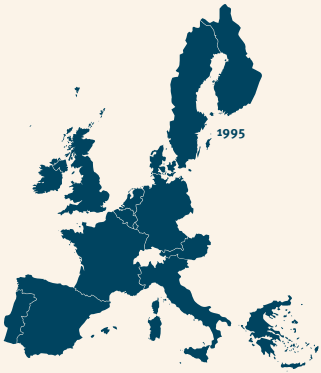

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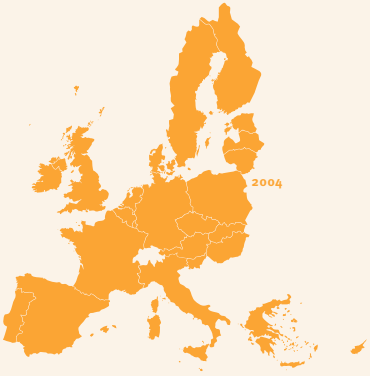

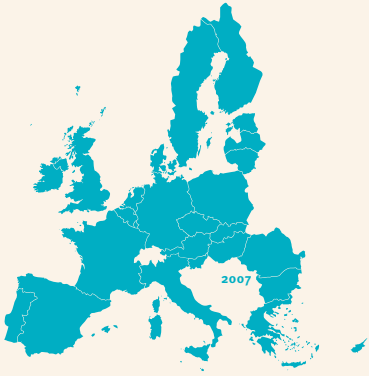

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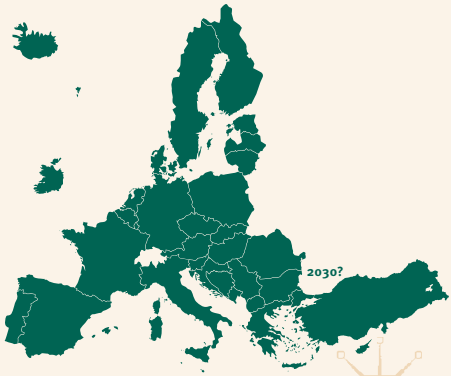

Boyka M. Stefanova

The European Union and Europe's New Regionalism

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The Challenge of Enlargement, Neighborhood, and Globalization

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This book is dedicated to the memory of my mother Tsetsa Dioleva.

Preface

This project draws on my standing interest in the political implications of European integration. It belongs to a research agenda that is both historically and analytically inspiring. At a time of increasing global complexity defined by more than incremental change but less than abrupt transformation, the evolution of the European Union (EU) as a political project through its self-styled mission of providing economic growth, maximizing welfare, and projecting security and stability across its borders has become less certain and less inspiring. Studying these processes of geopolitical repositioning and contested legitimacy for the European publics, I realized not only the daunting puzzles of the process but also its incredible challenges and opportunities. I based my study on an understanding that the dynamics of the macro-process of trade and security creation in the EU have been treated for too long within the confines of the EU's inward-looking system of economic governance and political unity under the auspices of a strictly *European* integration. The external dimension of the EU's workings as an institutional actor has been subsumed under a wide range of ideas of market liberalization, democracy promotion, interregionalism, and development. Key among the EU's globally relevant dimensions are its hitherto unfailing process of territorial expansion, its relationships with the outlying periphery, and its participation in global governance. These outward-looking dimensions of European integration have not been examined through a common analytical lens. While the systemic objectives of European integration remain uncompromised, the political meanings of the project are changing. It has perhaps ceased to be the established unique

model of a regional system and is evolving instead into an open regionalist bloc eager to strengthen its global position even at the expense of its internal political cohesion. At the same time, regardless of the ups and downs of institutional breakthroughs and unfulfilled promises oscillating between the EU's "presence" and "actorness" in international politics, the European construction projects one standing meaning reminding us of the truly unique European experience, that of reconciliation. The ability to draw on the politics of the post-World War II reconciliation between France and Germany through European integration is a standing resource for the EU's ability to reinvent itself.

This book developed as an inspiration to understand and map out the scope and direction of change of Europe's EU-centered regionalism as the EU negotiates new trade agreements, recalibrates its enlargement policy, and competes with alterative projects of regionalism to remain the focus of attraction for a large number of countries ranging from immediate neighbors to partners within the broader Europe/Eurasian political space.

I am thankful for the ideas and support of colleagues and professionals, and for their involvement at various stages of the project with advice, comments, and constructive criticism. I feel greatly enriched by their vast expertise and touched by their willingness to share insight and provide valuable comments on issues and earlier drafts.

I would like to thank the participants in the *Beyond Vilnius* Conference at the Jean Monnet Center of Excellence at the University of Trento held in January 2016 for comments on and discussions of the ideas developed in this book. My special thanks go to the entire team at Palgrave Macmillan, and personally to Editor Anca Pusca and Editorial Assistant Anne Schult, for their active cooperation in the publication process. I am grateful to the Department of Political Science and Geography at the University of Texas at San Antonio for research support toward the completion of the book. This project has benefited from research conducted during my stay as a short-term scholar at the Woodrow Wilson International Center for Scholars in Washington DC in 2015, a 2016 Fulbright Senior Scholar grant, as well as research grants on related projects on South East Europe funded by the International Research and Exchanges Board, IREX (2014–2015).

