schengen area allows all people to travel without border controls. The euro has become an international currency and serves as a legal tender in non-EU neighbours like Andorra, Monaco, Montenegro, San Marino, and the Vatican. Other regional public goods are improvements in public health or the environment and the creation of cross-border infrastructure.

Perceptions of the EU

The fact that the EU sees itself as a community of values shines through many Treaty provisions. According to Art. 2 TEU, the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights. Acceding countries must accept these values and promote them (Art. 49 TEU). This self-perception, implicitly, vests a special responsibility on the EU *vis-à-vis* its neighbourhood in particular and the world in general. In this context, it is not surprising that the EU views itself as the dominant actor in Europe whose enlargement was “a success story” not only for the Union, but for “Europe as a whole” (European Council 2006).

As a matter of fact, Art. 8 TEU of the Lisbon Treaty stipulates that the Union 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. To that end, the EU may, for instance, conclude specific agreements with the countries concerned. Although this article has so far never been used as a legal basis of an international agreement, it embodies the idea of holding a special responsibility for the neighbourhood. In a declaration attached to Art. 8, the EU even pledges “to take into account the particular situation of small-sized countries which maintain specific relations of proximity with it”.

The external image that the neighbours have of the EU is not monolithic, and the level of public awareness of the EU is greater in its geographic proximity than further afar (Lucarelli 2014). Generally, the EU is primarily perceived as an economic giant. In 2012, it was, however, awarded the Nobel

Peace Prize for over six decades of contribution to the advancement of peace and reconciliation, democracy and human rights in Europe. External perceptions are shaped by a myriad of elements such as a country's geopolitical situation, its history with and dependence on the EU or the Union's internal situation and the coherence of its external action. The impact of the EU's recent economic and financial crisis, so-called migration and refugee crisis and the Brexit vote as well as crises in the neighbourhood such as the Arab Spring or the conflict in Ukraine are certainly felt in terms of reputation.

The external image and acceptance of the EU in its neighbourhood is also affected by the regional public goods and other benefits (or obligations) provided. For example, whereas some neighbours such as the EFTA states provide financial assistance to the EU's own regional cohesion, others such as the ENP countries are recipients of vast sums of EU aid for their own development.

Projection of norms

The European Union projects its norms in the wider neighbourhood through the promotion of political values as well as economic and institutional rules. Since the end of the Cold War, political conditionality has increasingly been added to aid and trade instruments (e.g. human rights clauses) beyond candidates for accession. However, the EU has not engaged in the promotion of political values in countries that it sees as ‘like-minded’. In fact, neither the bilateral agreements with Switzerland and the small-sized countries nor the EEA Agreement contain a human rights clause.

More recently, the innovative ‘market access conditionality’ included in the DCFTAs already signed with some Eastern ENP countries further testifies to the hegemonic character of the EU. This type of conditionality means that additional access of these countries to the internal market will be contingent upon the successful completion of their legislative approximation commitments. Through the DCFTAs, and even more so through the European Economic Area, the customs union agreements with Turkey, Andorra and San Marino or certain bilateral sectoral agreements with Switzerland, the EU exports parts of its *acquis communautaire*, which is often referred to as ‘EU external governance’. In turn, the neighbours concerned may to a limited extent participate in governance mechanisms.

Lavenex, Lehmkuhl and Wichmann (2009: 829) explain the differences between the applicable modes of governance in different policy areas in the EU's neighbourhood with “the pre-eminence of institutional continuities between the ways in which the EU governs internally and its external modes of governance”. In other words, it matters for the institutional

arrangements which areas of cooperation are included in a third country's relationship with the EU.

Participation in EU structures and policies

The analytical toolbox put forward by Prys to identify a regional hegemon has to be complemented in the case of the EU by the participation of neighbours in its structures and policies and the possibility to apply to join the hegemon. Third countries may take part in many EU programmes, agencies or policies ranging from aviation or Schengen to restrictive measures and Common Defence and Security Policy missions. The degree of participation in the decision-making process depends in particular on whether an agreement aims at legal homogeneity (the same EU rules apply and are interpreted in the same way), but also on a neighbour's relative bargaining power.

In case of international agreements, participation is channelled through fora like Association Councils or joint committees, where representatives from both sides meet. In some cases, such as the EEA, the customs union with Turkey or select bilateral agreements with Switzerland, the European Commission is seeking informal consultation regarding its legislative proposals and experts may take part in the preparatory work of certain committees. These 'decision-shaping' rights in view of the adoption of the resulting *acquis* by the neighbouring countries is most developed in the two-pillar structure of the EEA. By contrast, it has been working less efficiently in the Euro-Turkish customs union and is not foreseen in the EU's current relations with the small-sized countries despite their inclusion in the EU's customs union, nor in the ENP DCFTAs.

