

**European Union foreign policy – a study on the historical development and the reasons
behind the Association Agreements with new partners in the Eastern neighborhood**

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Abstract

Russia has become a geo-political foe for the European Union. Their actions in Crimea has ended in the EU implementing wide-ranging sanctions against Russia. Denying long-term investments, freezing assets, and general disapproval of the actions have been implemented. Association Agreements with previous Soviet states are also prevalent. Agreements have been done with Georgia, Moldova, and Ukraine, harmonizing legalization and improving trade relations between the EU and the nations. The purpose of this thesis is to investigate these association agreements, analyze and discuss why these are being used by the EU to conduct foreign policy. Moreover, the thesis sets out to analyze how the two classical integration theories neo-functionalism and liberal-intergovernmentalism explains the historical development of the foreign policy of the EU.

This thesis conducts an analysis by applying the traits of the two integration theories to the historical development of the foreign policy of the EU. It is argued that as expected, the two classic theories are both relevant when investigating the development. However, it is argued that when looking at the overall development from the ECSC to now, neo-functionalism shows itself clearer, whereas when investigating the direct development from one year to another, liberal-intergovernmentalism is more prevalent. The thesis argues that the EU is able to employ a smart strategy by combining its soft and hard power into smart power when negotiating association agreements. By including both payment and persuasion, the EU is able to assert itself as a foreign policy power in the close region.

The thesis concluded that by employing this Smart Strategy through smart power, the EU is able to assert itself against Russia as a foreign policy power. However, it is also concluded that when it comes to negotiating agreements with larger nations such as Canada and South Korea, the economic realities work against the EU in regards to succeeding with commitments to topics important to the EU.

Keywords: Foreign policy, association agreement, DCFTA, smart power, integration theories

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Chapter 1 - Introduction

The foreign policy of the European Union has been a discussion topic for politicians, academics, and the general populace of the member nations as long as there has been a European Community and foreign political situations to react to, and neighboring countries to negotiate with. From a community based around coal and steel, to a large international actor which partners with neighboring countries and harmonizes legislation between them through Association Agreements, and negotiates large free trade agreements with large nations, the foreign policy capabilities of the EU have developed. But why the EU uses free trade agreements and association agreements with neighboring non-members to conduct foreign policy? An interesting question to investigate given the still rather recent negotiation process of the three association agreements with some of the EU's neighbors to the east, and the recent trade agreements agreed upon between the EU and large economies of the world.

As such, the problem formulation for this thesis is:

How does the two classic integration theories explain the development of the EU foreign policy, why does the EU use Association Agreements to conduct foreign policy, and why is the EU not able to gather the same commitments on important causes from free trade agreements as it is from Association Agreements?

This thesis will aim to do a number of things. Firstly, it will broadly investigate the historical development of the foreign policy of the European Union and analyze development with the use of the two classic integration theories, neo-functionalism and liberal intergovernmentalism. This investigation will be able to establish two things, the general development of the foreign policy of the EU, and how the two chosen integration theories explain this development.

Moving on, the Association Agreements with Georgia, Moldova, and Ukraine will be investigated and analyzed with Joseph Nye's theory of Smart Power. Smart Power, being the combination of hard power and smart power, will allow the author to understand how and why the EU uses both its soft and hard power to be able to stabilize its neighboring region to the east, while at the same time asserting itself as a regional foreign policy power against Russia. Moreover, the free trade agreements with other countries will be compared to the trade part, the deep comprehensive free trade areas, of the association agreements with the three previously mentioned countries.

By doing so, a foundation will be established from which a discussion can be had on why exactly the EU is using association agreements in the local region to conduct their foreign policy. As such, the discussion will revolve around why the EU is using association agreements as their foreign policy tool in the local area, as well as why there is a noticeable difference between legal commitments in the association agreements, and in the free trade agreements.

However, to begin with, the next two chapters will focus on the method which will be used in this thesis, as well as the theory chapter which will describe as well as argue for and against the chosen theories for the analysis.

Chapter 2 - Method

In this chapter the author will present the research design of the thesis wherein all the chapters will be shortly described. In this research design, the structure of the thesis will be outlined and what to expect from each chapter will be found here. Moreover, this chapter will present the method of document analysis which is the method to be used in this thesis. The benefits of this type of analysis will be described, as well as what to be aware of when conducting this sort of analysis.

Research design

Chapter 1

In chapter one I will introduce the project. I will introduce the general notions, and my general thoughts about the subject and present why I have chosen the subject. I will provide a summary of what the thesis will aim to do, how it will reach that stage, and in very basic terms explain the objectives of the thesis. The problem formulation, and thoughts behind it, will also be found in this introduction chapter.

Chapter 2

Chapter two will be the method chapter of the thesis. It will begin with a research design, what you are reading now, wherein I will go through every chapter of my thesis and briefly explain what will happen in that chapter. I will then move on to explaining the use of document analysis, how it is used and why it is beneficial to this thesis.

Chapter 3

In chapter three the theory to be used in the thesis will be presented. This chapter will function as a very classic run through of the theories will be done. Why the theories have been chosen, how they benefit the thesis, why I have not chosen other theories, and what to be careful of when using the given theories.

Moreover, chapter three will also contain definitions of any concepts, notions, or whatever else needs to be defined for the work of the thesis.

Chapter 4

In this chapter I will in general terms present an account of the European Union's foreign policy. What the Union is capable of doing, when and why this was established, and what

actors have control over these measures will be included. This account will contain general foreign policy capabilities but will focus in more in depth on the trade aspect of foreign policy, as well as the association agreements.

Chapter 5

In chapter 5, an analysis of the development of the European Union's foreign policy will be conducted. It will be investigated how the EU's foreign policy has developed historically, and how the two classic integration theories explain this development in foreign policy.

Moreover, the EU's association agreements with Georgia, Ukraine, and Moldova will be investigated and held up against the ideas of Joseph Nye regarding Smart Power. Nye's ideas about Smart Strategy will be used to determine why the EU is successful in negotiating these deals with its local neighbors. Academic articles, news pieces, and information from the actors themselves will be used in this analysis to provide background information for the analysis.

Chapter 6

Chapter 6 will serve as the discussion of the thesis. In this chapter, it will be discussed why the European Union uses association agreements to conduct foreign policy in its local region. Moreover, it will be discussed why the EU is able to gather commitments on certain topics from its partners in association agreements, but not get the same commitments from Canada or South Korea on the same topics when they are negotiating free trade agreements.

Chapter 7

In chapter 7 the conclusion of the thesis will be presented. The main focal points of the thesis will be gathered and presented together as to be able to give an answer to the problem formulation. Moreover, chapter 7 will also contain the reflections which I have done while working on the thesis. These reflections will mostly be about choice of theory and choice of method.

Document Analysis

Document analysis is a way of analyzing different forms of data within the broader qualitative research frame. Using documents to conduct an analysis serve, according to Bowen, five specific functions (2009, pp. 29-31).

1. Provide data

2. Provide new questions for the research
3. Provide supplementary research data
4. Tracking change and development
5. Verify or corroborate evidence from other sources

To begin with, documents can provide access to historical facts, background information, or provide context to different information. As such, the researcher can use documents to understand both historical events as well as present situations. In regards to the second specific function, Bowen argues that by using documents the researcher can find new questions to look into to further compliment the research. Continuing on, analyzing documents can provide supplementary research data to compliment what the researcher already knows, or to complement what the researcher has found through other research methods. Turning to the fourth point of Bowen, using document analysis can allow the researcher to track changes and developments in documents. Using the European Parliament as an example, a researcher can continually look at the draft documents being uploaded and compare them to previous editions to compare what is changing in for example a policy proposal. Finally, document analysis can be used to verify data obtained from other sources, from personal interviews to give an example. If data from both personal interviews and from document analysis converge, the researcher can, according to Bowen, be surer in the data and the research (pp. 29-32).

Along with these five specific functions which document analysis serves, Bowen mentions several pros and cons which has to be thought of when using document analysis (pp. 31-32).

Pros	Cons
Efficient method	Insufficient detail
Availability	Low retrievability
Cost-effectiveness	Biased selectivity
Lack of obtrusiveness and reactivity	
Stability	
Exactness	

Coverage	
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(tab. 1)

As seen from the table, judging purely from a numbers standpoint the pros outweigh the cons of using document analysis. Moreover, Bowen points to the efficiency and cost-effectiveness of the method which makes it worth conducting despite its disadvantages. For this analysis and thesis, availability as well as efficiency are very valuable traits. Given that this thesis aims to analyze large and extensive agreements between the EU and other international actors, being able to access the needed material is very important, and the EU provides excellent and deep access to many documents pertaining to these agreements.

Moreover, given that especially the free trade agreements have been under public scrutiny in the recent years, both academic and mainstream articles about the process surrounding the negotiations are widely available and as such widespread data will be easy to gather for the analysis, selecting what data to use will be the more difficult task at hand.

Regarding the cons which are mentioned by Bowen, it is of the opinion of the author that the point of insufficient detail which Bowen describes as the inability for some documents to answer research questions due to them not being written with future research purposes in mind, does not pertain in particular to this analysis. Given that the thesis will attempt to answer questions about what foreign policy capabilities the European Union possesses, as well as how the EU attempts to assert itself as a world power through for example free trade agreements it must be expected that treaties as well as legal texts about the trade agreements will divulge information regarding this.

In this thesis the author will be using a number of different types of documents ranging from articles from different news media to official documents or treaties from the European Union. As the analysis will deal with free trade agreements as well as neighborhood agreements it is vital to be able to access central documents surrounding this process. To the benefit of this thesis, the EU publish most of their documents online. As such, the analysis can be conducted based on documents which are extremely relevant to the topic at hand, a criterion mentioned by Bowen.

Chapter 3 - Theory

In this chapter, the three theories which the author will use throughout the thesis will be presented. The three theories are Neo-functionalism, liberal-intergovernmentalism, and finally the idea of Soft Power by Joseph Nye. In the chapter, the theories will be presented, their main ideas and notions will be brought forth, along with some of the history behind it. Moreover, the main criticisms of the three theories will be presented along with the reasoning for choosing these three for this thesis.

Neo-functionalism

A classic theory when it comes to the European Union, neo-functionalism was one of the first attempts at theorizing and explaining this new form of cooperation which happened in Europe after the second world war (Jensen, 2013, p. 60-61). At the core of the theory lies the concept of spillover. Spillover can be explained as a process in which a political cooperation happens around a future goal, which then leads to a formulation of a new goal or goals to be able to reach the initial goal set out (p.62). As an example, I will point to the internal market. The initial goal may simply have been to have a large market where goods from all over Europe could be exchanged, however eventually it may have been found that different nations had different legislation regarding the same product, and as such a French producer of pans may not have been able to sell his pans in Germany. Standardization of products and legislation harmonization as such becomes a new goal in order to be able to reach the initial goal of a free and internal market. Within the concept of spillover there are three different kinds which all hold different meanings. These three are functional spillover, political spillover, and finally cultivated spillover (p.62-63). In the following paragraphs there will be a quick run-through of these three tenets of spillover.