I thank my family for the patience and unfailing support throughout the years.

Contents

Abbreviations

AA	Association Agreement
ASEAN	Association of South-East Asian Nations
ASEM	Asia-Europe Meeting
BIA	Bilateral Investment Agreement (EU-China)
CAP	Common Agricultural Policy
CARDS	Community Assistance for Reconstruction, Development and Stabilization
CBC	Cross-border Cooperation
CEECs	Central and Eastern European Countries
CETA	Comprehensive Economic and Trade Agreement
CFSP	Common Foreign and Security Policy
CoE	Council of Europe
COR	Committee of Regions
DCFTA	Deep and Comprehensive Free Trade Agreement
DR	Distributive Regionalism
EAGGF	European Agricultural Guidance and Guarantee Fund
EaP	Eastern Partnership
EAR	European Agency for Reconstruction
ECJ	European Court of Justice
ECSC	European Coal and Steel Community
EDC	European Defense Community
EEA	European Economic Area
EEC	European Economic Community
EESC	European Economic and Social Committee
EEU	Eurasian Economic Union
EFTA	European Free Trade Area
ENP	European Neighbourhood Policy

EP	European Parliament
EPAP	European Partnership Action Plan
EPC	European Political Cooperation
ERDF	European Regional Development Fund
ESDP	European Security and Defense Policy
ESF	European Social Fund
EU	European Union
GDP	Gross Domestic Product
HA	High Authority (of the ECSC)
IBRD	International Bank for Reconstruction and Development
ICG	International Crisis Group
IFIs	International financial institutions
IMF	International Monetary Fund
IPA	Instrument for Pre-Accession
IR	Investment Regionalism
LI	Liberal Intergovernmentalism
MEP	Member of the European Parliament
MERCOSUR	Mercado Común del Sur (Latin American Common Market)
MFN	Most Favoured Nation
MP	Member of Parliament
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organisation
OBOR	One Belt, One Road (New Silk Road project)
OECD	Organization for Economic Cooperation and Development
OSCE	Organization for Security and Cooperation in Europe
PCA	Partnership and Cooperation Agreement
PTA	Preferential Trade Agreement
RCEP	Regional Comprehensive Economic Partnership
RTA	Regional Trade Agreement
SAA	Stabilization and Association Agreement
SAP	Stabilization and Association Process
SEA	Single European Act
TAIEX	Technical Assistance Information Exchange Unit
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership
U.S.	United States
UK	United Kingdom
UN	United Nations
UNSC	United Nations Security Council
WTO	World Trade Organization
WWI	World War I
WWII	World War II

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CHAPTER 1

Introduction

The end of the Cold War brought about unprecedented changes in all domains of international relations. The growth of regionalism may be regarded as an exemplar of these changes. The number and variety of regional trade agreements has grown exponentially: from 28 in 1992 to 192 in 2004 to 437 in 2017.[1] At the same time, as much as states identify the concentration of their transactions with certain geographic, territorially defined clusters of trading partners, investment flows, and regional institutions, value chains and multilateral forums have been globalized. The trading strategies of both states and corporations are increasingly selective and flexible, transcending classical territorial scales.

Against the background of cascading change[2] in which political, economic, and social realities are destroyed, transformed, or replaced, the European continent—itself an arena of profound transformations—has been preserved as a remarkable instance of continuity. Europe has not ceased to be the world's most significant project of regional integration capturing micro-trends of regionalization into a macro-political model of regionalism. Regional integration within the EU is regarded as the most significant instance of regionalism in the international system, combining the micro-level process of regionalization and the macro-political dynamics of regionalism.[3] Since the 1950s, through successive rounds of enlargement, the majority of European countries have become or aspired to become members of the EU.[4]

Regional integration in Europe was born out of the destruction of World War II (WWII). Its main objective was to prevent the recurrence of rivalry

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and conflict among the European states by creating a system of interdependencies among them starting from defense-related economic sectors, those of coal and steel production, and increasingly subsuming industries, economies, and societies. Set up as a regional market-building process, European regionalism prioritized the trade-creation effects of a regional bloc seeking to isolate the integrated area from adverse geopolitical effects and global pressures. The concept of "embedded liberalism" (Ruggie 1993) acquired a distinct European meaning. European integration made it possible for the member states of the then European Economic Community (EEC) to pursue welfare policies by means of policy coordination and joint decision-making in key trade-creation sectors of the economy through a customs union. The social policies of the EEC member states remained their national competence allowing them to reconcile the principles of free trade with the post-WWII European welfare state. Regional integration emerged as the "rescue of the nation state" (Milward 1992), the European version of the global compromise of "embedded liberalism."

