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# **Integration with the European Union Without Membership: Finding the Best Models**

## **Abstract**

*The article focuses on the relationship between the EU and other states situated on the European continent. The EU has to deal with various groups of states, which are characterised by different attitudes towards the Union. Some of them seek membership in the future, whereas others do not need it, but would like to engage in closer economic cooperation. Besides, growing regional powers aspire to play a significant role in Europe's development, which is why they strive for equal partnership with the EU. The main goal of the paper is to find the best models of cooperation between the EU with the aforementioned groups of European countries.*

**Key words: European Union, European cooperation, European integration, Enlargement of the European Union, Common Foreign and Security Policy.**

**JEL Classification: F53, F55.**

## **Introduction**

Political and economic integration of Europe has advanced significantly over the last decades. This has been achieved mostly due to creation, development and enlargement of the European Union. Despite some difficulties and problems

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arising in the process, the EU turned out to be a successful and effective project of regional integration, which in turn provided one of the longest periods of peace and prosperity in Western and Central Europe.

At the same time, the process of European integration, led by the EU, covers only part of the continent. There are, however, other parts of Europe which are in a less favourable situation. Over the last three decades most of the areas located outside the EU (the Balkan region, Eastern Europe, the Caucasus region) have experienced a number of conflicts and wars, economic crises and political violence. In the wake of these dramatic events, it has become clear that without deeper cooperation and integration with the rest of the continent, the territory of peace and prosperity created by the EU, could be at risk.

Without a doubt, the EU must act as a leader and an engine of integration of the whole region, but obviously it cannot (and should not) absorb all countries of the continent by granting them full membership in the Union. There are several European countries which remain outside the Union. Some of them are in the process of preparing for accession (Western Balkans countries), but other ones do not have such perspective in the medium term (Ukraine, Moldova, Georgia) or just do not want to limit their sovereignty by joining the EU (Switzerland, Norway, Iceland). Apart from that, several regional powers (Russia, Turkey) aspire to playing a significant role in Europe's development and sometimes come up with their own integration projects for Europe.

How can then the EU ensure development and prosperity of Europe as whole in such circumstances? Integration and cooperation between the Union and all other European states is the single way to achieve the aforementioned goal. This in turn requires creation of an appropriate model (or models) of relations with other states of the continent, which should deepen and extend integration of the EU with the non-member countries without giving them a membership perspective. It is a complicated task, because each state tends to seek a different level of cooperation and integration with the EU and declares different range of commitments it is ready to make within such integration.

In view of the above, the aim of this paper is to find appropriate models of integration between the EU and various groups of European countries, which can lead to development and prosperity of Europe as a whole.

Three tasks have to be completed to achieve this aim. The first one is to discover real intentions, interests and expectations of the EU towards its European partners. There are several groups of non-member states on the continent, and each of them is treated by the European Union in a completely different way.

The second task is to analyse existing models of integration with the third countries to identify their advantages and disadvantages. It is also important to verify their effectiveness in terms of achieving goals articulated by the EU in relation to each group of non-member states.

The third one is to come up with the models that allow the EU to accomplish the objectives within its regional policy in Europe. The most effective models of integration are presented for each group of non-member states.

## **The European Union Policy Towards Non-Member States: Goals and Interests**

The European Union, as a unique participant of international relations, has developed a specific sphere of regulating its relations with the outside world, which essentially corresponds to the foreign policy of the state (Barburska 2016: 9–41). At the moment, the EU has diplomatic relations with more than 200 countries. The range and level of cooperation with each of them differs significantly. Some countries are very close to becoming members of the Union, which implies very close integration of the economies, legal systems and some domains of internal and foreign policies. The others have only weak trade contacts with the EU, which does not require tight cooperation, not to mention any integration.

The scale and level of cooperation between the EU and third countries are mostly determined by economic and political interests of the Union (Mołdowan 2019b: 53–78). Formally the Treaties of the European Union do not rank its partners in terms of their “value” for the Union. According to The Treaty on European Union: “The Union’s action on the international scene shall be guided by the principles which have inspired its own creation, development and enlargement, and which it seeks to advance in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law” (TEU, art. 21).

However, other factors matter a lot, most importantly the country’s geographical location. This factor has a significant impact on the model of relations that the EU offers its partners. Only European countries are offered not only broad cooperation, but the deepest level of economic and political integration (Mołdowan 2019a: 51–68). This is because of the following reason:

Firstly, the EU is interested in expanding access to the closest markets. Such states as Switzerland, Norway, Russia, Ukraine, countries of Western Balkan region are huge and attractive markets for companies located in the EU, which is why it seeks to provide barrier-free or at least preferential access to them.