Functional spillover is described as what happens when one push towards cooperation functionally leads to another push. This form of functional spillover is present in the example which was mentioned above, the example of standardization of products and legislative harmonization. Political spillover is seen in situations where national actors begin to argue for more European / supranational cooperation, and begin to shift their loyalty and focus more on European solutions rather than national solutions. Finally, cultivated spillover is used to describe situations wherein supranational actors act as a middleman between national states, and at the same time pushes forward the process of political integration. This means that if the European Commission for example is handling a conflict between two

member-states, they, according to the idea of cultivated spillover, act almost as policy designers and attempt to solve the situation with more political integration (p. 62-63).

In the analysis chapter, and more specifically in the section regarding the historical development of the foreign policy of the EU instances of spillover will be pointed out and described further.

Liberal-intergovernmentalism

Where Neo-Functionalism as mentioned was one of the first attempts at theorizing the political cooperation in Europe, liberal-intergovernmentalism has become a sort of a litmus test which all new integration theories has to be compared to and weighed up against. Described as a theory which draws on and develops earlier intergovernmental notions while at the same time incorporating both neo-liberal and realist ideas, liberal-intergovernmentalism has become one of the most important integration theories (Cini, 2013, p. 79).

Whereas Neo-Functionalism describes integration as something which happens naturally through the different spillover concepts, liberal-intergovernmentalism describes integration as something which happens by the power and acceptance from the nation states. From the perspective of liberal-intergovernmentalism and as described in "European Union Politics", the European Union is designed to manage economic interdependence through policy coordination of the nation states. Within this theory is an assumption that nation states think primarily of their own interests, and emphasizes the importance of the preferences as well as the power of different states. As such, the theory states that all decision made by the European Union ultimately come down to the bargaining between member states, where agreements usually are found on the lowest common denominator basis, which aims to transfer as little sovereignty to the EU as possible (p. 79-80).

As such, according to liberal-intergovernmentalism, European integration since 1955 can be placed within three factors: patterns of commercial advantage, the relative bargaining power of important governments, and the incentives to enhance the credibility of inter-state commitment. Thusly, when nation states decide to cooperate economically or their commercial interests converge and become similar, integration happens, not before. This is the key idea of liberal-intergovernmentalism, that it is the economic interests of the nation states which drives the integration of the EU (p. 79-80).

Within liberal intergovernmentalism, supply and demand are two dimensions mentioned by Moravcsik: the supply side and the demand side. The demand for cooperation, and the supply of integration. The link between these two sides means understanding a lot of different factors, along with different contexts created by economic interests, power-relationships, and credible commitments (Cini, 2013, p. 79). Cini describes in three steps this relationship.

Firstly, Cini describes how this demand for cooperation often stems from within the borders of the nation state, as the goals of the state can at times be shaped by pressure and interaction with domestic political actors or interests. This notion can be compared to the ideas of Robert Putnam about the two-level game, wherein the international policy of a state is formed through negotiations with domestic interests. However, Cini draws to the notion that the national policy is to a point 'constrained by the interest of dominant, usually economic, groups within society'. As such, one can understand this as economic interests come to the forefront (p. 79).

Secondly, the supply of integration stems, according to Cini, from intergovernmental bargains, and uses changes to the EU treaties as an example. Within this, it must be stressed that LI sees and emphasises the bargaining and negotiation between states as the main driving force of inter-state relations. As such, it is the member-states which are seen as the drivers of integration with their interdependence of one another. This renders supranational institutions to have a very limited impact on this process (p. 79-80). Moreover, Cini describe show states and governments will bargain hard in an attempt to gain the upper hand, and as such, the power of the individual member states is a crucial factor when it comes to determining which states 'wins' the bargain. Because of this, Cini argues, the larger and most powerful states often get to have their preferences come out on top most of the time (p. 80).

Third and finally, the role of the international institutions, the EU in this case, is that of a mediator, it is there to improve the bargaining and the negotiations between member-states. With their interests in mind, the member-states pool together sovereignty in these institutions so that if a conflict arises between two bargaining nations, the institution can act as a mediator and avoid non-compliance on already agreed upon agreements. As such, the EU can be seen, through the lens of LI, as the mediator to establish credible commitments (p. 80).

Joseph Nye and Ideas of Power

In his book, *The Future of Power*, Joseph Nye tells a tale of contrasting usage and manifestation of hard and soft power. While Russia in 2008 focused on showcasing its military strength, China focused on showcasing its soft power through the Olympics, which they hosted in August of 2008. Nye argues that Russia with the manifestation of hard power with the invasion of Georgia lost the Polish resistance towards the American anti-missile system as well as support towards its Georgian policy from the members of the Shanghai Cooperation Organization. On the other hand, China saw an increase in its soft power by hosting the Olympics, and saw afterwards an increase in the international reputation of the country (Nye, 2011, p. xi).

The above-mentioned situations serve as an excellent example of Nye's ideas of Smart Power. In the preface of his book mentioned above, he states that Soft Power in essence is the combination of hard and soft power, hard power being, according to Nye, coercion and payment, and soft power being persuasion and attraction. To go closer, Nye describes in his book *Soft Power* that hard power can be described as economic might or military, whereas soft power contains a number of different forms such as culture, political values, foreign policies and more (Nye, 2004).

With this in mind, the thoughts behind the idea of Smart Power becomes clear. As Nye argues (2011), soft power cannot be the solution towards all problems. ISIS will not back down from their fight because of the culture of the West. On the other hand, top US military officials also realize that should the US try to solely assert themselves through boots on the ground and fighter jets in the air, this influence will eventually diminish (p. Xiv). However, hard power is also sometimes needed, as was seen in 2001 when it took military power to take away the Taliban support for Al-Qaeda. Soft power could not attract the Taliban away from its support of Al-Qaeda (p. Xiv).

Nye goes on to argue that using Smart Power is not about preserving an existing hegemony or maximize power, it is instead about being able to use resources a state or institution, an actor, might have to be able to create a strategy, a strategy in this meaning a plan of how to reach certain goals set by the actor (p. 208). Nye identifies five questions which a smart strategy will be able to answer. In the following section, these five questions will be described.

Nyes Smart Strategy Blueprint

1. What goals or outcomes are preferred?

As argued by Nye, to answer this question one cannot simply put forth an infinite wish list as having everything we want in life is often not possible. As such, setting different priorities on ones' goals of the strategy, as well as taking into account the different possible trade-offs is important.

2. What resources are available in which contexts?

Resources in this case meaning both hard power and soft power. Answering this question means having a complete inventory of all resources available to the actor, for example military power, but also the knowledge and understanding of when a different resource will be available to the actor. It is vital to know at what stages the different resources which the actor possesses. To believe that military power will be available to use at a stage when it is actually not will lead to a setback in the strategy.

3. What are the positions and preferences of the targets of influence attempts?

To be able to succeed with a strategy it is essential to have an idea of what a possible opponent is thinking and what they are trying to succeed in. It is important for the strategy to know how the possible opponent can affect your success.

4. Which forms of power behavior are most likely to succeed?

To use hard power in a situation where soft power would have been the correct way to go about the situation could lead to the failure of the strategy, or at least major damage to it. To know if usage of hard or soft power will undermine the other type of power.

5. What is the probability of success?

Nye writes that even good and noble causes can lead to awful consequences if they are not accompanied with an idea of what the probability of success of the cause is. As argumentation, Nye points to the American invasion of Iraq which was riddled with blindness as to the time and costs involved with this invasion. Because of this, even though the objectives of the Americans may have been very good, the blindness to the eventual costs to achieve these objectives dragged down the strategy.

Combining hard and soft power into Smart Power has been done by many different nations, different actors. Investing in and enhancing military power and military alliances to both assert the actor as a military power in the area and to deter other actors while also making the

nation attractive through for example advantageous banking systems, development policies in foreign nations, or sponsoring cultural ideas has been used by not only big nations like the United States, but also by Qatar, Switzerland, and Norway (Nye, 2011, p. 210).

In relevance to this, the European Union, from what is put forth by Nye, presents itself as an interesting actor in the Smart Power debate. The total economy of the EU is larger than that of the US, the population is larger as well by roughly 200 million, and even though it spends less on military than the US, the EU has more men under arms as well as two countries with nuclear arms (Germany and France) (p. 160). In terms of soft power, the EU produces more films, have more foreign exchange students placed around the world, and has human capital comparable to the US and as such, it has to be considered a peer competitor to the US (p. 158-159).

If the EU can put forth different strategies which can answer Nye's 5 questions is interesting, and how it can use smart power to assert itself as a world leader will be an interesting question to investigate throughout this thesis.

Choice of theory

For the purpose of this thesis, the three theories above were chosen to be able to show different angles to the material to be analyzed, and the questions to be discussed. Neo-functionalism and Liberal Intergovernmentalism are two classical integration theories, used hundreds of times in different papers, articles, and theses. However, they are two classics for a reason, they are still able to provide explanations for the developments of the European Union, both throughout time but also in the present. As such, these two theories will be valuable when investigating developments in the foreign policy capabilities of the European Union.

When looking at the European Union, Smart Power is an interesting theory. As described above, the theory revolves around the idea of both hard and soft power having something to say in the world today, and as the EU has capabilities within both of these fields it is interesting to apply the notions of Nye to the foreign policy, especially trade, of the European Union, and to investigate using this theory how the EU attempts to assert itself as a world leader.

However, these above-mentioned paragraphs are not meant to say that the three theories chosen are the only relevant theories for this sort of analysis. Constructivism, by

Carsten Jensen referred to as the follower of Neo-functionalism, could well have been used to investigate the treaty changes as well as changes in foreign policy capabilities of the European Union. In regards to Smart Power, the notions of soft power by Nye would also have been useful to apply also. However, given that Nye himself states that regarding hard power, the EU is also a competitor for the US, mainly because of its economic stature, it is of the opinion of the author that including this also would be most beneficial for the analysis. Moreover, the five steps of Nye to detail a good strategy provides a good foundation for an analysis on how the EU can assert itself in world politics through trade, as goals, resources, positions, and so forth has to be identified.

Critiques of the chosen theories

In regards to this thesis, one critique of Liberal Intergovernmentalism (LI) which is relevant is the notion of LI underestimating the influence of the Commission in the decision-making of the EU. Moreover, the LI depiction of the Commission as an actor which cannot influence policy outcomes has with empirical evidence been shown to be wrong as the Commission through its various tools has been able to influence the outcome of policies as well as further its own agenda by exploiting differences between member states (Cini, 2013, p. 80-81).

Another critique of LI which this thesis has to keep in mind that, according to Michelle Cini, is that it is often only applied to cases where it is known that it will be shown to be correct. Cini mentions an example of LI being able to explain the changes of the earlier treaties, but as the EU began focusing on more non-economic issues, the theory failed. As such, LI has been criticized for being too narrow to be referred to as a theory of European integration (p. 81). To avoid this potential issue the solution seems quite simple; to indiscriminately apply the theory in the analysis section.