During the post-Cold War era, European regionalism was the focal point of the historic process of reunification of the European continent and the democratic transitions in Eastern Europe. The break-up of the Soviet Union, the democratization of Eastern Europe, and the advancement of the European integration project led to a redefinition of the predominant East–West dynamics in regional trade and investment flows, institutional memberships, and sources of regional stability into an increasingly collective, indivisible, and comprehensive pan-European process.

However, since the 1990s, when European integration emerged as the center of growth and attraction in the European regional system, the EU's trade, institutionalist, and geopolitical position have changed considerably. The EU's 60th anniversary of the signature of the Rome Treaty that created the original EEC was celebrated in 2017 in the context of the challenge of disintegration. It is a widely shared understanding that European integration is no longer a coherent model of "an ever closer union" and instead is moving in the direction of the formerly dreaded concept of a two- or multiple-speed Europe (European Commission 2017).

The global pressures on European integration also mark a systemic change. The 2017 report of the Eurasia Group defines the process of an evolving power transition as the advent of a "G-Zero" world, that is, a global geopolitical recession (Eurasia Group 2017). Multiple geopolitical trends are in motion: a declining US interest to maintain the position of the global leader even without a direct challenge on behalf of a rising China; a

continuously weakening global position of Europe; a revisionist Russia with less interest in assuming global responsibilities; and a global China still focused on extracting geoeconomic benefits with less preparedness for global leadership. Global instability is on the rise due to elite and mass public dissatisfaction with international institutions, the potential of trading clubs to obscure the benefits of the World Trade Organization's (WTO's) multilateral trading system, and the need to implement policy responses that steer government farther away from the system of liberal markets toward state intervention.

How may these disparate developments be understood from an integral perspective? This book aspires to do just that: provide a holistic treatment of the contemporary dimensions of European regionalism by exploring the evolution of its external position, a measure of its global relevance as a model regional system. The book develops the argument that the three principal dimensions of the EU's global interactions—its territorial expansion, neighborhood policies, and participation in global governance—are in the process of change. It traces such processes from the perspective of the EU's attributes as a project of regionalism unfolding as a system of intertwined developments involving the EU's institutions, the member states, nonstate actors, and governance networks.

Setting the Stage: The Puzzling Evolution of the European Union Since the Eastward Enlargement

In the context of its eastward enlargement (2004–2013), as a result of which 13 countries from Central and East-Central and South-East Europe became EU member states, the EU experienced significant disturbances and critical junctures that have changed the meaning and momentum of European integration. By the end of 2008, most of the EU had entered a deep recession caused by an increasingly globalized financial and economic crisis. The crisis brought about unprecedented economic decline and coterminous banking, financial and sovereign debt crises. Governments and parliamentary majorities collapsed and populist formations and leaders increasingly moved closer to the political mainstream, undermining established formats of party competition, models of voting behavior, and public preferences for the priorities of government. The European institutions, governance systems, the very idea of Europe, and perceptions of a European identity were directly affected by these events. The EU of the

1990s, traditionally perceived as a center of economic growth, security, and prosperity for an ever-growing number of countries across Europe, was changing in response to pressures and challenges to its established political, economic, and normative foundations.

The political dynamics emerging as a result of the crisis have been significant, reflected in the politicization of crisis response, removal of traditional methods of policymaking and reform, and increased levels of contestation. The economic and financial crisis evolved into banking and migrant crises, and rising distrust for EU politics, culminating with Britain's decision to leave the EU. At the time of the EU's 2004 enlargement, Turkey was actively pursuing EU membership, Croatia had opened accession negotiations, and most of the countries from the Western Balkans were being progressively drawn closer to the values and principles of European integration. During the economic and financial crisis, Iceland actively pursued EU membership in hopes that the EU would act as an anchor to reform and democratic legitimacy. However, the distortion of EU political space as a result of rising inequalities, asymmetric shocks, and diverse policy responses made the EU a meeting place of public dissatisfaction with the templates of European governance, simultaneously affecting the EU's internal and external domains. In 2016, the second largest European economy was on its way to withdrawing from EU membership; Iceland suspended its membership negotiations; the EU accession in the Western Balkans stalled in view of the decision of the EU member states and institutional actors not to engage in further enlargement during the 2014–2019 financial framework[5]; and Turkey was on a path to freezing its accession negotiations. In the EU neighborhood, the countries of the Eastern Partnership (EaP) were no longer a coherent cohort. While Georgia, Moldova, and Ukraine signed Association Agreements with the EU, including Deep and Comprehensive Free Trade Agreements (DCFTAs), Armenia, Azerbaijan, and Belarus abstained from pursuing a closer relationship. The EU's groundbreaking global agreement with Canada, the Comprehensive Economic and Trade Agreement (CETA), received lukewarm support and was on the verge of collapsing as a result of veto politics due to the particularistic views of Belgium's regional parliament in Wallonia, and German Vice Chancellor Sigmar Gabriel stated that negotiations over the Transatlantic Trade and Investment Partnership (TTIP) had "de facto failed."[6] Although the EU has established a plethora of international agreements into an elaborate institutionalized system of interregionalism, it has yet to develop a stable institutional framework for its relationship with China, the world's largest exporter.