Secondly, non-member European countries play an important role in providing economic, political, ecological and military security at the EU borders. Armed conflicts, political violence and economic turbulence in the neighbouring countries can have immediate repercussions for the Union. Creating an area of stability and security around its external borders requires political stability and sustainable economic growth in the countries situated alongside the border of the EU. Examples of Ukraine and Moldova show that economic and political instability can result in huge problems for the EU, for instance a rise of smuggling, uncontrolled mass migration, influx of dirty money, *etc.*

Thirdly, after all most of the non-member states belong to European civilization. The EU aspires to strengthen and promote European values on the entire continent no matter if particular country has a membership perspective or not. The EU supports political and economic reforms that are necessary to strengthen democratic and free market institutions in all European states, especially those, which have limited experience in these areas.

Generally geographical proximity ensures that all problems these countries are experiencing get much more attention from the EU than similar crises happening elsewhere in the world.

In order to identify specific EU interests in relation to each non-member country in-depth research has been carried out. This has allowed to select the key topics which were discussed during negotiations between the Union and its partners. The method of event analysis was used for this purpose. All official bilateral contacts at the highest level<sup>1</sup> held between January 2014 to January 2019 were thoroughly analysed.

Information about the contents of negotiations has been obtained from official announcements, documents, concluded agreements as well as relevant press conferences devoted to those meetings' outcomes, *etc.* It is this author's assumption that the publicly available information reveals true goals and interests of the EU towards its partners<sup>2</sup>.

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<sup>1</sup> From the EU side – the President of the European Council, the President of the European Commission, 28 commissioners, including the High Representative of the Union for Foreign Affairs and Security Policy, from the third countries' side – presidents, heads of government.

<sup>2</sup> In this study, we do not explore the domain of hidden interests and goals. The analysis is based on public events and documents. Issues raised during the closed negotiations are not subject of this study.

Based on this analysis 37 specific issues have been identified as most frequently discussed. These issues have been grouped into six major blocks:

1. **Strategic partnership.** This block includes issues related both to very close economic cooperation and aligned interests in military and political spheres. The EU economic cooperation with these countries is based not only on mutual economic interests, but on the shared values as well.
2. **Enlargement policy.** This block includes discussed issues related to the process of preparation for accession to the EU. In this case democratic and economic transition of that countries seems to have priority for the EU over its pragmatic interests.
3. **Sectoral integration.** This is a general definition proposed in order to distinguish the EU's policy towards its European partners which does not imply full membership status but offers close integration in selected fields. Pragmatic economic interests are usually the determinants driving this type of integration. The Union and its partners select areas of economic cooperation which they want to develop.
4. **Security cooperation.** This block consists of issues related to cooperation the UE undertakes in the economic and political fields to ensure its own security. The EU is strongly motivated to devote a lot of attention to these countries which might affect its military, economic and ecological security. Not only armed conflicts in the region, but also terrorism, smuggling, uncontrolled mass migration and ecological disasters, pose risks for the EU.
5. **Restricted partnership.** This block embraces issues which relate to cooperation in very limited spheres (supply of natural resources, protection of investment, access to certain markets, migration policy, etc.). As a rule, the EU uses this type of relations towards those countries, which do not respect the EU's values or do not want to conform to interests of the Union. Certain reason or common interests however push them to maintain dialogue and cooperation in the aforementioned fields. The EU is usually forced to turn blind eye to serious problems concerning democracy, rule of law, human rights abuses, etc.
6. **Energy cooperation.** Providing the Union with energy resources is one the most important topics, which has continuously been raised in the negotiations between the EU and its partners. This block contains issues related to the supply of energy resources and infrastructure, which should ensure their delivery to the Union. In fact, that is one of the cases of the restricted partnership, but due to the significance of this question here the UE applies a distinct model of cooperation. A characteristic feature in this case is the fact that pragmatic economic interests absolutely dominate EU relations with states, which are powerful players in energy industry.

The results of study have allowed to identify the model of integration or cooperation, which dominates the relations between the EU and its non-member partners for each case<sup>3</sup> (Table 1).

**Table 1: Frequency of different blocks of issues arisen in the relations between the EU and selected third countries (in %)**

Country/ Block of issues	Strategic partnership	Enlargement policy	Sectoral integration	Security cooperation	Restricted partnership	Energy cooperation
Norway	89	0	0	7	0	59
Switzerland	87	0	0	11	0	9
Iceland	45	7	0	4	0	7
Serbia	14	93	45	62	0	14
Turkey	87	27	93	96	24	38
Montenegro	5	92	37	54	0	19
Bosnia and Herzegovina	9	96	21	49	0	16
The Republic of North Macedonia	12	77	29	56	0	13
Albania	10	63	81	59	0	5
Kosovo	0	57	24	86	0	0
Ukraine	4	7	97	81	0	83
Moldova	0	3	91	66	0	18
Armenia	0	0	27	9	98	14
Georgia	0	4	3	52	0	13
Azerbaijan	11	0	17	21	71	87
Russia	0	0	7	21	95	89
Belorussia	0	0	0	0	100	15

Source: own elaboration.