At the moment, the EU is negotiating its future relations with the UK but also an institutional umbrella agreement with Switzerland and modern association agreements with Andorra, Monaco and San Marino. As argued by Tobler (2016: 591), the EU's attitude towards the institutional framework of *acquis*-based market access agreements with Western European states has evolved over time, and it is fraught with specific governance questions: the homogeneous interpretation of agreements with the EU law from which they are derived; international supervision to monitor compliance; the settlement of disputes between the contracting parties; and the updating of the agreement in the light of new EU law. The Union has been insisting on a balance of rights and obligations and on safeguarding the autonomy of its legal order.

Overall, the demand for closer relations with the EU has since the end of the Cold War steadily increased, and the EU has indeed become an 'accidental regional hegemon'. What does this insight imply for the EU as well as for its neighbours?

Policy implications of the EU's accidental hegemony

Both the European Union and its neighbours have to take the '4 Ps' seriously: they share an interest in the provision of regional public goods, they operate based on (internal and external) perceptions, they supply or demand norm projection, and participation in the making of such norms constitutes a legitimate concern. At least six lessons can be drawn from this.

First, the conception of the EU as a 'normative power' projecting political values onto its neighbourhood, often by means of conditionality, needs to be broadened: the EU has since the 1990s intentionally or inadvertently 'exported' various types of (political, economic and institutional) norms to a growing number of Western, and not just Eastern and Southern neighbouring countries.

Second, in order to remain attractive, the EU needs to supply regional public goods and appealing policies and effectively manage any crises that might arise. The ENP, for instance, aims at expanding the 'zone of prosperity, stability and security' beyond the EU. Moreover, in case of close partnerships based on parts of the *acquis*, the EU must acknowledge the neighbours' sovereignty concerns and offer some form of (albeit limited) participation. In order to garner support and counter misconceptions, the EU has to further strengthen the communication of its policies internally and its public diplomacy externally. In this context, competition from other regional players (such as the Eurasian Economic Union on the Eastern flank) or the withdrawal of EU member states are no longer inconceivable.

Third, the EU's neighbours should understand that the more market access they want, the more they will have to align with the relevant *acquis* without being a member of the club and thus lacking real decision-making powers. Moreover, they might have to contribute their share to the provision of regional public goods, including through the 'import' of EU norms or through financial support.

Fourth, the EU's membership has become more heterogeneous and its efforts at deepening integration have been characterised by more flexibility. The resulting internal differentiation, where not all member states participate in all initiatives (such as in the economic and monetary union, Schengen or forms of enhanced cooperation), might have led to less flexibility in its neighbourhood relations. This is illustrated by the EU's attempt at streamlining the available models to the detriment of new 'bespoke' arrangements, as can be seen in the ongoing negotiations with Switzerland and the small-sized countries but also with the UK. Moreover, across all relationships, the EEA has been referred to as the blueprint. However, the EU needs to review not only the future of internal differentiated integration and enhanced

cooperation to accommodate the member states' diverse preferences, but it also has to rethink the future of external differentiation in terms of viable alternatives to EU membership for its neighbours.

Fifth, the EU's neighbours should therefore expect political linkages to be made, for fear of setting a precedent. Any EU concessions in the Swiss-EU negotiations will have repercussions on the Brexit negotiations and *vice versa*. Yet, the EU should be aware that by linking parallel negotiation processes it is likely to generate a negative impact on the way it is perceived as well as on its effective norm projection, whether deliberately or not, in the neighbourhood.

Sixth, the EU should be reminded that history shows that hegemony may eventually suffer a decline – or an 'imperial overstretch', a concept which suggests that an empire can unintentionally extend itself beyond its ability to maintain or expand its commitments. Hence, the EU must insist on the fulfilment of all criteria for future enlargement rounds and it must equally monitor the member states for compliance with all types of norms. The power of the hegemon may be eroded from inside but also by major international power shifts. Therefore, the Union needs to consolidate its position as a global actor, guided by 'principled pragmatism' in – as the EU Global Strategy considers – 'a more connected, contested and complex world'.

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About the Authors

Sieglinde Gstöhl is Director of the Department of EU International Relations and Diplomacy Studies at the College of Europe in Bruges. Before joining the College as Professor in 2005, she was at the Institute of Social Sciences at Humboldt University Berlin, the Liechtenstein-Institut in Barendorn and the Center for International Affairs at Harvard University in Cambridge, MA. She holds degrees from the Graduate Institute of International and Development Studies in Geneva and from the University of St. Gallen. Her main research interests include EU external relations, diplomacy, international political economy and International Relations theories.

Sofía López is an Academic Assistant in the Department of EU International Relations and Diplomacy Studies at the College of Europe. She holds an MA in European Interdisciplinary Studies from the College of Europe and a BA in International Relations from Complutense University of Madrid. Her main research interests include EU enlargement, Soviet and post-Soviet area studies, Turkish studies, gender studies and the Balkans.

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