The question arises: Whither European integration? Can regional integration cope with the task of sustaining an ever-expanding political community in Europe? Is regionalism a sustainable model for the organization of world politics? Paul Taylor, a widely read student of European integration, raised the same question from a practical and, at the same time, dynamic perspective. At issue in the twenty-first century, Taylor (2003: 13) wrote, was "whether globalizing uniformity would eventually prevail, or whether local arrangements would be sustained." The literature has explored that question in a rather binary format, concluding that the global system is defined by a trend toward global multilateralism embodied in the WTO, as no other forms of regional integration outside the EU have been politically influential. The logical conclusion, based on these findings, is necessarily that although globalization would lead to more regional interaction, the latter is "bound to fail in the long run in response to globalization" (Taylor 2003: 13). The opposite view holds that regionalization and regionalism are a necessary response to globalization that will endure "as long as globalization" (Taylor 2003: 13). Bridging across both arguments, Taylor (2003) presents a more contextualized perspective on the globalization/regionalization dilemma by arguing that regions are becoming harder rather than softer as "a feeling of something in common," however vague, is emerging in parallel with common preferences for shared governance and economic structures (Taylor 2003: 13). At the same time, regions, to a certain extent even Europe, are yet to be defined by shared values and identities. The case of Brexit overwhelmingly demonstrates that regional allegiances are trumped by national identities, global aspirations, or simply case-by-case cost/benefit calculation.

The question about the sustainability of regionalism is of primary interest to this inquiry. While the doctrine of regionalism suggests that regional structures are the dominant pattern of organization of world politics and globalization analyses hold that regionalism is a response to globalization, neither of these patterns is automatic or permanent. Regionalism is a contested phenomenon: regional blocs are politicized and uncertain (Taylor 2003: 14), and therefore susceptible to competing developments, rival structures, and expansion and contraction as they interact with global structures and other regions. Interregionalism, however, has remained a fairly static construct that captures the institutionalized relationship between two regional entities. The EU's leadership and unequivocal influence in an interregionalist setting is rather simplistically taken for granted. According to Taylor (2003), however, the future of the EU is uncertain.

The broader instability in the global system raises questions as to the ways in which a regional project of "an ever closer union" may be pursued by simultaneously opening up and protecting a regional bloc from the pressures of globalization. This book proceeds from the premise that the EU's continued growth as a system of rules and values, its relationships with potential members, neighbors, and regional contenders, and global interactions are related. It argues that as a result of changes in the underlying pattern of regional interdependencies and actors' preferences, the sustainability of the EU's model of "ever-expanding" regionalism of the 1990s is on the decline. The book demonstrates these declining trends on the example of the EU enlargement and neighborhood policies and its global interactions beyond conventional patterns of interregionalism.

This introduction situates the book within the long-term trajectories and current issues that inform the continued evolution of European regionalism; presents the rationale, objectives, and significance of the study; and lays out the main themes, concepts, analytical framework, and content of the chapters that follow. It situates the object of inquiry—new developments in European regionalism—within the literature on the subject, identifying gaps in the principal research frameworks and discourses, and presents an argument in favor of a novel regionalist account of regional integration in Europe. The chapter proceeds with an overview of the global importance of the EU-centered model of European regionalism in the post-Cold War era. The next section explores the early stages of post-Cold War EU regionalism and traces the process through which it emerged as a construct defined by progressive expansion and deep integration. The chapter then proceeds to map out the research questions and strategy and provides a preview of the chapters that follow.

Revisiting European Regionalism

Regionalism is a multilayer phenomenon embedded in the shifting nature of global politics and the intensification of globalization. Conventional theories and analytical frameworks define the essence of regionalism according to geographic proximity, leading actors, interests, and structural interdependencies (Nye 1971; Russett 1967, 1975; Mattli 1999; Laursen 2005). Comparative analyses, while in principle better equipped to grasp the relative positioning of regions according to cohesiveness, impact, and global relevance (De Lombaerde et al. 2009), remain limited in studying regionalism as an evolutionary concept due to their inherently dichotomous treatment of

regional systems. Cross-regional studies are based on static assumptions about institutional depth and structural interdependence as underlying factors for processes of diffusion and emulation among regions (Teló et al. 2016), and rarely explore the dynamic effects of interregionalism.

There have been calls to unpack the compound nature of regionalism (Van Lagenhove 2012). Early regionalist theories of the post-Cold War period studied new regionalism as an open, multidimensional phenomenon (Bliss and Russett 1998). Adler and Barnett (1998) posit regions as imagined communities based on shared values and identities. Mansfield and Solingen (2010: 146) argue that regions are defined by the ruling coalitions to reflect the grand strategies of the ruling elites. Institutionalist analyses of regionalism and interregional cooperation are discussed through policies of region-building and relationships with other regional configurations (Wunderlich 2007). Analytical frameworks provide a multidimensional treatment of regionalism (Börzel et al. 2012) in terms of genesis (why join, set up or leave), institutional design (how institutions that embody and sustain regionalism are created and evolve), domestic (endogenous) and external (exogenous) factors, and impact (Anderson 1999).