If one of the blocks dominates the debate it shows us the current model of relations the EU is using towards the examined country. It should be emphasised, that the UE can use dual approach towards some of its partners. It relates to such

<sup>3</sup> The results presented in the table expose blocks of issues discussed in the bilateral relations between the EU and third countries. It means that, for example, issues related to various aspects of sectoral integration were discussed at 97% of all meetings held in the period between January 2014 to January 2019.

courtiers like Turkey, Russia, Armenia and Azerbaijan. For example, Turkey has been placed within strategic partnership model<sup>4</sup>, but at the same time the issues typical to blocks “sectoral integration” and “security cooperation” are frequently discussed at the meetings between the EU and top Turkish officials. This state of affairs does not deny the Turkish status of strategic partner but reveals the very important interests of the EU in the relations with this partner, which underpin this strategic partnership.

Based on obtained results all European non-member countries are grouped into several categories:

1. Candidate states, that have been already invited or have a perspective of joining the EU (Montenegro, Bosnia and Herzegovina, Macedonia, Albania, Serbia, The Republic of North Macedonia).
2. Strategic partners, that are treated as close partners, but which have no membership perspective in the close future or are unwilling to join the EU (Switzerland, Norway, Iceland, Liechtenstein, Turkey).
3. Sectoral partners, that have been invited to seek deep and comprehensive integration with the Union without membership perspective (Ukraine, Moldova, Georgia).
4. Countries, that are important suppliers of energy resources (Russia, Azerbaijan). They have this advantage, which grants them additional preferences in relations with the EU.
5. Restricted partnership, that creates a platform for cooperation with such states as Armenia and Belorussia.

This model does not dominate, but the results show, that shape and content of the EU relations with some non-member states to a large extent are determined by security concerns. For example, the EU sticks to sectoral integration approach in relations with Ukraine, but the issues related to the security cooperation model arise at almost every meeting between officials.

All of these categories of non-member states are characterised by individual distinctive features. Each of the mentioned states has different aspirations, expectations and level of ambitions in relations with the EU. To create an area of peace and partnership in whole Europe the Union should find a relevant model of integration or cooperation with all of them.

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<sup>4</sup> Moreover, officially Turkey is still a candidate state.

## Is the Membership Perspective Still an Effective Stimulus for Democratic and Economic Reforms?

In order to integrate the European continent, the Union at first actively applied the enlargement approach, offering member perspective to those countries, which were ready to absorb and implement the Union's values, standards, and rules in the political, economic and cultural domains. Prospect of membership used to be the most effective incentive to stimulate non-member European states to pursue political and economic reforms in compliance with the guidelines suggested by the EU.

Such policy has helped to form a huge homogeneous European area based on set of common and precisely defined values, including democracy, equality, rule of law, human rights, market economy, etc. Intensive and dynamic functional integration of the European countries within EU (earlier EEC) has been combined with strong institutional one since the moment of its foundation. In that case full membership was necessary. By joining the EU new states not only obtained full powers in the making the law (*acquis communautaire*), but also took responsibilities of observance of the law.

Later this led to the establishment a kind of closed exclusive club of European states, institutionally separated from the rest of the continent. It was supported by hardening out external borders for European people outside the EU, enhancement of mandatory standards and demands for goods and services supplied by companies and individuals from the non-member states, arrogant foreign policy towards other countries of region (Moldowan 2019b: 24–35).

To get membership perspective in this closed exclusive club European states were ready to conduct deep and comprehensive transformation. When selected representatives were being invited, they put significant efforts into implementing numerous reforms to match the criteria of accession. Membership perspective itself became a powerful catalyst for political and economic transformation outside the EU, in particular in Central and Eastern Europe.

Positive results of historic enlargement of the Union in 2004–2006 encouraged belief, that sheer member perspective accelerates activities and increases efforts made by candidates to meet relevant criteria designed by the EU (so called the Copenhagen criteria). Based on this experience the Union has tried to integrate another part of Europe in the same way (Olszewski, Chojan 2017: 135–147). Soon



after aforementioned enlargement all countries situated in the Western Balkans region received a membership perspective. At that moment all countries (except for Croatia) were far from the EU's requirements both in a political and economic sense. Nevertheless, the UE gave them clear and firm member perspective and opened accession negotiations with candidate countries.