Moving on, Neo-functionalism while a mainstay of the European integration theories is not free of criticism. A critique of the theory which links up nicely with the recent events in Europe is the idea in neo-functionalism that when the elites begin to cooperate, their population would follow. While this may still be true eventually, the British rejection of the European Union, as well as the Danish vote for keeping the opt-out agreement, gives this critique foundation to stand on. Moreover, it provides ammunition for another criticism, that the empirical data does not support the theory. This is mainly focused around the lack of integration during the 1970's and 80's where the theory predicted intensification of the

political integration, however that was not the case, and critics are quick to point this out (p. 66-67).

In an opinion piece in *Foreign Policy*, previous American diplomat Ken Adelman reveals some criticisms of Smart Power. Adelman questions the power there lies in soft power, an important component of Smart Power, as mentioned above. He points to continuous aid towards Egypt, Afghanistan, Israel, and Pakistan which has not led to them taken similar stances on policies important to the US and the White House. As such, Nye focusing so much on including the soft power aspect is, according to Adelman, not beneficial as hard-power when it comes to delivering results in foreign policy (Adelman, *Not-So Smart Power*, 2011).

Chapter – 4 The European Union's Foreign Policy Capabilities – A short account of three tools

In the following chapter the author will present an account of some of the European Union's foreign policy capabilities, what their options are when it comes to dealing in foreign policy. Along with this account, important decisions which affected the foreign policy capabilities will be included to give an historical view as well. While it will be a general account of the foreign policy of the European Union, it will expand more on the trade and neighborhood aspects. This chapter will serve as background information for the upcoming analysis in the next chapter.

To be able to accurately give an account of the foreign policy capabilities of the European Union it is important to firstly understand the context which the different actors within the Union act under. As described by Keukeleire and Delreux in their book 'The Foreign Policy of the European Union' (2014, p. 61), the EU's institutional framework can in a nutshell be described as single in name, dual in policy-making, and multiple in nature. While there is a single overarching institutional framework in existence it can only be described as existing on paper, and in practice, different foreign policy actors of the EU carry different powers and responsibilities in the policy-making process. The Council has full control, with guidance from the European Council and support from the High Representative and the External Action Service (EEAS), over the Common Security and Defense Policy (CSDP) and the Common Foreign and Security Policy (CFSP) (p. 61).

The Common Foreign and Security Policy (CFSP)

The CFSP, established in 1993 under the Maastricht Treaty, was according to Keukeleire and Delreux (p. 46) created with motivations directly linked to the geopolitical changes which were happening around the world in the beginning of the 90's, such as the Berlin Wall's fall and the German reunification, as well as the military conflicts happening in the Middle East and the Gulf. Moreover, Keukeleire and Delreux describe what the CFSP was about at its beginning by using four examples.

1. Strengthening the European integration
2. Manage the inter-institutional relations as well as the relations between the European Commission and the member states
3. Identity of the EU and public relations management
4. Creating an effective and credible European foreign policy plan

As mentioned above, the time period in which the Maastricht treaty, and the CFSP, was created in was very volatile and as such the EU sought to strengthen themselves through further integration with the creation of the Treaty. However, they also sought to heed any bad situations regarding the German reunification and its entrance to the EU. Thus, the CFSP in concurrence with the establishing of the European Monetary Union was part of a diplomatic operation to embed the newly reunited Germany into the EU. Continuing on, most member states thought it necessary that the CFSP should be created under its own intergovernmental pillar as to be able to function as a barrier to the EC, to prevent foreign policy to fall under the Commissions responsibility.

During these times of major geopolitical changes in the late 80's and early 90's, the EU wanted to, according to Keukeleire and Delreux, assert itself and to strengthen the European Identity. In the Treaty of the European Union, the objective of asserting its [the EU] identity through the implementation of a common foreign and security policy. Rounding of what the CFSP was about in its beginning stages, it can be said that it was fundamentally about making common foreign policy, as the name implies. According to Keukeleire and Delreux, the acts in the Gulf and in Yugoslavia showed to some members that the EU needed some new tools to be able to conduct foreign policy, and to be able to become a stronger continental power.

Following the approval of the Maastricht Treaty and the CFSP the EU were now capable of creating common positions on a range of subjects. These common positions adopted by the EU require all member states to comply with the EU on the particular issue. The EU is also capable of making joint actions, as was for example done in Bosnia and Herzegovina in the early 2000's. Joint actions are agreed upon by member states and can for example aim at managing civilian crises.

Now, when it comes to external action such as development, aid, and trade policy, the Commission proposes action, the Council, together with the European Parliament, decides, and then it returns to the Commission for implementation along with post-implementation control and budget oversight. Following these procedures, the acts are legally binding and it is the European Court of Justice which monitors the legal aspects (p. 61). At the center of the EU's external policies the Common Commercial Policy (CCP) is found. Acts from this policy follows the same procedure as mentioned above, with the Commission proposing policy, or recommends policy to the Council.

The Common Commercial Policy (CCP)

At its core, the CCP is designed to set the stage for the EU commercial policies. According to Michael Smith, the instruments of the CCP which the foreign policy actors can use at their disposal fall into two categories: *Trade promotion*, and *trade defence*. These two instruments need to be balanced against each other, if to avoid conflict. *Trade promotion* refers to all the activities, or tools, which attempt to shape and develop the EU's international trade activity. Both of these instruments are partly under the control of the EU itself, however, given the global nature of trade and commercial activities, some are also under the control of other global institutions or organizations. *Trade defence* refers to the activities which the EU takes to counter or undermine efforts by other nations or institutions to implement unfair trade practices which could be unfair tariffs or other trade barriers against the EU. The EU has a wide range of tools to counter these practices such as sanctions, anti-dumping measures, and other punishments which the EU can use. Moreover, according to Smith, the EU frequently works jointly with the World Trade Organization (WTO), in order to use the WTO as a way to dispute these alleged unfair trading practices.

In recent years, the competences over so called 'new trade issues' have become a topic of contention between member states. Within the CCP, the EU enjoys full exclusive competences over not only traditional trade in goods but also in services, foreign investment, and a newer trade 'item'; intellectual property rights (Keukeleire & Delreux, 2014, p. 198). As mentioned above, the policy process is fairly standard. As such, the Commission proposes et cetera. However, when it comes to trade agreements the terms used around the process changes a bit. The Commission becomes the main negotiator with the other trade party. The Commission works interdependent with the Council since the authorization, a mandate, of the latter is needed, and eventually for the trade agreement to be fully implemented it has to be ratified by both the Council and the EP. Moreover, since a lot of the trade agreements include policies which go beyond trade, the agreements often have to be ratified in the member states (p. 198).

Beyond trade

These other policies beyond trade include demands on labor practices, good governance (p. 198), or humanitarian demands (p.200). According to Keuleleire and Delreux, trade policy eventually forced the EU to evaluate and define their relations with the rest of the world, and through trade policy expectations from third world countries that the EU was a major power

was also created. As mentioned above, the CCP and trade policy of the EU is closely linked to the general external actions and policies of the EU, which Keukeleire and Delreux gives three reasons for. Firstly, it is expected that the CCP follows general principals and ideas such as democracy, rule of law, human rights, and other fundamental values which the EU and the West is accustomed to. Secondly, and important to the future analysis of this thesis, trade policy provides the EU with certain tools to be able to conduct foreign policy such as sanctions, embargoes, but also support measures for their trade partners. The EU themselves describe how their negotiated trade agreements demand the protection of human rights, labor rights, and respect for the environment. Finally, the EU's trade policy, as well as their agricultural policy, can affect political systems, whole countries' economies, as well as the political structure of nations. As put forth by Keukeleire and Delreux, this impact on political systems and so forth, positive or negative, can affect the international security in which the EU finds itself (p. 200-201).

For the purpose of this thesis, these policies and demands which go beyond trade are very important for the understanding of how the EU conducts its foreign policy through trade, as well as how its trade agreements aid the EU in asserting itself as a world-power. As mentioned above, *trade defence* is a concept which refers to the tools which the EU can use when it comes in contact with what it believes to be unfair trade practices. These tools include, as mentioned, sanctions. Sanctions are because of their status of an external action policy linked with the CFSP, the reasoning behind this being that to take a restrictive measure against another state, individual, or non-state actor, a binding CFSP decision has to be in effect. Sanctions as a tool is a concrete power given to the EU according to article 215 of the Treaty of the Functioning of the EU (EUR-Lex: TFEU). As such, the EU can use its economic leverage to achieve foreign policy goals, as the TFEU describes possibilities of the EU cutting economic and financial ties with other nations or institutions.

According to the Commission, sanctions is the EU's tool when it comes to intervening before an actual crisis, or as a response to current situations. At the time of writing this thesis there are currently sanctions, or restrictive measures as the EU calls them, against 38 nations or other foreign actors. These include countries such as Libya, Moldova, and the USA, as well as different terrorist organizations. As described by Keukeleire and Delreux, sanctions aim to change current situations or political doings in different nations. The EU attempts to persuade these other nations to change their course of action through the interruption of trade activities. As mentioned, the CCP is very closely linked to the CFSP and

sanctions are another example worth mentioning in this context. Article 25 of the TFEU indicates that the EU shall conduct foreign policy by following a set of principles, one of these is called 'adopting decisions defining positions taken by the Union', which, according to Keukeleire and Delreux, mainly revolve the adoption of these restrictive measures. These sanctions, or restrictive measures, can as mentioned above also be aimed towards individual persons, as has been done during the Ukraine situation where the assets of several Russian individuals were frozen because of their actions which were deemed as undermining the territorial integrity of Ukraine.

Now, as shown the EU's external policies are closely linked with the CCP which gives the EU certain capabilities when it comes to conducting foreign policy. Another policy which gives the EU capabilities on this front is the European Neighborhood Policy (ENP).

European Neighborhood Policy (ENP)

Article 8 of the Treaty of the European Union (EUR-Lex: TEU) describes how the Union and its neighboring nations will develop a relationship based on the idea to establish an area of prosperity on multiple fronts, as well as good neighboring practices. Moreover, the relationship will be founded on the values of the European Union, and the relationship should be able to demonstrate close cooperation and peaceful relations. The ENP serves as the framework for the EU's foreign policy towards its neighboring countries in Eastern Europe, the Middle East, South Caucasus, and in Northern Africa.

Similar to the ideas of bringing in good governance, proper labor practices etc. in trade agreements as mentioned above, the ENP aims to support the EU's neighboring countries in the regions mentioned above in their efforts to reform their economic or political systems, as well as the ENP is designed to promote good governance, human rights, economic liberalization and modernization as well as other things. According to Keukeleire and Delreux, the ENP works in conjunction and is complimented by other EU foreign policy tools such as bilateral agreements as well as initiatives stemming from the CFSP. Originally, as mentioned above, the ENP was offered to the nations neighboring the EU because of the inability, stemming from both location and unwillingness from the EU, to discuss possible accession to the Union. Instead, the EU offered deeper and more meaningful cooperation on multiple fronts such as the economic one, social, cultural, and so forth.