According to Mansfield and Solingen (2010), the regionalist literature still needs to understand the evolution of existent types and versions of regionalism and their relative autonomy, embeddedness in globalization (Hettne and Söderbaum 2000), the role of hegemony in defining regions, and the dependence of regionalism on state preferences versus the strategies of nonstate actors. Other studies have developed sectoral typologies of regionalism differentiating between the two principal ideal types, security cooperation and economic integration, and explore the linkages between regionally based security regimes and economic regionalism. Besides levels of interdependence and security trends, alternative categories and measures of regionalism are applied to various regions: the post-Soviet space, East Asia, Africa, the Middle East, ASEAN, NAFTA (Cai 2010; Harders and Legrenzi 2008), and MERCOSUR (Duina 2011). Primarily collaborative work examines the impact of regionalism across sectoral and issue areas, especially trade creation and diversion, governance mechanisms, and institutional depth (Börzel et al. 2012; Börzel and van Hüllen 2015; Börzel and Risse 2016a).

This book presents new insight into the evolving nature of European regionalism embodied in the institutional and governance systems of the EU. It recasts into a dynamic perspective the three most significant systemic processes that define the EU as a regionalist project: its territorial expansion, relations with the outlying neighborhood institutionalized under the

European Neighborhood Policy (ENP), and mega-regional interactions in the process of negotiation of the TTIP and in response to China's New Silk Road (One Belt, One Road) project. The central argument is that these processes redefine the very meaning of territoriality and European integration. Individually, they have emerged as a matter of growing scholarly interest; however, no study to date has linked them together through the concept of regionalism. While the EU's enlargement, neighborhood, and mega-regional policies demonstrate significant diversity in terms of objectives, competences, systemic relevance, and impact, collectively they have reshaped the EU-centered conceptualization of European regionalism from a hierarchically ordered regional system toward a model of open regionalism. By bringing together the enlargement, neighborhood, Transatlantic, and key Eurasian policies of the EU into an integral project of regionalism, the book advances a new approach to studying its regional and global relevance beyond actor-based constructs, such as normative, civilian, or structural power (Manners 2002, 2006; Duchêne 1972; Galtung 1973; Orbie 2006), comparative regionalism (Börzel and Risse 2016a; Hurrell 1995a; Mattli 1999; Hettne and Söderbaum 2008), and institutionalist theorizing (Jupille and Caporaso 1999).

The book problematizes regionalism as a static concept defined in terms of territory, cohesiveness, and institutions. It studies such categories in motion. Regions are not predefined according to a fixed set of variables; they grow, respond to challenges, and interact. Regionalism is therefore not a coherent method of organization of political space between the global and the local. It would be too simplistic to define it in terms of dichotomies (Fawcett 1995): old versus new, external versus internal, trade- or security related. Furthermore, it is not an uninterrupted process of expansion through a stable structure of interdependencies. From a dynamic perspective, such processes are captured in the study of shifting borders of order, governance, and cohesion reflected in institutional growth, cross-regional interactions, and global impact.

Besides a political doctrine that favors trade creation through geopolitical clustering and common institutions, regionalism is also a process of changing structural interdependence. The two-dimensional definition of regionalism as a project and a process integrates internal and external, global and local, security and economic, as well as geopolitical and geoeconomic interactions. Regionalism represents a simultaneous movement within all three frames—internal, cross-regional, and global—reflected in territorial gains (processes of expansion/contraction), relative positioning through

diffusion and rivalry (comparative/interregional frames), and global response (multilateralism and mega-regional arrangements) that collectively affect the baseline notion of open regionalism.[7]

The political effects of regionalism have uncritically been considered in rather positive terms (Bergsten 1997; Solingen 2015; Richmond et al. 2016). As regions are also political entities (Katzenstein 2005: 9), regionalism is a process that reflects interests, cooperation, negotiation, and contestation. Such relationships and their implications are diverse and interactive and have distinct temporal dynamics that have remained underresearched in the regionalist literature.

As an embodiment of European regionalism, the EU captures the complex interplay of political, economic, and geopolitical factors of region building. European integration is an example of the pluralism and multidimensionality of contemporary regionalism, reflected in several dynamic paths: of deep institutionalization and territorial expansion, of developing a network of associative and proximity relations, of meeting global challenges, and of acting as a stakeholder in global governance.