What was behind this decision? Firstly, as study shows, security concerns of the EU play a significant role in relations with the states of this region. Integration of the Western Balkans countries with the Union seems to be the single way of deescalating situation in that region. One of the main aims of the integration is to encourage countries of the region to cooperate among themselves in the wide range of areas, including the prosecution of war crimes, border issues, mitigation of ethnic and religious conflicts, etc.

Secondly, geopolitical factors also motivated the EU to hurriedly open membership perspective for the Western Balkan countries. This region traditionally is a battleground between Western Europe, Russia and Turkey. The rivals of the EU expend huge effort in order to strengthen influence in the region, which poses dangers to economic and political interests of the Union. In this context, integration of Western Balkan countries with the EU is a quite reasonable strategy of protecting this region from the influence of those other actors.

Thirdly, this region has huge economic potential, which is still not being used. Because of the wars and conflicts in the 1990s, the economic attractiveness of this region became clouded, but it has a huge perspective due to its sizable markets, beneficial geographical location, rich natural resources, biodiversity, etc.

All in all, according to the Western Balkans Strategy adopted by the European Commission, "firm, merit-based prospect of EU membership for the Western Balkans is in the Union's very own political, security and economic interest" (European Commission 2018: 3).

The UE assumed, that credible member perspective would step up the democratic and market transition in the region. All candidates received financial assistance within the Instrument for Pre-accession Assistance and other instruments to carry out the necessary reforms.

The prospect of EU membership appears to be less effective this time though. Until now only Croatia joined the EU, the other states are still in the process of accession preparations. Montenegro, Serbia, the Republic of North Macedonia and Albania are official candidates. Bosnia and Herzegovina, like Kosovo, are potential candidates for EU accession. It should be emphasised, that at the moment none of these countries

meet political or economic criteria for accession (European Commission 2018: 3). They are not ready to become Member States of the Union in the near future.

It turned out, that the motivating effect of membership perspective now is lower than 10–15 years ago. Based on conclusions of annual reports that assess the situation in the candidate countries, in particular their level of alignment with the EU acquis and standards, as well as the track record of their implementation, the dynamic of reforming is dramatically decreasing. There are problems both in economic and political fields. None of the Western Balkan states can currently be considered a functioning market economy nor to have the capacity to cope with the competitive pressure and market forces in the Union (European Commission 2018: 3).

The investment climate remained largely unchanged and is characterised by weak rule of law, the lack of adequate enforcement of state aid control, an entrenched grey economy, poor access to finance and low level of regional integration and connectivity. State interference in the economy persists, exacerbating the risk of corruption through weak public financial management and frequent changes in the regulatory environment and taxes (European Commission 2019: 3).

In the political sphere the majority of states stagnated in their efforts, in particular in such crucial areas as the rule of law, fighting corruption, ensuring democratic election, etc. The EC also noticed that these countries show clear elements of state capture, including links with organised crime and corruption at all levels of government and administration, as well as a strong entanglement of public and private interests. There also still exists the problem of extensive political interference in and control of the media.

Such dramatic deteriorating of membership perspective stimulating effect is caused by several factors. The first one relates to bad performance of Greek economy that is struggling to emerge from the aftermath of global financial and economic crisis. Being representative of the Balkans region countries Greece is rather a deterrent of close integration with the EU. Enormous concerns about the risk of unfolding the “Greek scenario” are perceived throughout Western Balkan region. Some courtiers of that region have the same economic imbalances that Greece had before the crises erupted.

The second reason regards the turbulence in the EU itself. There is no clear vision of the Union’s future both inside and outside it. All options are possible at the moment – starting with further institutional integration and ending with weakening European institutions, territory reduction and dissolution of the Union. It discourages candidates and potential candidates from quick accession to the EU.

Some of them are in no hurry to join the EU (and consequently to conduct reforms they have committed to) until they get a clear picture of the EU trajectory.

The third reason is the rising influence of other powers in the region (Russia, the USA, Turkey, China). All of them strive to weaken and shrink the EU rather than to strengthen and enlarge it. They actively interfere in internal affairs of the candidate states, in particular, with the intention of undermining their integrational aspirations.

Generally, not all candidate countries are active and effective enough to carry out main tasks that are necessary to meet the criteria of accession to the EU. Some of them even demonstrate regress in the fulfilling the commitments. It proclaims, that membership perspective is becoming a weaker and less effective instrument of the EU to promote and implement its values and standards. Enlargement was one of the most effective tools of the European Union's foreign policy and the best way to stabilise its European neighbourhood. Thanks to it, at the turn of the 20<sup>th</sup> and 21<sup>st</sup> centuries, there were essential positive changes in the countries of Central Europe. In recent years, however, we have been observing a kind of "fatigue" with enlargement and a slowdown of this process (Molendowski 2012: 41).