However, the unwillingness from the EU to consider some of the countries taking part in the ENP as candidates for EU membership is, as proposed by Keukeleire and Delreux, why the ENP has not brought any major structural reforms to the neighbors of the EU, and why these above-mentioned objectives of prosperity on multiple fronts has more often than not, not come to fruition. According to Keukeleire and Delreux, several of the EU's partners in the ENP look at being part of the ENP as a 'test' before being able to fully join the EU. However, at its original state the ENP was conceived as a way to still have some influence in certain nations without having them join the EU (Keukeleire & Delreux, 2014, p. 252). As such, when partner countries realise the difficulty of attaining a EU membership through cooperation in the ENP, the cooperative relationship and inclination to follow EU recommendations disappear (p. 252).

Association Agreements (AA)

The EU has some form of relationship with almost every country or area in the world. They are normally called something other than Association Agreements, for example a Partnership and Cooperation Agreement, however, for the purpose of this section we will stick with Association Agreement as the general term. According to Keukeleire and Delreux, AAs are in their purest form based on giving access to some of the EUs economic tools, for example the internal market and development aid (p. 203).

The contents of these AAs, regarding market access in this case, with different countries vary greatly, some AAs widen the customs union to the agreement partner, some create general free trade areas, and some AAs contain no trade arrangements what so ever. Moreover, and importantly and interesting for this thesis, AAs are also responsible for the creation of a channel in which the EU can provide aid in different areas to the partner. The environment, culture, home affairs, justice, and other are areas which AAs can touch and where the EU and its partner in the AA can cooperate on. What is put into the AA is often dependent on what relationship the EU foresees with the new partner. Factors such as location relative to the EU, already existing relationship with the EU or its member states, or prospect of EU membership goes into the decision making on what the scope of the AA should be (p. 204).

Relevant to this thesis, and what will be investigated in the next chapter, are the AAs with Moldova, Ukraine, and Georgia. Similar with these three is that there has been created Deep Comprehensive Free Trade Areas (DCFTA) between the EU and these three

nations. All these three DCFTAs are a part of each countries AA and include a lot of different provisions for example transparency, trade barriers, customs facilitation and more.

In this chapter some of the foreign policy capabilities of the EU has been shown. Joint actions, common positions, the European Neighborhood Policy, and Association Agreements have been presented. This chapter will serve as background information for the upcoming analysis wherein the DCFTAs and the negotiations prefacing their implementation will be analyzed with the aim of being able to uncover the EUs attempts to influence their neighboring countries, as well as attempt to assert themselves in world politics.

Chapter 5 - Analysis – the historical development of the EU's foreign policy, and the Association Agreements with the neighbors to the East

The following chapter and sections will contain the analysis part of the thesis. In it, the development of the European Union's foreign policy will be analyzed and help up against the two classical integration theories neo-functionalism and liberal intergovernmentalism.

The Development of the European Union's Foreign Policy explained by classical integration theories

In this section the development throughout time of the European Union's foreign policy will be investigated and neo-functionalism and liberal intergovernmentalism will be applied to be able to find the reasons for the foreign policy expanding in the direction it has. Doing this it will be possible to show circumstances where neo-functionalism will present itself as the 'correct' theory, and other circumstances where liberal intergovernmentalism will be the 'correct' theory. As with an area as large and complicated as foreign policy in a supranational institution, it must be expected that both circumstances will be possible.

The European Coal and Steel Community (ECSC)

The beginnings of a foreign policy can be traced back to before the EU actually became the EU, the European Coal and Steel Union (ECSC). While at the heart a major economic plan which could set up a common foundation for economic development for all joining members, this policy also had foreign policy aspects. By pooling together the French and German coal and steel production under a High Authority Shuman described the possibility as well as feasibility of another war between members of the ECSC as 'not merely unthinkable, but materially impossible' (Schuman, 1950). Early beginnings, however still an indication of what to come; economic policies with foreign policy mixed in. To make sure steel scarcity after the second world war would not benefit the steel-rich Germany in a situation where the United States wanted the new Germany to become sovereign, the ECSC was established to get away from a situation where Germany had individual oversight over such a valuable industry (Keukeleire & Delreux, 2014, p. 37-38).

While the ECSC is often referred to as the beginning of neo-functionalistic integration in Europe, the ECSC itself can be characterized as an intergovernmental bargain. According to Karen Alter and David Steinberg, it became clear during the negotiations that the nations which provided the signatures for what would become the Treaty of Paris (France,

Belgium, Luxembourg, The Netherlands, and Italy) were not interested in the idea of coordinated sectoral planning as was proposed by Jean Monnet in his draft of the ECSC. (Alter & Steinberg, *The Theory and Reality of the European Coal and Steel Community*, 2007, p. 4) The different countries had different goals for the Community itself, as well as objectives which they wanted from the ECSC. According to Alter and Steinberg, France wanted better access to German coal, Belgium, The Netherlands, and Italy wanted time to build up their own industries before joining, and finally The Netherlands wanted a Council of Ministers to control the High Authority, the opposite of what Monnet wanted; an independent supranational body (Alter & Steinberg, 2014, p. 4-5).

When investigating this negotiation process through the lens of liberal intergovernmentalism, more specifically the supply and demand notions of the theory, one can make the argument that the Treaty of Paris would fit within the theory of liberal intergovernmentalism. The *demand* for cooperation arguably comes, as presented in the theory chapter, from within the national state, from often economic interests within the nation. As it was France who originally proposed the ECSC it can certainly be argued that the final push, the demand, for cooperation to avoid any unsettling situation came from a nation state.

The international bargain, which the ECSC can be characterized as, was the catalyst which *supplied* the integration. As presented by Alter and Steinberg and described above, the nations did not immediately sign the proposal from France and foreign minister Robert Schuman, it took negotiation and bargaining to get the ship to port. As such, the liberal intergovernmental notion of bargaining supplying the integration can be argued to be true in this case. If no bargaining had taken place one can argue that the French proposal would have been dismissed completely, and no integration would have happened.

Placing coal and steel production under a common institution, the High Authority, meant placing sovereignty and decision-making in something other than the country of production (Keukeleire & Delreux, 2014, p. 38). As shown in the section covering liberal intergovernmentalism in the theory chapter, an international institution is supposed to act as a mediator. Schumans words on how direct war between the now partners in coal and steel production would now be impossible (Schuman, 1950) can be interpreted as a sign of the common High Authority would act as a barrier, a buffer, or a mediator for possible issues between two nations.

Thus, based on the findings on the ECSC it can be argued that while it was mainly an economic idea, foreign policy and security for the region were also vital parts to it. Moreover, it has been shown that the liberal intergovernmental ideas about supply and demand of cooperation and integration can be related to the ECSC as well as its negotiation processes. As shown, the demand came from the nation state, the supply came from the bargaining between states, and the institution, in this case the High Authority, acted as a mediator and as a whole the ECSC acted as a barrier for war in the region.

The European Political Cooperation (EPC)

Jumping forward to 1970, the Luxembourg Report was adopted by the European ministers of foreign affairs. This adoption of a report which stressed the need to cooperate more on policies, especially on foreign, came after a period of changing contexts in the international setting: the commitment from the United States towards Europa was under question, the removal of a major piece of obstruction to European integration initiatives in French president Charles de Gaulle, and West-Germany had a new chancellor who was deeply focused on reconnecting with Eastern European countries. Because of this, according to Keukeleire and Delreux, the foreign ministers were instructed to find the best options for political unification, and the Luxembourg Report is what came of that (Keukeleire & Delreux, 2014, p. 42-43).

At its core, the EPC was very intergovernmental. No transfer of competences to the European level was given, and the decisions made were based on bargains between the foreign ministers, with complete consensus required for these decisions. While intergovernmental at its core, it can be argued that the EPC did set in motion some norms which have developed into some supranational structures. In the Luxembourg Report it is stated that the foreign policy cooperation should consist of regular exchanges of information as well as promoting a harmonization of views on foreign matters (Davignon Report, 1970, p. 2-3). Moreover, the Copenhagen Report from 1973 specifies that the member-states should not take up any final position on a matter before consulting with the European partners (Keukeleire & Delreux, 2014, p. 44). Eventually through the Single European Act from 1986 the EPC was written into the treaties, which according to Keukeleire and Delreux meant that the foreign policy habits set in place by the EPC were confirmed and used afterwards instead of drawing up new measures on foreign policy (2014, p. 45).

Intergovernmental at its core, however still a product of notions represented in neo-functionalism. As such could the EPC be described. Before the Luxembourg Report in 1970 the European Economic Community (EEC) was established via the Treaty of Rome in 1957 and was, according to Keukeleire and Delreux, mainly following the path of European integration being strictly economic, no foreign policy integration was planned (2014, p. 42). However, as described by Keukeleire and Delreux, because of the role of the EEC as a major power certain expectations arised for the EEC to make some common and joint foreign policy decisions. As such, a natural progression, because of the increasing power of the formerly strictly economic community, to develop some common foreign policy can be described as possessing some of the criterion found in neo-functionalism. As Keukeleire and Delreux writes, the EEC did not originally possess foreign policy competences but they were developed, despite not all members completely supporting it (2014, p. 42).

Thusly, when applying the two classical integration theories, described in the theory chapter, it can be argued that the development of the EPC can be most closely linked to neo-functionalism. However, while the EPC was instrumental in establishing some foreign policy habits, habits which continually are used in European foreign policy, the EPC, as described by Keukeleire and Delreux, failed in addressing the large international topics in Afghanistan, Poland, and the Middle East at the time (2014, p. 45-46).

The Maastricht Treaty

The Treaty from 1993 signaled a major breakthrough of a common European foreign policy with the creation of the Common Foreign and Security Policy (CFSP) (Keukeleire & Delreux, 2014, p. 46). The CFSP, which is described in further details previously in the thesis, was a product of its time, a time with major geopolitical crises. Even still, the CFSP arguably brought more true substance and power to the capabilities for the new Union to conduct common and joint foreign policy. Where the ideas stemming from the EPC, as described above, were not binding in word, sanctions stemming from the EU and the CFSP are 'binding in their entirety'. A rather large development in terms of a supranational institution taking control of some form of foreign policy and not leaving it all to national states (2014, p. 46-47).

However, regardless of a development from non-binding foreign policy action from the EPC to binding foreign policy tools in the CFSP it must be put forth that at its heart the CFSP was still functioning in an intergovernmental way. Decisions within the CFSP are

based in complete unanimity, with the exception on some matters pertaining to the European Defence Agency within the Common Security and Defence Policy (European Parliament A, *Fact Sheet on the European Union: External Relations*, 2017). As such, it can be argued that member states have the power to in essence veto certain policies, and transform the policy process to a process based on bargaining between states to secure a result which will unanimously accepted.

As was shown in the theory chapter, liberal intergovernmentalism defines the supply of integration coming from nation states bargaining with each other. As such, we can identify this criterion through the ideas about the need for unanimity leading to bargaining between the states to reach results. As mentioned, the background for the member states idea about creating the CFSP in the Maastricht Treaty came from the changes which were happening in the near-region as well as in general on the international scene. Within this, the demand for cooperation can arguably be found since the member states wanted to handle these regional changes together rather than seperately.