The analytical capacity of regionalism has not been sufficiently explored with regard to EU-centered dynamics due to the traditional bias of EU studies toward conceptualizing European integration as a *sui generis* phenomenon. Widely read regionalist research on Europe and the EU has focused on its external domain comprised of enlargement and neighborhood policies (Lavenex and Schimmelfennig 2011), the changing nature of borders in Europe (DeBardeleben 2008), the relevance of European integration to comparative regionalism (Mattli 1999; Teló 2007), interregional cooperation (Allison 2015), and global governance (Wunderlich 2007). Efforts to break the EU's isolation from studies of regionalism span examination of the conditions that make the EU experience relevant to other cases of regionalism globally (Teló 2013), understanding the causal mechanism of European integration through a comparative lens (Laursen 2005; Warleigh-Lack 2015), and studies of interregionalism that now represent a growth area (Aggarwal 2004; Baert et al. 2013).

However, no study has attempted to transcend the analytical boundaries between the *sui generis* treatment of EU-centered regionalism, comparative designs, interregionalism, and global governance by bringing these perspectives into a comprehensive integrated treatment of regionalism. This book provides a dynamic analysis of the changing configuration of the EU as a centerpiece of European regionalism in three interrelated arenas: progressive enlargement, neighborhood relations, and global positioning.

Regionalism is dynamic also because it does not expand in a linear fashion. As the stalled EU enlargement and threats of disintegration in Europe show, it is a project that takes place through political reordering, experiences territorial gains and losses as it enters into contact with other regional entities, and becomes increasingly incorporated in the global economy.

Rationale for the Project

While during the Cold War the persistence of regional clusters of structural interdependence was dominated by geopolitics and superpower rivalry, the meaning of regionalism in the post-Cold War era has been redefined as a result of institutional, ideational, and globalization dynamics. Collectively, such premises have altered European regionalism from a static, power-based construct into a dynamic and expanding, albeit predominantly West-centric, imagined community of democratic states and liberal values. Since the 1990s, Europe's conceptualization as a region has been based on the principal regional institutions and their territorial expansion to the East. An institutionalist perspective on regionalism was foundational for the definition of European regional order as a condition of justice and peace defined according to shared values and the continued socialization of a growing number of countries in the wider European periphery.

Such dynamics, however, reveal only one dimension of European regionalism as a taxonomy of growth, interdependence, and security. Internally, despite the advanced level of its regional project, the EU has not surmounted the crisis of its institutions, governance, and legitimacy. Observers remain pessimistic with regard to the rise of populism in Europe and the possible erosion of European integration as a consequence of the multiple crises and Brexit. Solving collective action and coordination problems has become increasingly difficult. The need to adjust the EU's enlargement policy and rely on acceding members for alleviating the migrant crisis exposes the limitations of the internal mechanisms of European integration as a regionalist project. A core premise of European regionalism is the shift of borders and the inevitable division of political communities into members and nonmembers with significant sociopolitical and security implications. The EU periphery is in a state of flux. The consolidation of the regional core attracts and dominates the periphery; portions of it gradually adhere to the core; new concentric circles of states become an immediate periphery; the process continuously repeats itself.

Even as the European institutions have matured and expanded, they have yet to resolve the tension between the growing institutionalization of regional relations and two fundamental premises of Europe's regionalism: the intransience of place and the lack of significant structural interdependence between the EU and its outlying periphery. While nominally the EU is sufficiently open to ensure full compatibility with the global trading system, its definition project of open regionalism is not unequivocal. Currently, a new type of wider European, defined as "Eurasian," regionalism has emerged, which, due to the overlapping and complex institutional architecture of Europe, is embedded in similar processes of rule making and region building, and even openly models itself according to the legal principles and institutional structure of the EU.

This book aspires to explain through a theoretical lens an empirical puzzle, that of the changing dynamics of European integration as a project of regionalism. It applies critical case study analysis by using a selection of case studies that exemplify the main dimensions of EU regionalism: its expansion, comparative dynamics, and global interactions. Exploring the dimensions of change against the background of historical continuity is important in view of the increased intensity and scope of processes of regionalization and the creation of regional institutional arrangements. European integration pursues broad welfare and stabilization objectives. The analysis of its capacity to continue to do so regardless of geopolitical and global challenges would provide new insight into the prospects of an EU regional and global repositioning.

The main argument of the book is that European regionalism is in the process of change. It has become less cohesive and inward-looking. Institutional, economic, and territorial boundaries have become more fluid. As they are socially constructed, they are also more contested. Previously, regionalism was the result of locked-in effects that tended to consolidate the EU. It gradually emerged as a center of attraction for tiers of adjacent cooperative systems and built a model to let them share its democratic values and the benefits of the market. Together with the socialization experience of the West-centered European institutions since the 1990s and the conditionality tools of the East-European enlargement, this type of regionalism has emerged as a paradigm of political and economic development.

How do we measure change? Analysis needs to establish whether the prevalent model of European regionalism can sustain itself. Is the already established model of locked-in effects and enlargement conditionality sufficient to ensure the progressive growth of EU-centered regionalism?

By integrating inward-looking processes of consolidation with territorial expansion, interregional relationships and remodeling global governance, the book makes a novel and timely contribution to the literature on "new" post-Cold War regionalism (Väyrynen 2003). In fact, it argues that the so-called new regionalism (Fawcett 1995; Hurrell 1995a; Hettne and Söderbaum 2000) has changed direction and relevance as a result of evolving global forces and state preferences.