## **Existing Model of Integration European Union with European Non-Member Countries**

Except for Western Balkans countries none of other European states will join the European Union in medium-term perspective. Moreover, none of them have such perspective in the foreseeable future. It is obvious that the Union put granting membership perspective on hold. Nevertheless, the UE tries to deepen, widen and strengthen integration with all the countries on the continent. To achieve this, it offers several models of integration – from accession to single market and customs union to cooperating in limited number of areas (for example in energy policy). All these models do not envisage full membership in the Union but offer a lot of options of very close integration in all domains.

Four models of integration are currently applied by the EU to develop integration with third countries without granting them perspective of membership – accession

to Single (Internal) market, Customs Union, Free Trade Area and Partnership and Cooperation model.

The first one is designed for highly developed countries (Switzerland, Norway, Iceland, Liechtenstein), which are strongly linked with the EU due to common historical, cultural and economic background. All of them meet the bulk of criteria, which the EU requires from candidates for membership, which is why they are desirable members. The EU is open to accept this group of states. The problem is that they do not want to limit their sovereignty by joining the EU, which will obligate them to transfer some powers to European institutions.

Being unwilling to participate in political integration (and in some economic fields as well) these countries, however, have a strong intention to develop integration with the EU within European Single Market. The framework for such integration is provided by the European Economic Area, which entered into force in 1994. It brings together the EU member states and Iceland, Liechtenstein and Norway (members of the European Free Trade Association<sup>5</sup>) – in a single market, referred to as the “Internal Market”.

This model of integration envisages free movement of goods, services, capital and persons<sup>6</sup>, unification of competition and state aid rules, close cooperation in certain areas such as consumer protection, environment, public health and education. For this purpose, non-member countries must incorporate certain EU legislation into their domestic legislation. The EEA Agreement is regularly revised in order to keep it in line with developments in the relevant EU law (*acquis communautaire*). At the same time, that model of integration excludes political fields (foreign and security policy, justice and home affairs) and some of economic spheres (agriculture and fisheries policy, customs union, monetary union).

Generally, EEA model of integration is the most advanced in the economic domain, offered by the EU to third countries. Thanks to it Iceland, Liechtenstein, Norway and Switzerland are closely integrated with the EU, but hold political independence and a relatively wide autonomy in their economic policy.

The second model of integration is access to the European Customs Union. Apart from all member states the Customs Union involves several third countries,

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<sup>5</sup> Switzerland, which didn't ratify The EEA Agreement, also joined to the Internal Market, make so on the base of numerous bilateral agreements. It has the same rights and responsibilities as all members of the EEA.

<sup>6</sup> All four members states are part of the Schengen Area.

namely Turkey, Andorra, San Marino and Monaco. This option ensures the tariff-free movement of goods within the covered territory. It implies uniform system for handling the import, export and transit of goods and implements a common set of rules called the Union Customs Code.

It should be stressed, that participating in the Customs Union does not mean that the non-member states automatically engage in the Single Market and vice versa. Turkey, Andorra and San Marino are not part of the Single Market. The last one requires a much greater level of integration of policies, in particular relating to health and safety standards, intensity of the state aid, the free movement of labour, working conditions, etc.

In practice, the function of the Customs Unions with third countries differs significantly than within the EU. Firstly, this option does not cover the complete range of goods. For example, the arrangement between the EU and Turkey does not include agricultural, coal and steel products. Secondly, some bureaucratic procedures for third countries remain. For example, companies from non-member states (in this case from Turkey) in order to deliver their goods to the EU market are obliged to submit certain documents including export declarations and invoices as well as transport permits for each member country through which their goods will be transported. Goods also can be subject to inspections at the border to confirm they comply with EU regulations, despite the fact that Turkey aligned its legislation with certain EU internal market rules, covering product standards, intellectual property rights and competition controls.

Finally, being a member of the Customs Union limits non-member states in negotiating with other countries in a wide range of vital economic issues (for example, striking their own free trade agreements with other countries). The matter is, that the state opens its market, but hands over the power of negotiating important deals with thirds countries to the European institutions. Given that it has a very limited influence on the European Commission policy (because without membership status it does not appoint members of the Commission) this state has reduced bargaining position in the international trade. However, it is still able to negotiate with others cooperation in such topics as financial services, investment, public procurement and some other matters.