Due to the major geopolitical changes which are also mentioned previously in the thesis, the European leaders wanted to truly establish and show to the world that in a world with large geopolitical changes, the EU would be a stable Union in an, at the time, unstable time period (Keukeleire & Delreux, 2014, p. 46). Moreover, according to Keukeleire and Delreux, there was a demand from some of the original member states to create a common, effective, and credible European foreign policy programme, which could then lead to the EU becoming a stronger actor regarding foreign policy (2014, p. 47).

Thus, it can be argued that the demand for further cooperation on the foreign policy area was a demand stemming from the member states, and not from a supranational body. Combining this with the argument presented above of the supply of integration coming from international bargaining within the confines of the CFSP, it can be argued that the development of the foreign policy of the EU in the Maastricht Treaty, the creation of the CFSP, largely follows the notions of liberal intergovernmentalism.

The last criterion from liberal intergovernmentalism is, as described earlier, that the role of the supranational institution is to act as a mediator between member states should disputes arise.

From 1950 to mid 1990's

Before moving on to the Treaty of Amsterdam which brought about the High Representative and the developments following the Amsterdam Treaty, a brief summary of the development from 1950 up until just after the adoption of the Treaty of Maastricht, the mid 90's.

In the analysis so far, it has been shown that both of the classical integration theories chosen can explain certain developments in the foreign policy of the European Union, beginning with the creation of the European Coal and Steel Community in the Treaty of Paris in 1950. It was shown that the creation of this could aptly be compared to the notions of supply and demand from liberal intergovernmentalism. Moving on, the creation of the European Political Community was shown to be intergovernmental at its core, but however it did bring forth some norms within foreign policy which was developed further by the European Community, and as such neo-functional traits showed themselves as it can be argued that the member-states saw the pros of for example comparing and balancing foreign policy opinions and developed it into, as described, binding text in the Single European Act.

It was shown that the foundation of the CFSP within the Treaty of Maastricht could, as with the ECSC, be held up to the liberal intergovernmental notions of supply and demand. As shown, major geopolitical changes happened around the time of the treaty, and a demand for cooperation to establish the EU as a stable power in the region was seen from the member states. Moreover, it was shown that the CFSP functioned in an intergovernmental way as the decision making is based on unanimity, and as such, there is incentive for the member states to bargain with each other to be able to reach meaningful decisions on foreign policy. Finally, regarding the final criterion within supply and demand, it can be argued that by the decisions in the CFSP being based on unanimity, the EU fosters credible commitments from the member states. It must be considered that if a decision is accepted in unanimity that all member states have had their say in the bargaining process, and as such will honor the commitments made. Thus, it can be argued that through the meetings within the CFSP, the EU is able to foster credible commitments from its members.

Thusly, the significant changes in the European common foreign policy chosen from 1950 with the creation of the ECSC until the mid 1990's with the creation of the CFSP can be described through the analysis presented above as in many ways as linking up with the notions of supply and demand of integration and cooperation from liberal intergovernmentalism. However, as also shown, it must be taken into account that some of the norms originally put in place through the EPC were cemented in the treaties by the SEA,

a process which can be linked to the neo-functionalistic thinking of one form of integration leading to another.

Now, the period from the Amsterdam Treaty and up until the present will be given the same treatment as the time period above. The same two theories as above will be held up against the developments of the EU's foreign policy from this period.

The Treaty of Amsterdam

As described by Keukeleire and Delreux, the CFSP as well as the EPC lacked at their core common actors as well as common instruments to be able to produce valuable foreign policy for the EU. To attempt to change this, the Treaty of Amsterdam created the role of High Representative of the CFSP, which is currently occupied by Federica Mogherini (Keukeleire & Delreux, 2014, p. 51).

One of the main reasons for the meeting between European leaders which eventually led to the signing of the Amsterdam Treaty was to make the CFSP more effective, and to make the EU better when it came to asserting itself in world politics. Thus, a more powerful and assertive foreign policy from the EU was wanted. As with the signing of the Maastricht Treaty, the time surrounding the Treaty of Amsterdam was dominated by a large international crisis, this time following the disintegration of the former Yugoslavia (2014, p. 51).

Under the Treaty of Amsterdam, new foreign policy capabilities were put in place for the EU to be able to conduct more meaningful foreign policy. Common strategies were added to the already existing capabilities of joint action and common positions. The European Council were now able to define common strategies on policy areas wherein the EU has a common important interest (2014, p. 51-52). This process, like the voting within the CFSP, is based on consensus. As such, the foreign policy capabilities of the EU have at this point developed to a point wherein the European Council, the heads of state of course, can identify as well as define what foreign issues are important to the EU.

Another change to the CFSP was implemented with the Treaty of Amsterdam as member states could now perform what is called constructive abstention from a decision which otherwise would have to be made unanimous. Through this new function, member states could now make their disagreement with a policy be heard, without stopping the policy from being implemented. By having a formal declaration of abstention to a certain policy, the

member state will not have to implement it, and only accept the decision as an act of solidarity towards the EU (2014, p. 102; EUR-Lex: CFSP, *Common Foreign and Security Policy*, 2017).

It can be argued that this new practice of allowing member states to practically be against the EU's foreign policy can be seen as a step towards a more continuously developing foreign policy. While member states in the past could basically halt progress on foreign policy action of the EU by in essence vetoing certain policies, common European foreign policy was now able to continue by virtue of the constructive abstention function. It can be argued that this new function removes a barrier for further integration on the foreign policy spectrum, and as such, deeper policy integration became possible.

Now, as Keukeleire and Delreux write, a lack of common actors as well as common instruments is what propped this development in the EU's foreign policy capabilities (2014, p. 51). With this, the member states, as described, wanted to make the CFSP more effective which would lead to the EU having a more coherent foreign policy. This can be argued as a case of political spillover from neo-functionalism. As described earlier, political spillover happens when nation states argue for more common / supranational cooperation. From the summary of the EU legislation surrounding the CFSP at the time, it is clear that cooperating to make the EU a stronger power in terms of foreign policy was a priority from the member states.

Around the time of the adoption of the Amsterdam Treaty, another case of spillover can be seen. According to Keukeleire and Delreux, military cooperation had for a period of time been a sore subject amongst the European leaders, and it had been left out of discussions surrounding further integration (2014, p. 52). However, further integration through negotiation between France, the UK, and Germany as well as military balancing of NATO states and neutral EU states meant that previous hang-ups such as European integration versus Atlantic solidarity and civilian versus military power, two conflicts described by Keukeleire and Delreux,

Now that these conflicts which previously hindered functional spillover can be argued to have happened as the member states by way of a series of external factors such as the troubles in Kosovo, Tony Blair's and his 'New Labour' pro-European attitude towards military cooperation negotiated deals which established the necessary foundation for the EU to carry out military missions, for example access for the EU to NATO funds as well as

military assets. Moreover, the EU developed and formalized under the Treaty the Petersberg tasks which were meant as a response to the conflicts happenings locally and was considered a threat to the general security of the EU, Yugoslavia for example (Keukeleire & Delreux, 2014, p. 52). These responses included humanitarian missions as well as peace-making and keeping missions. Thusly, member states saw that cooperating on military on a supranational level was an opportunity for the EU to further enhance the foreign policy, and did so by establishing the foundation for the EU to carry out true military missions as well as establishing the Petersberg tasks to handle local threats to EU security.

The Treaty of Lisbon

Moving on, the period leading up to the next treaty of the EU was as previously dominated by large international crises, this time with wars in Iraq and Afghanistan. As such, as argued by Keukeleire and Delreux, the member states again saw incentive and possibility to expand and strengthen the foreign policy capabilities of the EU (2014, p. 55-56). Once again, political spillover seems obvious to point out in regards to the development of foreign policy – member states are continually throughout the years, as showed, calling for expanding the EU foreign policy in the midst of large geopolitical changes.

As such, and important for the coming section on Association Agreements, it can be argued that one of the largest drivers behind the expansion and development of the EU foreign policy has been changes in the geopolitical reality in, not only the close region but the whole world. Throughout this process, member states have called for expanding the foreign policy, as shown above. When considering the effect of geopolitics on the development of foreign policy around this time, it is of course vital to take into account the enlargement of the EU which happened in 2004 and 2007 and included 10 new countries, mainly from Central and Eastern Europe.

In the enlargement process, the EU was carrying out a significantly large foreign policy act as the conditions set for the mostly former communist countries to be able to join the EU brought on large structural reforms to the countries, both economic and political (p. 55-56). By bringing the countries into the EU after contributing to the stabilization countries through socio-economic, political, and legal reshaping the EU, according to Keukeleire and Delreux, carried out 'the most successful structural foreign policy to date'. Through this large foreign policy act the EU also gained new neighbors in the

previous Soviet state Ukraine, a large geopolitical topic still today, and one to be examined later on in this thesis.

Coming back to the Treaty of Lisbon, the European Security and Defence Policy had its name changed to the Common Security and Defence Policy. Moreover, whereas it was previously being developed through agreements outside of the treaties legal basis, it was not following the Lisbon Treaty formalized under the treaties. Furthermore, the previously mentioned Petersbergs tasked were expanded, and formalized the European Defence Agency. It can be argued that these developments of the ESDP, now CDSP, can be characterized as an instance of functional spillover. After the Amsterdam Treaty and the developments, it afterwards brought to the military area as described above, the EU took over NATO operations in Macedonia, and took on military stabilizing operations in the DR Congo. Having the CSDP brought under the treaties following this can be identified to follow the characteristics of functional spillover as one step of integration, EU led operations, leads to another, having the CSDP become a formalized setup under the treaties.

Overall development

From the information shown and analyzed above, a clear and coherent theoretical line can be hard to distinguish. As shown, it is possible to find both neo-functionalistic as well as liberal intergovernmental explanations to the developments of the foreign policy. In some ways it can be argued that when looking into each separate development in the EU foreign policy, intergovernmental notions often come through as the texts describing the negotiations often mention bargaining between the nations, and compromises being made to achieve a solution. However, when 'zooming out', so to speak, it can be argued that when looking at the beginning stages of the integration, the coal and steel union, and up to know, a natural progression can be seen. From cooperating within the field of two resources, coal and steel, to a political community with guidelines for a number of possible policy integrations, and up to the Common Commercial Policy, the internal market, and so on. Thus, the notions within neo-functionalism regarding naturally progressing from one field to another because of perceived benefits are arguably present when looking at the whole picture rather than investigating the process surrounding individual integration policies.

From the beginnings with the ECSC the integration of foreign policy has become deeper, and with the EPC began reaching outside of the area of the, at the time, European Community. Coordinated foreign policy action has arguably become a staple and

an important tool for the European Union, and especially the CCP is an interesting tool as well as association agreements with regional neighbors.