The book has two fundamental aims. The first is to demonstrate that the processes of European governance, the EU's foreign policy domain, and its relationships with neighbors, potential candidates, and global partners have a systemic nature. Collectively, they constitute interconnected arenas that shape the multidimensional structure of European regionalism. There are compelling reasons for applying the interconnected external arenas approach to the study of European regionalism. The unprecedented complexity of the EU enlargement, evolution of the EU neighborhood policy, and growth of mega-regional trading arrangements are not just separate dimensions of regionalism. The latter reflects the simultaneous dynamics of shifting trends of global competitiveness, demands for global regulation, and opportunities for trade creation beyond the classical model of territorially clustered cross-border free trade.

The second objective is to present a theoretically informed assessment of the consequences of actively pursued EU policies of externally generated growth through territorial and nonterritorial tools of regional expansion such as continued eastward enlargement, free-trade associations, and global partnerships. The book develops the argument that these processes redefine European regionalism and affect its geopolitical positioning in the broader regional system and with regard to global developments.

No prior study has examined the dynamic nature of European regionalism as an emerging new model for structuring regionally clustered interdependence beyond the globalization-regionalization dichotomy. The book aspires to uncover the main drivers and mechanisms of action of this novel type of "new" regionalism: simultaneously inward- and outward-looking, geopolitical and geoeconomic, geographically clustered and increasingly deterritorialized.

The novelty of the book is reflected in the approach to regionalism that integrates enlargement, neighborhood, and mega-regional developments. Most studies remain predominantly focused on institutional and policy actions within the EU and other regional organizations (Lavenex and Schimmelfennig 2009). The link between institutional and policy arenas,

on the one hand, and geopolitical and shifts in interdependence, on the other, has so far remained underrepresented in scholarly publications. The second aspect of novelty of the book refers to the relationship between the various forms and stages of the *modus operandi* of European regionalism: expansion, consolidation, and deterritorialization. While analytically separate, the individual dimensions of the evolution of regionalism are not isolated from one another. They interact, compete for resources, and differ according to trade-creation effects and geopolitical relevance (Acharya 2001). The book examines such dynamics in order to recast regionalism into a contending perspective. There is no substitute for examining the dynamics of advancement, inertia, competition, and retrenchment that transform regionalism from a structuralist into a dynamic concept.

Research Questions and Strategy: Beyond Comparative Regionalism

By focusing on the study of shifting borders of cohesiveness, governance, and order creation, the book addresses three key questions that collectively provide a better understanding of the evolving nature of European regionalism. The first research question is interested in the dynamics of growth of EU-centered regionalism through progressive territorial expansion: Is the EU's policy of continued enlargement sustainable? The second question addresses the geopolitical lens of European regionalism: How stable are the order-creation effects of EU-centered regionalism for the wider Europe, the meeting place of European and Eurasian regionalism? The third question explores the emerging deterritorialization of regionalism as a result of cross-regional relations: Are mega-regional agreements a replacement for the cross-border, proximity model of regionalism? Is classical regionalism on the decline?

As the individual research questions suggest, the political sustainability of European regionalism is the principal concern of the book. The argument is that although the EU represents the most advanced form of regionalism, it is no longer a coherent system but rather a diverse multilayered and multidimensional process with varying depth and impact. Theoretically, the book draws on studies of comparative regionalism, international relations and international political economy, new institutional economics on the functioning of institutions, and European governance. Regionalism is thus both an object of inquiry and a research strategy, a conceptual

construct to analyze developments in Europe from the point of view of the EU's positioning in the wider Europe/Eurasia region and the world. The book examines such issues by applying a dynamic approach.

Dynamic analysis does not proceed from hypothesized outcomes, given the starting input of discrete categories. It develops its concepts and data from the process it observes and the input of factors that account for a gradual process of institutional creation and institutionalization of relationships. Such an approach avoids institutional determinism. Methodologically, it is conducted by means of an analytic narrative. Following the principles of "decreasing level of abstraction" (Knill and Lenschow 2001; Lindenberg 1992), we start from the institutional setup and explore actor strategies, interaction of agents and structures, interests, and rule-guided behavior to explore outcomes—not only in terms of institutional stability, geopolitical consolidation, and efficiency gains, but also in terms of regional restructuring and preferences for regional solutions. The guiding assumptions of dynamic regionalism are that while geographic proximity creates interdependencies, the regional institutions managing such relationships selectively apply global and regional strategies in resolving collective action problems. Regionalism and globalism are political choices for designing problem solving, reducing transaction costs, and obtaining efficiency gains.