All in all, the Customs Union ensures an easier flow of goods, but would not itself guarantee frictionless trade. Nevertheless, it is a very advanced model of integration into the EU, which is offered only for a small group of partners of the EU. Like a single

market, the Customs Union benefits EU partners by providing favourable conditions for trade with member states and, thus, strengthens ties between them.

The third model of integration implies establishment of the free trade area. This option is designed chiefly for the neighbouring countries of the EU, which are involved in the Eastern Partnership. Initially it was addressed to all six states: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. The general direction of integration is the same for all countries – strengthening democracy, liberalisation of economy, improving human rights and freedoms.

Later though, deep differences surfaced in that group of states. Some countries declared greater ambitions for the relations with the EU. They demonstrated a much faster dynamic of reforms than other ones, anticipating closer integration with the Union. To meet their expectations the UE offered a more advanced option of integration – an Association Agreement, which includes a Deep and Comprehensive Free Trade Area (AA/DCFTA). It is addressed to those countries that have clearly declared their intention of joining the European Union but do not have such perspective in the foreseeable future (Ukraine, the Republic of Moldova, Georgia).

AA/DCFTA comprises political, institutional and economic integration supported by comprehensive harmonisation of candidate's legislation with the *acquis communautaire*. The political part covers the following spheres: human rights, good governance, democracy, rule of law, countering corruption, combating terrorism, stability, security, peaceful resolution of conflict, crisis management, personal data protection, migration and asylum, readmission, fight against illicit drugs, money laundering and terrorism financing, etc.

The economic part implies establishment of the DCFTA. It provides access to the European Single Market in selected sectors (at the same time, it grants EU companies in those sectors the same regulatory environment in the associated country as in the EU). The agreement requires aligning legislation of the state to the EU's in certain areas, in particular competition policy, public procurement, customs and trade facilitation, protection of intellectual property rights, trade-related energy aspects, including investment, transit and transport.

In terms of institutional integration AA/DCFTA envisages deep cooperation between European institutions and central and local authorities of partners. It also establishes a high level of political dialog between the EU and its partners on regular basis.

Generally, AA/DCFTA is definitely a more advanced form of integration than regular free trade area, offered by the EU to other partners. It aims at achieving strengthened political association and economic integration with the EU, but without

any promises (not to mention guarantees) of granting prospect of EU membership even in the case of spectacular results of its implementation.

For the rest of Eastern European countries, which have not accepted AA/DCFTA model, less advanced forms of integration have been offered, namely a partnership and cooperation model. A partnership and cooperation agreement provides a general framework for bilateral economic and political relations. By using it the EU offers certain benefits (restricted access to its market, financial support, cooperation in the fields of culture, science and technology, *etc.*) in exchange for conducting reforms in the political and economic spheres.

A partnership and cooperation model is the best option for those countries, which do not seek a fast and deep integration with the EU, but have the intention to cooperate closely with the Union on a sector-by-sector basis (Armenia, Azerbaijan). They can individually pick the fields, where they want to cooperate closely. It helps to keep constructive relations between the EU and other European states even in the case they have quite different geopolitical and geoeconomical priorities.

For example, Armenia firstly negotiated AA/DCFTA with the EU, but finally decided not to sign it. It joined the Russia-led Eurasian Customs Union instead that makes it impossible to participate simultaneously in the DCFTA with the EU. The country evidently sees greater importance in the cooperation with Russia. At the same times it reaffirms its commitment to cooperate with the EU more closely and firmly in improving democratic institutions and judicial system, human rights and the rule of law, good governance, fighting corruption, strengthening civil society, expanding trade and investment. The Partnership and Cooperation Agreement (or the new one, that will be signed on its basis) allows it to keep close ties with the EU.

Azerbaijan also prefers to develop a pragmatic approach with a clear focus on economic cooperation, rather than to seek a membership perspective. In contrast to Ukraine, Moldova and Georgia officially aspire to the membership in the EU and Armenia and Belarus decided to join Eurasian Economic Union, while Azerbaijan does not seek to join any blocs. It aspires to develop good relations with all geopolitical players. It does not need such deep model of cooperation as DCFTA and is definitely unwilling to make commitments in the political domain. The AA/DCFTA integration model seems to be too close for that country

Azerbaijan has failed to fulfil commitments in fields of democracy and human rights for many years, but the state is a strategic energy partner for the EU and plays a pivotal role in bringing Caspian energy resources to the EU market. That is why the Union is interested in strengthening close cooperation. Initially it offered the AA/

DCFTA model. Negotiation over the agreement, launched in 2010, were stopped in 2013 when the Azerbaijani authorities stated that they were no longer interested in the deal. Instead, the country preferred to focus on selected fields, in particular energy cooperation. In 2017 the EU and Azerbaijan began negotiations on a new framework agreement, which is to be based on sectoral model of integration (Mołdowan 2019b: 53–78).