Ukraine, Moldova, and Georgia – Association Agreements

As mentioned above and throughout the thesis, changes and different situations in the geopolitical scope prompted the EU and its member states to develop and implement new policies which have integrated the policies of the Union even further. In this section, the three Association Agreements with Ukraine, Moldova, and Georgia will be investigated, they will be held up against the five questions of strategy from Nye previously mentioned, and furthermore the Deep Comprehensive Free Trade Areas (DCFTA) which are included in all three will be investigated. Given that trade will be the focal point of the rest of the analysis, the content of the DCFTAs will be especially interesting. Moving on, the content of the DCFTAs will be compared to the content, or lack of, in trade deals with other, larger, nations. Comparing these will make it possible to investigate and on this basis, make arguments regarding the relative power of the European Union when it comes to establishing and spreading its foreign policy and ideas.

These three agreements while all important and interesting, the situation regarding Ukraine is arguably even more interesting with Russia's actions in Crimea. It can be argued that given the location of Ukraine, bordering up against Russia as mentioned above, the EU is very interested in having Ukraine and its people being a strategic ally of the EU, in whatever way that could be. This investigation will show that the trade power, the power of the internal market of the EU, as well as the possibility of visa-free travel within the EU act as an important factor when it comes to drawing important geopolitical nations, such as Moldova, Georgia, and Ukraine, closer to the EU.

The DCFTA established in the AA with Ukraine aims to, with the EU's help, strengthen the trade framework of Ukraine and open up trade channels between the EU and Ukraine by removing certain custom tariffs (European Commission A, *EU-Ukraine: Reading guide to the DCFTA*, p. 1). The DCFTA between the Union and Ukraine, which according to the EU itself will mostly affect Ukrainian agriculture and industry (European Commission A, p. 3), covers, as previously mentioned custom tariffs, as well as technical barriers to trade, competition, development, as well as other areas (European Commission A).

Even before the agreement going into effect, the EU was Ukraine's largest trade partner, ahead of Russia. To be more exact, 35 % of Ukraine's trade happens with the EU,

and according to the EU's Quick Guide to the Association Agreement published by the European External Action Service, the DCFTA will 'create business opportunities in Ukraine and will promote real economic modernization and integration with the EU' (EEAS, 2017, p. 2-4.) As such, the EU itself arguably makes no mistake about making it clear that this association agreement aims to bring Ukraine closer to the EU.

The pretext to the Association Agreements with Georgia and Moldova are similar to the pretext to the Ukraine deal. Both countries main trading partner is the EU with EU receiving over 60 % of Moldova's exports (European Commission B, 2017), and just under 30 % of Georgia's (European Commission C). As such, both countries are already connected economically to the EU.

Before delving more into the content of the DCFTA's, it is important to establish the possible link between the five questions of Nye and the effort of the EU to make this agreement with Ukraine, Georgia, and Moldova. As described in the section containing Nye's ideas of smart power, smart power is the combination of soft and hard power. It can be argued by taking into account the EU's statements in their Guide to the Association Agreement with Ukraine, and from the articles of the Association Agreements that both soft and hard power are being used when it comes to 'persuading' into integrating more with the EU and its policies. As such, as described in the guide put out by the EU and as stated in article 19 of the association agreements, the EU will eventually give the three nations access to visa free travel within the EU, provided that certain criteria are met (p. 2) (EU-Georgia, Moldova, and Ukraine Association Agreements, Article 19). The ability to provide visa free travel inside of such a large group of countries must be recognized as a soft power as it can be categorized under foreign policy, a soft power as argued by Nye.

In regards to the five questions proposed by Nye as a sort of a guideline towards a Smart Strategy, it is through the publications by the EU possible to identify the possible answers for the EU to these questions. As such, it is possible to determine whether or not the EU are able to use Smart Power to assert themselves as a powerful foreign policy actor towards Ukraine, Georgia, and Moldova.

1. What goals or outcomes are preferred?

As described by Nye himself and in the theory chapter of this thesis, this should not just be a full wish list, but instead it is important to be realistic about eventual trade-offs and focus on realistic goals.

Throughout its publications, the EU stresses that the aim and objective of the association agreements are further political association as well as economic integration. While these two are fairly ambiguous, it is possible to further ascertain what exactly is meant by this by looking at the actual commitments made from both the EU and the three partners in the agreements in regards to the content of the agreement, as well as the DCFTA. First of all, the DCFTA in itself is a message of economic integration. Within this DCFTA there are many different topics covered, as mentioned above, and all of these combined deepens the economic integration between the two actors.

In regards to political association, it is described how it is envisioned that there over time will be a convergence of the policies of the CFSP and CDSP with Ukrainian, Georgian, and Moldovan policies (EU-Georgia, Moldova, and Ukraine Association Agreements, art. 7). Moreover, as Article 6 of the agreement states, it is expected that there shall be a convergence of domestic policies based on common principles of democracy such as rule of law, fundamental freedoms, and respect of human rights.

Thusly, the initial rather broad and somewhat loose goals of economic integration and political association becomes more concrete, obvious, and arguably easier to reach as the completion of the initial goals is up to the judgement of the person evaluating it, at least more so than the more precise objectives.

2. What resources are available in which contexts?

As described in the theory chapter, knowing when to use the power available to the actor is just as important as having the power in the first place. One could argue that to keep Russia at bay in the neighborhood of the EU, the EU could call on its military power, hard power, and station it all close to the Russian border near Ukraine or Georgia. However, why not use the soft power capabilities of the EU instead, as well as the economic element of hard power, to bring the three nations closer to the Union.

3. What are the positions and preferences of the targets of influence attempts?

Now, in this case of the association agreement with Ukraine, as well as the agreements with Moldova and Georgia, it can be argued who the target of influence in reality is. It can be argued that Russia is the target, with the three countries with association agreements acting as 'tools' for the EU to deter and prevent Russia from gaining a foothold in these countries. It could also be argued that Russia is merely an

outside influence, and that the three countries are the main targets of influence as they present an opportunity for the EU to further expand its market.

With this in mind, it can still be argued that the preference of especially Moldova and Georgia is to move closer to the EU. With statements from officials from both countries about their love for the EU (Paun, 2016), and how there is no other alternative than the EU (Heath, 2016), the argument for their preference to move closer to the EU becomes clearer, and it can be argued that this preference from the countries are helpful to the EU when it comes to having their say in the negotiations as a willing negotiation partner must be easier to negotiate with.

4. Which forms of power are most likely to succeed?

When working from the premise of Ukraine, Georgia, and Moldova being the main targets of influence as discussed above, it can be argued that soft power, the allure of for example visa free travel, together with the economic integration, as well as the removal of tariffs, are most likely to succeed in this scenario. As such, both types of power are likely to succeed, but it can be argued that it is the combination which makes this possible. By having both the payment and the persuasion present, the EU is presenting a very positive possibility for the three nations.

5. What is the probability of success?

In the case of the original goals of political association and economic integration, it is of course hard to gauge what have been inside the minds of the high-level actors of the EU before the finalization of the agreement. Nevertheless, it can be argued that given how the EU acted during the conflict between Russia and Ukraine about gas, where the EU drew up plans to send gas to Ukraine should Russia cut off its supply (Lewis; Goldenberg; Traynor; Macalister, 2014), the EU saw future benefits in continued cooperation with Ukraine, and therefore supported the country against the geopolitical foe of Russia.

Thus, in regards to the three association agreements, it can be argued that the EU has been able to construct a smart strategy, it has been able to use smart power to assert itself and its foreign policy against Ukraine, Georgia, and Moldova. As shown, the information surrounding the three agreements showcase possible answers and explanations to all 5 of Nye's questions regarding smart strategy and smart power.

Now, when it comes to understanding the reasoning from Ukraine for signing the association agreement, despite threats from Russia about imposing high customs tariffs and other economic sanction should Ukraine engage the EU on the association agreement, the stature of Ukraine is important to take into account. As described by a diplomat from the trade delegation of Ukraine to the EU, Ukraine sees the Association Agreement, and of course the DCFTA within it, as a big opportunity for the nation to continue its trend of the expanding agricultural sector. As the diplomat expresses, adapting to, implementing, and following European standards on food production will be costly in the beginning for Ukraine and the food producers of the nation. However, in the longer term this compliance with EU standards in the sector will allow Ukraine and its agricultural sector to benefit from the EUs growing agricultural market (Michalopolous, 2016).

As mentioned above, another part of the association agreement is for the eventual visa-free access to the EU for the Ukranian people. In April of 2016 the commissioner of migration Dimitris Avramopoulos said that allowing this short-term visa-free travel for Ukranian citizens would mean strengthening the bond between the EU and Ukraine (Gotev, 2016). Arguably, the opportunity to offer free movement within such a large area signals first and foremost that the integration and bond between the EU nations have reach a point wherein travel in the region has become, with some exclusions, effort and barrier less. Given the description of soft power in the theory chapter, the inclusion of visa-free travel in the association agreement can be described as the EU utilizing its soft power capabilities, foreign policy, to invoke interest from Ukraine in engaging in some form of integration with the EU.

It can be argued that the EU is using its hard power, economic policies in this specific case, to assert itself in the close region as a large power, arguably larger than Russia in this case. As described shortly above, Russia threatened with imposing large tariffs on Ukranian exports to Russia if Ukraine even partly implemented the association agreement, and of course the DCFTA (EurActiv A, 2015). However, with payment, described as a form of hard power, through lowered tariffs on products going between the EU and Ukraine, Ukraine arguably will have found that engaging with the EU would have more benefits than not doing it. On the other side, the EU also persuades Ukraine into engaging in the association agreement through its soft power, as shown the visa-free access to the EU.

Thusly, it can be argued that in the process of attempting to have the Ukraine engage in the association agreement, the EU used both persuasion as well as payment to aid this process. Payment through lowered tariffs, agricultural market support, and the opening of gas lines should Russia cut off the gas supply to Ukraine, and persuasion through the possibility of Ukraine joining the EU as a full member, as well as the possibility of receiving the benefit of visa-free travel to the EU. As such, the EU are combining their soft and hard power into Soft Power to draw Ukraine away from Russia and towards the West and the EU.

Now, a component found in all three of the DCFTA's with the three nations is the chapter on sustainable development. In all of the DCFTAs, Chapter 13 focuses on sustainable development, labor practices and environment practices. Within this chapter, it is written that the new partners shall respect and implement all international recognized labor standards, for example the right to collective bargaining. Moreover, it is set forth that the partners in the agreement will respect all international environment policies, and continuously implement policies to reach goals set forth by these international environment agreements (EU-Ukraine Association Agreement, DCFTA, Ch. 13; EU-Georgia Association Agreement, DCFTA, Ch. 13; EU-Moldova Association Agreement, DCFTA, Ch. 13).

Now, the EU did not have the same success in having labor practices written into the free trade agreement with South Korea. As described by the European Economic and Social Committee (EESC), the lack of sufficient language on the right to association as well as language affirming the status of collective bargaining is an issue of the agreement (EESC, 2017). The EESC, along with the members of the European Parliament, acknowledge and agree that the agreement has brought some improvements, however there are still labor practices which could be improved upon, understood as the missing language on right to association as well as collective bargaining (EESC, 2017). The MEPs voted in May of 2017 to reaffirm the above-mentioned statement; that the free trade agreement has brought improvements to the Asian nations labor practices, but that there are problems regarding union leaders being arrested, the freedom of association shrinking, and interference in bargaining where it should be restricted to the bargaining actors (Donceel, 2017).