## The Ways to Improve the European Union Relations with Non-Member States

By and large, the EU already has a number of the different models of integration and cooperation with non-member countries. Some of them are pretty effective and successful and match the expectations both of the EU and its partners. For instance, the EEA appears to be one of the most successful projects of integration with the EU without membership perspective. It allows the Union, along with its partners, to focus on the economic field of the integration, leaving behind the political dimension.

At the same time, in some cases the models of integration used by the EU pose essential risks for the relations with its partners. The problem is that some countries do not feel satisfied with the approach applied by the EU towards them. It results in weakening ties with the Union and deteriorating willingness to perform their duties and commitments properly.

The study reveals two main groups of “extremely unsatisfied” non-member states. The first group demands closer integration with the EU (Ukraine, Moldova, Georgia). A lack of membership perspective even in the distant future undoubtedly undermines these countries’ willingness to conduct in-depth reforms. In case of Ukraine it also leads to reconsidering the role and significance of the European integration.

The second group, conversely, perceives the model of integration proposed by the EU as excessively deep and close. This forced them to pull out of the integration process with the Union (Armenia, Azerbaijan). This group aspires to focus on integration in the limited number of sectors. Moreover, those states do not want to open their economy to the EU and do not consider aligning their own legislation with the *acquis communautaire*.

In order to meet the expectations of both groups of partners and to maintain their democratic and economic transformation the Union has to correct its integration policy. It is difficult to offer membership perspective to the first group. The EU do not



want to use this tool broadly at the moment. Firstly, the Union has huge problems with integration of states situated in Western Balkans region at the moment. Further enlargement would pose risk for the EU itself in the medium-term perspective.

Secondly, it is still struggling with its own internal problems (Brexit, migration crises, serious breaches of the rule of law by several member states, rise of populist radical right parties and movements, etc.). First of all, it needs to tackle these problems and to formulate a clear strategy of its long-term development. Based on this vision further steps towards enlargement can be undertaken.

The UE can propose to its partners one of the three alternative options instead:

- long-term membership perspective with an identified date of accession;
- joining the Internal Market;
- joining Customs Union;
- develop a new model of integration which would combine joining the Internal Market and Customs Union simultaneously (IM + CU).

Potentially IM + CU model could be an interesting and very attractive model for non-member European countries which seek to the closest integration with the EU. It is not accessible to new democratic republics of Eastern Europe at the moment chiefly due to very stringent criteria the potential candidate have to meet. The most important condition is maturity of democratic and market institutions. None of other Eastern European countries comply with these requirements.

Nevertheless, this model could be the ultimate goal for those European states, that have no chance to obtain membership perspective in foreseeable historic period. Considering the above, this option should be open to them, at least hypothetically. The second group of non-member states consists of those countries that do not want to limit their independence and sovereignty in relations with the Union. The EU's attempt to impose on them a comprehensive model of integration failed because it was too close. Such countries like Armenia and Azerbaijan refused to accept the AA/DCFTA, albeit they were offered that model. This does not mean that they want to break off relations with the EU. They just need a platform for sector-by-sector cooperation.

One possible solution for those countries could be a development by the EU of a sectoral integration model which should be institutionalised and accepted as one of the binding platforms. This model should envisage cooperation between the EU and non-member states in the limited number of areas, first of all in the economic sphere (Table 2).

Table 2. Existing and possible models of integration the EU can offer to non-member states