Moreover, another core element of chapter 13 in the three DCFTAs is as mentioned above the respect and continued implementation of environmental standards set forth by international agreements. Furthermore, in articles 293 and 294 protection of forest areas as well as fish stocks and the marine environments. The chapters regarding

environmental practices in the free trade agreement with Canada, CETA, have been criticized for not having any legally binding language, and as such the countries are in no way bound to, in the same degree as the three nations with association agreements, further sustainable development and protection of the environment. CETA has been criticized for in no way attempting to establish legal language to enforce the agreements made in the Paris Agreement on the environment (Vincenti, 2016). As such, when comparing the article in the three DCFTAs, which as shown clearly state that international agreements are to be respected and for laws to be implemented to reach the goals of the agreements, to the criticisms against CETA for not establishing cooperation when it comes to reaching an international agreement it is clear that there are differences in the two (three DCFTAs and CETA) agreements.

Furthermore, as shown further above, when it comes to labor practices there were also differences between the DCFTAs and the EU and South Korea, with either non-binding or no legal language at all to further protect workers in South Korea. To explain this development, or this difference between the agreements, it is valuable to look at the influence and usage of smart power, the combination of hard and soft power as described.

As established above, the EU drew from both its soft and hard power when it came to negotiating the agreements with Ukraine, Moldova, and Georgia. Through payment and persuasion; lowering custom tariffs, maximizing the potential of imports, as well as allowing visa-free travel and giving the possibility of ascension to the EU the EU were able to have the three nations commit to a number of things some would describe as EU values. Anti-corruption, protecting workers, human rights, and protecting the environment received binding legal text. Thus, the argument for the EU using smart power is established.

In this chapter the development of the European Union's foreign policy has been investigated to be able to put it in the context of the two integration theories neo-functionalism and liberal intergovernmentalism. It was found that, as many have argued before, that both of these classical integration theories have something to offer when it comes to analyzing the development of the European Union, and it was found that when looking at the processes surrounding the individual developments intergovernmental traits were found, and when looking holistically at the development from the ECSC to the Treaty of Lisbon neo-functionalistic traits were found.

Moving on, the association agreements, and the DCFTAs to be more specific, between the EU and Ukraine, Georgia, and Moldova were investigated and held up against

Nyes ideas of smart power. It was shown that by combining its soft and hard power, as such its smart power, the EU have been able to draw in closer these three nations, affect their stance on policies deemed important to the EU, and at the same time draw them away from Russia. At the same time, by comparing the DCFTAs with CETA as well as the free trade agreement with South Korea, it was found that despite the CCP stating that labor rights as well as environmental policies are mandatory in EU trade deals, this was not the case in the agreements with Canada and South Korea, as it was with the three previously mentioned nations.

In the following chapter, why this is the case will be discussed. Moreover, it will be discussed how the CCP and the ability to create association agreements is a tool for the EU to assert itself not only on the world policy scene, but especially in the 'local neighborhood'. The discussion will be based on the information found in this chapter, as well as further information regarding the previously mentioned trade agreements and the CCP.

Chapter 6 - Discussion

The CCP and Association Agreements – A foreign policy tool

In this chapter, the information gained from the previous chapter will be used to discuss why and how the European Union uses Association Agreements to assert itself as a foreign policy actor. Moreover, it will be discussed why the EU is able to, as mentioned in the previous chapter, establish arguably tougher, and legally binding commitments on certain topics. As shown earlier in the thesis, topics such as sustainable development and protection of labor rights have been handled differently in association agreements and general free trade agreements with other nations. Moreover, it was established that the CCP calls for all free trade agreements to respect such topics and for all agreements to contain binding commitments on these fronts. As such, it will be interesting to discuss the different reasons for why the EU is able to receive commitments from some nations, while not possible with others. To begin with, the question of why the European Union uses association agreements to conduct foreign policy will be discussed.

It has been established that the association agreement tool is used in the 'local neighborhood' of the EU, the neighbors to the east and the south. It has also been established that in the case of the agreement and the EU's relationship with Ukraine, the EU attempted to act as an aid-provider to Ukraine as it was being pressured by Russia. As such, it can be argued that the EU is using its relationship and association agreement with Ukraine in this instance to gain ground, geo-politically, on Russia. Now, it must be said that most academic investigating this topic would reach the same argument, however, the degree to which the EU uses association agreements to geo-politically challenge Russia can be discussed.

This discussion will argue that why the EU uses association agreements as a foreign policy tool comes down to two main reasons. One: The EU wants to assert itself against Russia as a power in the close region, and two: the EU wants to 'stabilize' the close region to the East, and can do so by having the countries harmonize their legislation on certain topics with European legislation.

As shown in the previous chapter, the EU caused large reactions from Russia who threatened Ukraine with high import tariffs on products coming from Ukraine and into Russia. Previously, Russia had also threatened with closing the gas-supply into Ukraine, and again, the EU supported Ukraine and, as shown, took efforts to ensure that should it happen, the EU would supply Ukraine with energy. As such, very generally, these actions indicate a

general effort to go against Russia and show that they are able to, on common ground between all the member states, in some way protect Ukraine against Russia.

To be able to assert itself against Russia as a foreign policy power, being a regional power must be a priority. By negotiating association agreements with the old Soviet states, the EU is able to in some ways change the nations, have them harmonize parts of their national legislation to the European legislation. As shown, respecting labor rights, environmental sustainability, and respect for human rights were some of the main areas of legislation which the EU focused on harmonizing as a part of the Deep Comprehensive Free Trade Areas created under the association agreements. As shown, the EU is through the persuasion of being able to boost their economies, their agricultural sector, and allow visa-free access to the EU, have the three nations agree to the association agreements. By having these countries actively stating their willingness and wishes for entering into association agreements, as was seen in Moldova with a proclamation from the Prime Minister about the love for the EU (Paun, 2016), in Georgia with the ambassador to the EU stating that there is no other way for Georgia than with the EU (Heath, 2016), and in Ukraine where the initial signing was seen as a victory for the pro-western Ukrainians (Rankin, 2016), it can be argued that the EU presents options for the countries to improve themselves, and as such these examples can be argued to demonstrate the regional power of the European Union.

Now, the EU of course has other tools at their disposal to assert itself foreign policy wise against Russia. As described in the accord of the foreign policy capabilities of the EU, sanctions are also a tool which the EU has at their disposal to conduct foreign policy. The EU has, as described, employed several restrictive measures over Russia as a response to the nations, according to the EU, deliberate destabilization of Ukraine, as well as its annexation of Crimea, a part of Ukraine. These sanctions stretch, as described, from wide economic sanctions, to diplomatic, to sanctions and restrictive measures on individual persons (European Council, 2017). It is important for this discussion to take into account these sanctions as a foreign policy tool, and take regard to them while doing the same thing to the association agreements.

As described, sanctions function as a true power tool for the EU given that they can leverage all of their common economic policies against a given nation or area, in this case Russia, and in some ways cut off the given nation from any European money. This is what is happening in Russia. The sanctions on Russia have throughout their time-frame been

extended, and this happened again in June where they were extended until the end of January 2018 (Reuters, 2017). With these sanctions, the EU is able to stifle any future investments in or from the EU which Russia wants to pursue given that banks are not allowed to lend money to or from the EU for more than 30 days. As such, any long-term investment plans are not possible and the EU has used the large joint economy of the entire Union to essentially cut off Russia from any EU money, or any EU investment opportunities (Reuters, 2017)(Baczynska, 2017).

The capability of such an action should not be disregarded, and it can be argued that when it comes to asserting itself against Russia, sanctions are a much more direct way for the EU to accomplish this goal. On the short term, the EU is capable of, when agreed upon in the Council, issuing sanctions on a number of varied topics. It can be argued that at the moment, these sanctions represent some of the toughest hard power which the EU can muster. While there is increasingly more talk regarding a common military force, with for example a new headquarters for the joint EU military actions (Vincenti, 2017), mobilizing the nations around for example economic sanctions are with the Russia sanctions proven to work, work understood in this case as simply being implemented.

What this means is that the EU is making use of two 'alleys' to assert itself against Russia in the near-region; direct sanctions, and interfering with Russia's previous allies through the association agreements. The direct action coming from the sanctions against Russia which can be argued to showcase the straight hard power of the EU, and more indirect action coming from negotiating and agreeing on association agreements with Georgia, Moldova, and Ukraine.

What must also be taken into account when discussing why the EU is using association agreements to assert itself against Russia is the prospect of eventually joining the EU. As described in the earlier account of Association Agreements, there is within the agreements text which aims to over time further strengthen the bonds between the EU and the partner-country. While there is no text explicitly stating the idea of a future membership of the EU, closer partnership on all fronts can be argued to be the pretext for eventual membership. This ever-closer partnership with the EU has been a thorn in the side of Russia. Openly, Russia has employed propaganda to turn the pro-EU countries against the Union, and attempt to bring them back closer to Russia

As such, when discussing how the EU attempts to assert itself against Russia in regards to why it uses association agreements as a foreign policy tool, this thesis argues that the EU asserts itself against Russia through two alleys: direct sanctions against Russia, and attempts to disrupt Russia's ties to their previous allies in the Soviet Union through association agreements.

Moving on, it is argued that the EU is using association agreements with its neighbors to the east in order to stabilize that part of its local region. As shown, within the agreements there are commitments from the new partners of the EU to harmonize a wide range of legislation, ranging from labor rights, to security policies, to border control regarding visa-free travel. By doing so, the EU is accomplishing its goals of harmonizing and spreading these ideals on the topics presented.

Another important topic to take into account when talking about stabilizing the local region of the EU, is the commitments to fight corruption which the new partners have committed to. The EU have pushed Ukraine especially on this front, and Jean-Claude Juncker has expressed the need for Ukraine to tackle this issue as it is a large barrier to the progress of the nation (EurActiv B, 2017). It is argued that for the EU to be able to push Ukraine in this direction of attempting to eliminate, or at least limit, corruption is a way to stabilize the region and for it to become a more stable trade partner. As the EU puts it itself, corruption is a barrier for further business opportunities and development of Ukraine as a nation (European Commission G, 2016).

Thusly, by harmonizing legislation on labor rights, gathering commitments on human rights protection as well as protection of the environment, by pledging to combat corruption, the EU is through association agreements fostering development of the new partner countries, and stabilizing the region and in its own words creating future business opportunities.

The Difference between commitments in FTA's and DCFTA's

As presented previously, the CCP contains topics which stretches *beyond trade*. Labor practices and sustainable development fall under this description, and as mentioned earlier and according to the European Commission's Trade Policy website, both of these topics have to be present in any EU trade agreements (European Commission D, Sustainable Development, 2017). However, as was shown in the investigation of the free trade agreements compared to the DCFTAs, this is not the case as the free trade agreements with

Canada and South Korea has been criticized for not containing legally binding language on these two matters.