Model of integration	Long-term membership perspective	IM + CU	Internal Market	Customs Union	AA/DCFTA	Sectoral integration
Criteria of accession	Meeting Copenhagen Criteria, full implementation of the <i>acquis communautaire</i> into national law.	Full implementation of the <i>acquis communautaire</i> into national law.	Aligning national law with the <i>acquis communautaire</i> in certain fields.	Aligning national law with the <i>acquis communautaire</i> in certain fields.	Harmonisation of national legislation with the <i>acquis communautaire</i> .	Partly harmonisation of national legislation with the <i>acquis communautaire</i>
Advantages	1. Strong motivation effect for partners to conduct reforms, desirable for the EU. 2. Unification of political and economic processes in Europe due to implementing Union's <i>acquis</i> by other European countries.	Full economic integration without including partners in the policy-making process of the EU.	Enlargement of the Single Market without including partners in the policy-making process of the EU.	1. Elimination tariff and non-tariff barriers within area. 2. Common trade policy on the international scene.	1. Coordinating some domain of internal and foreign policy. 2. Harmonisation of business environment between the EU and its partners. 3. Elimination the bulk of tariff barriers to trade and investment.	1. Establishing platform for the dialog, which often is better option than breaking off all contacts with the country concerned 2. Focus on own pragmatic economic interests without engaging in politic disputes. 3. Low costs related to developing such kind of cooperation.
Weaknesses and risks	1. Huge costs for preparing candidate countries for accession are required. 2. The promise of accession must be kept at the end.	1. The lack of supranational decision-making authority inevitably will cause fragmentation of common economic area. 2. Political disagreements and disputes between the EU and its partners can disturb the functioning of single economic area as well	When crossing the border between the EU and a non-member state which belongs to the Internal Market the export and import goods are subject to customs duties and customs control.	Joining the Customs Union does not ensure frictionless trade. Some bureaucratic barriers remain, especially between members of the EU and non-member state, which participate in Customs Union.	In practice this model appears to be unsatisfactory for all the EU's partners. For some non-member states it is not close enough (because it does not guarantee a membership perspective), for other ones – too deep, because allegedly interferes in internal affairs.	1. Lack of ability to exert on those states in order to persuade them to fulfil commitments as well as to correct their policy. 2. Strengthening authoritarian regimes. Majority of states which strive for sectoral integration with the EU first of all try to exclude question of the rule of law and of human rights out of discussion.
Actual Members	Turkey	-	Switzerland, Norway, Iceland, Lichtenstein.	Turkey	Ukraine, Moldova, Georgia.	Armenia, Azerbaijan.
Potential member	Ukraine, Moldova.	Ukraine, Moldova, Georgia.	Ukraine, Moldova, Georgia.	Turkey, Ukraine, Moldova, Georgia.	Belorussia.	Russia, Belorussia.

Source: Own elaboration.

On the one hand it can help to keep the dialog open, which often is the better option, when the alternative is freezing all contacts with the problematic country. The EU also can focus on its own pragmatic economic interests regardless of problems with democracy, human rights abuses, aggressive policy towards other partners and so on.

On the other hand, such approach poses crucial risks for the state of democracy and peace on the European continent. It can contribute to the empowerment of authoritarian regimes in Europe. It is no secret that the majority of states which strive for sectoral integration with the EU, in doing so try to eliminate from discussion issues concerning problems with democracy, corruption, rule of law and of human rights. If the EU continues to turn a blind eye to such problems, those countries' authorities will be getting more and more self-confident and aggressive.

In addition, such model will reduce the influence of the EU. Both Armenia and Azerbaijan refused to form deep integration with the Union among others due to the interference of other regional powers. The EU has to keep it position in this region to balance them.

## Conclusions

Granting a membership perspective used to be one of the most efficient tools the UE applied to promote its values, standards and rules on European continent. Positive results of previous enlargements of the Union show that the sheer prospect of membership can ensure a high dynamic of political and economic transformation in non-member states. However, the potential of this instrument is getting exhausted.

In this situation the Union has to come up with new approaches to continue the integration processes in Europe. The EU has developed a number of different integration models and cooperation with non-member countries without a promise of membership. Some of them are pretty effective and successful, but other ones, conversely, undermine mutual trust and consequently worsen relations.

The EU has to deal with different groups of the "extremely unsatisfied" states. Some of them demand closer integration with the EU (Ukraine, Moldova, Georgia), that is why the existing model (AA/DCFTA) can be accepted by them only as a temporal framework. In the closest future they will expect more advanced options, otherwise they will lose incentives to conduct difficult and unpopular reforms. Other group of countries, by contrast, reject AA/DCFTA as a form of overly deep

integration with the EU, with permits it to interfere in internal affairs of those states. At the same time, they would like to cooperate with the EU more closely in the selected economic fields (Belarus, Armenia, Azerbaijan).

There are no simple solutions in this case. Some important changes have to be made. Firstly, the EU should correct and update its policy towards European non-member states. New models like IM+CU and sectoral integration have to be institutionalised. Secondly, the EU should be open to deeper integration with states aspiring to that. It does not necessarily imply granting a membership perspective. The Union could offer to its partners a closer model of integration instead, for example, joining the Internal Market or the Customs Union or it could even propose a new model (IM+CU). For those states that are unwilling to limit their independence and sovereignty in relations with the Union a sectoral integration model could be proposed to establish a platform to initiate dialog.

Generally, the Union should finally realise that ensuring stability and security in Europe can be achieved only by strengthen ties between the UE and non-member states. To accomplish this mission the EU, as a leader and engine of integration processes on the continent, has to find such models of relations with them which will prompt all non-member states to cooperate with the Union for the sake of peace and prosperity in Europe.

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