The reason for this can arguably be found in the economic realities surrounding the EU, as well as South Korea and Canada. As shown in the section analyzing the association agreements with Georgia, Moldova, and Ukraine, a common theme with these countries is that the EU is their largest trade partner, ranging from accounting to 30 % to over 60 % of their nations export. When it comes to Canada, the EU only account for 9 % (European Commission E, 2017) of its exports, and it is only the ninth largest export destination for South Korean goods (European Commission F, 2017). As such, it is argued that the economy of the EU, the hard power, becomes smaller.

Moreover, as shown previously, especially Ukraine has been in some ways threatened by its neighbor Russia. Through threats of shutting of energy supply, as well as the annexation of Crimea, the country was eventually supported by the EU, as shown. What can be gathered and argued from this is that the external pressure of a threatening regional power can push a nation towards another regional power in search for support, in this case this would be the EU. Combining this with the different statures of the economies of the nations, Moldova, Ukraine, and Georgia having significantly smaller economies than South Korea and Canada, it is argued that the EU are not in possession of that much more hard power compared to South Korea and Canada.

Thus, it is argued that because of the economic stature of the EU compared to Georgia, Moldova, and Ukraine, together with the presence and behavior of Russia in the region, the EU are able to gather greater commitments to causes important to the EU, such as labor rights and environmental sustainable development. Greater commitments than what the EU can gather from Canada and South Korea given their comparatively more equal status, as well as both countries not having a regional neighbor on the same level as Russia.

In this chapter, it has been discussed why exactly the EU is using association agreements to conduct its foreign policy in its local region. It has been shown that the reason for this is two-fold. One, to assert itself as a foreign policy power against Russia, and two, to stabilize the local region to the east so that these nations can prosper and develop trade opportunities. Moreover, it has been discussed why the EU is able to get larger commitments on important topics from Georgia, Moldova, and Ukraine while not being able to gather the same type of commitments from Canada and South Korea. It is argued that because of the

external factor of Russia as well as their comparably smaller economic stature to the EU, the three eastern nations are more drawn towards the EU's association agreements whereas Canada and South Korea have an economic more comparable stature to that of the EU, and moreover, the external pressure of a threatening Russia is not a reality for Canada and South Korea as much as it is for the three eastern countries.

In the following chapter, the reflections and conclusions of the thesis will be found, and an answer to the problem formulation will be presented based on the findings of the thesis.

Chapter 7 - Reflections and Conclusion

In this chapter, the final answers of this thesis to the problem formulation will be presented. Moreover, the previous chapters will be summed up and concluded upon, starting with concluding on the general foreign policy capabilities of the European Union, moving on to the development of the EU foreign policy seen through the lenses of neo-functionalism and liberal intergovernmentalism, and finally concluding on the 5 question Smart Strategy in regards to the EU's association agreements with Moldova, Georgia, and Ukraine. Furthermore, the general process of writing the thesis will be reflected and concluded upon. This includes choice of theory, choice and usage of method, and general reflections. Firstly, the reflections on the general process of the thesis will be presented.

Reflections

Document analysis has been used in this thesis to gain background information, understand the development progress of the EU's foreign policy, and to get inspiration for the discussion on the reason for using association agreements for foreign policy. As described in the method chapter, certain cons were linked to using document analysis, one of these being insufficient detail. As argued, this was not a big issue when investigating the DCFTA's as well as the free trade agreements. As described, all of the binding legal documents are available for all, and are of course the best source possible when analyzing what exactly are in the agreements.

For the analysis of the development of the foreign policy capabilities of the EU, the two classics within integration theories, neo-functionalism and liberal intergovernmentalism were chosen. Both of these theories are classics for a reason and were simple to use and provided the analysis with a good theoretical basis for investigating the development of the foreign policy of the EU. Of course, other theories could have been used as well, however the author is overall satisfied with the choice of choosing these two classics.

Conclusion

Now, this thesis has shown a few of the European Union's general foreign policy capabilities. The Common Foreign and Security Policy, the Common Commercial Policy, and Association Agreements were showcased and it was shown that all three tools present options for the EU to act on the foreign policy scene. Given its name, the CFSP was shown to of course be the most obvious tool for foreign policy, and it was shown that at the time of its implementation it was a wish for the countries of the EU to have a tool which enabled them to act jointly on

the shifting geo-political reality, and the ability to create common positions through the CFSP was an answer to this. Moving on, it was shown that the CCP gave the EU the capabilities to act with the authority on all trade deals. Moreover, it is shown that it is within the CCP which we find the policies which go *beyond trade*. These measures beyond trade are measures which further along in the thesis became more important in the analysis and discussion of free trade areas and free trade agreements. Finally, it was shown that association agreements in its basic form is about providing access to the internal market and other trade tools to nations which are not members of the EU. However, it was also shown that the association agreements allow for harmonization on certain topics between the EU and the new partner country.

Moving on, the analysis chapter of the thesis focused on two areas: the development of the EU's foreign policy capabilities and its meaning in the context of neo-functionalism and liberal intergovernmentalism, and the association agreements with Georgia, Moldova, and Ukraine. The investigation about the association agreements focused on putting them in context with Nye's ideas about Smart Power, as well as his 5 questions on Smart Strategy. Finally, the deep comprehensive free trade areas, which are created within the association agreements, were shortly compared to the free trade agreements with South Korea and Canada.

It was shown that while the beginning of the great European cooperation while economic in its idea had a profound foreign policy angle as the European Coal and Steel Community was also designed to be able to bring together West Germany and France and make sure that no wars were possible. Moving on, it was found that the early developments of the foreign policy of the EU showed traits from liberal intergovernmentalism. It was found that these early developments from the ECSC to the European Political Community was based around negotiations between the member states, and based around compromises from the different nations to succeed in developing the foreign policy. It was found that the development to the EPC carried no transfer of competences to the supranational institution, and combining this with the pretext of the EPC being a product of compromises between the nations it is argued that this early development shows liberal intergovernmentalism in effect. However, it is important to stress that some of the text which was agreed upon was eventually written into the treaties and became standard procedure, and moreover, given the stature of the European Community, it became an expectation that it had some common foreign policy, and as such, the EPC still carried some neo-functionalistic traits.

Based on the findings of the general development of the foreign policy of the EU it is argued that both of the classical integration theories chosen can be found when investigating the development. It is argued that when looking in depth on one line of development, for example as shown regarding the CFSP, liberal intergovernmentalism shows itself to a great degree as the negotiation process was shown to revolve around the member nations finding compromises amongst themselves, and converging on agreeable topics. Moreover, as shown, most decisions regarding foreign policy must be decided unanimously, and this is argued to once more act as an example of the prevalence of liberal intergovernmentalism. However, when 'zooming out' and investigating the development of the foreign policy from the ECSC, to the EPC, and to the Maastricht Treaty and Association Agreements, it is argued that this wide line of development show traits of neo-functionalism. As argued in the section about the development of the EU's foreign policy, a line of integration progression from the beginnings of the ECSC, through more political integration with the EPC, and naturally progressing to more and more integration to get more benefits, can be seen when 'zooming out' on the development. As such, it is also argued that neo-functionalism is useful when investigating the entirety of the development of the EU's foreign policy.

As such, the investigation of the development of the EU's foreign policy from the early beginnings of the ECSC up to the Treaty of Lisbon has shown that the EU and its member states continuously have expressed their want for further common foreign policy. The development of this foreign policy has been shown to be driven by these expressions of want from the member states, as well as the negotiation and compromise-finding between the member states. At the same time, it has been shown that neo-functionalistic traits can be found when looking wider at the development processes. Thus, it is argued that the two classical integration theories both are able to explain the historical development of the EU's foreign policy capabilities.

Moving on, it is argued that by combining its soft power and its hard power, the EU has been able to enter into deals with Georgia, Moldova, and Ukraine through the Association Agreements with each nation. As shown through the 5 questions for a Smart Strategy by Joseph Nye, the EU is able to employ this smart strategy to get the three nations to agree upon legal text stating commitment to protection labor rights as well as respect for the environment and sustainable development. It is shown that the EU is using both smart power and hard power in the negotiating process to have the nations agree to the above-

mentioned topics. Soft power by persuading the nations with visa-free travel, and hard power by payment through lowering or even removing custom tariffs.

However, it was found that the free trade agreements with Canada and South Korea did not contain the same type of legal commitments on sustainable development or on protection of labor rights. It was found that while the CCP and the EU explicitly states that all free trade agreements should contain binding commitments on the previously mentioned topics, labor rights and sustainable development. As such, it is argued that while there is legal text which states that the legal commitments from DCFTA partners and free trade agreement partners should be roughly the same, this is not the case with the agreements with Canada and South Korea.

Moving on to the discussion, it was discussed why the EU uses association agreements as well as the CCP to conduct foreign policy. It is argued that two of the main reasons for using association agreements are 1: to be able to assert itself against Russia and establish itself as a foreign policy power in the local region, and 2: to stabilize the close region to the east and to harmonize legislation on certain topics with its non-member neighbors to the east. Moreover, it is argued that the first reason contains a twofold argument, centered around the argument of the EU using Smart Power to assert itself against Russia. Firstly, it is argued that the EU utilizes hard power through sanctions against Russia, and secondly, that the EU uses soft power through the association agreements to signal peaceful association with its non-member neighbors to the east. In regards to the second reason, it is argued that the EU wishes to stabilize the region to the east so as to in the future have it function as a valuable partner. Shown through the commitments made to various topics such as corruption and protection of human rights, it is argued that the EU is pursuing this stabilization through the association agreements.

Furthermore, it was argued that the reason for the EU's success in gathering commitments on these above-mentioned topics from the three eastern nations compared to the success it has lacked in gathering the same commitments from Canada and South Korea has to do with both external factors as well as economic stature. It was shown that the EU is a larger trade partner for all of the eastern nations than it is for the two partners in the free trade agreements. Moreover, the effect which Russia has on the dealings in regards to their threats made to the eastern countries was discussed. Thusly, it is argued that because of the comparable economic power between the EU and Canada and South Korea as well as the

missing factor of having Russia make threats on for example the energy supply to the nation, the EU is not as successful in gathering large commitments on sustainable development as well as protection of labor rights.

To finally conclude, this thesis argues that the two classic integration theories of neo-functionalism and liberal-intergovernmentalism both provide explanations to the development of the foreign policy of the EU. When looking closely at the development from year to year, liberal-intergovernmentalism traits are noticeable, and the development is based on compromise seeking between member-states. However, when looking from above on the entire process from the ECSC to today, it is possible to find a red thread, and the development process shows traits of neo-functionalism as the development of one area of foreign policy has led to another. Moving on, this thesis concludes that the EU uses association agreements with the three eastern nations to on one hand assert itself against Russia and establish itself further as a regional power, and on the other hand stabilize the close region to the east to be able to in the future rely on these nations as partners. Finally, this thesis concludes that because of the comparable economic statures of the EU and Canada and South Korea as well as the missing factor of the two nations having a larger regional power threatening them, the EU is not able to gather the same commitments on important causes as it is able to gather them from the three eastern nations where one, the EU has a larger economic stature, and two, Russia is present as an external factor.

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