Given the complexity and theoretical pluralism of the research area, a gradually expanding multidimensional exploratory focus, rather than a hypothesis-testing exercise, is better positioned to examine the variety of institutional, policy, and political developments associated with the external impact of the EU's engagement with its outlying environment. The book covers new developments in institutional creation, geopolitics, and global governance by examining the evolution of new varieties of regionalism, comparative frameworks, cross-regional relationships not amenable to the classical tenets of interregionalism, and the potential deterritorialization of regionalism. The book explores a variety of concepts in theoretical and applied settings. Notable examples include regions, regionness, regionalism, systemic and eclectic approaches to the study of the EU, the EU enlargement policy, the geopolitics of Europe and Eurasia, Brexit, mega-regional agreements, the New Silk Road, and the TTIP.

The cases are strategically selected to represent the variety of relationships belonging to the EU's external domain. In order to operationalize regionalism, the study identifies several dimensions: the degree of institutionalization, the pressures it experiences, supporting coalitions, feedback, and timing. A dynamic perspective suggests that changes in the short term

are likely to differ from long-term gradual adjustments and cumulative processes. We need to identify intervening variables and mechanisms at play linking institutions, actors, and coalitions. Such mechanisms include institutional incompatibility, legacies, norms, frames, opportunity structures, identity perceptions, veto positions, compliance culture, diffusion, and emulation.

The policy narrative approach is implemented by means of process tracing and document analysis. Process tracing is an approach that studies the sequencing of events which permits to establish a link between plausible causes and the values of the dependent variable (George and Bennett 2005: 6). It is instrumental to uncovering potential similarities and differences across cases and tests for linkages through learning and diffusion processes (George and Bennett 2005: 33).

Process tracing relies on longitudinal analysis, rather than law-like theoretical claims.[8] The main unit of analysis is the policy document. Policy statements, public interviews, and other primary sources permit to develop a discursive dimension to complement document sources. Both methods are instrumental in establishing the continuity of studied processes in a longitudinal perspective. Public pronouncements and discourses reflect the principles and rules on how public problems are articulated among social actors (Kennet Lynggaard 2012: 90–91). Public opinion helps to establish the context of a policy problem and provides an interpretation of whether it is the product of individual choice or of societal structures (Lynggaard 2012: 94).

Data validation follows the principle of data source triangulation. Evidence in the empirical chapters is drawn from a variety of primary sources, such as archival material, official EU policy documentation, records of the workings of the principal EU institutions: the European Council, the European Commission, and the European Parliament, as well as national data: policy statements of the governmental institutions of the EU member states, records of policy initiatives, and publicly available interviews. Secondary sources are drawn from the scholarly and policy literature on regionalism, EU studies, globalization, and the world trading system. The third aspect of data triangulation consists of reliable media sources. Collectively, they permit to trace the evolution of European regionalism as a global phenomenon interacting with other regionalist and global developments and experiencing transformative pressures.

The book is well positioned to complement seminal work on regionalism by presenting a novel perspective vis-à-vis recent publications. Teló et al.

(2016) adopt a post-revisionist approach to examine the evolution of EU-centered regionalism, building upon the normative assumption that Europe is a model regional entity and a source of emulation, legal-institutional templates, and normative agendas. The volume explores the diffusion of governance templates drawn from European regionalism in selected regions such as Latin America, sub-Saharan Africa, and ASEAN and focuses on sectoral and horizontal EU policies governing a variety of issue areas: democracy, rule of law, migration, terrorism, human rights, cooperative culture, and the responsibility to protect.

Alex Warleigh-Lac et al. (2011) introduce a comparative perspective to the study of EU regionalism. The book demonstrates that more can be learned about regional integration all over the world through comparison and reflection on specific regional trends. While using the EU as a model regional system, the volume presents a series of case studies on regional integration drawn from Latin America, Africa, Asia, North America, and Europe, and then investigates the links between the EU and selected regional organizations and processes of regionalism. The focus is on the dynamics through which interregional relations are developing and the implications they have for the study of contemporary regionalism both inside and beyond Europe. This work, as most of the studies within the perspective of comparative regionalism, is also eclectic in its conclusions (Katzenstein and Sil 2008) accommodating the coexistence of the EU-centered model of regionalism along with other pan-continental and regional organizations.

Studies on the evolution of the EU system of policymaking and its systemic impact increasingly distance themselves from a positivist treatment of impact measured as influence, performance, and capability (Lawrence 1996) in order to focus on the political sustainability of such processes and relevance of European regionalism to geopolitical reordering in Eurasia and global governance. Bachmann and Stadtmuller (2012) explore the external dimension of EU regionalism through the lens of the shifting borders of European governance that create an integrated area within but an alleged "fortress Europe" for tiers of outlying systems. Using diverse theoretical and methodological perspectives, the book examines the challenges facing the EU's external borders, including ENP, migration issues, and the diffusion of norms and values to other countries. The volume examines the link between regional integration and globalization by focusing on sectoral policies and security issues, reflected in debates about migration, the EU as a normative and civilian power, issues of energy security, and the securitization of

borders. Beyond the EU, recent comparative regionalist studies with a focus on Africa, the Middle East, and Mercosur include Allison (2015), Jentin and Mikic (2016), Levine and Nagar (2016), and Richmond et al. (2016).

While the existing literature provides a multidimensional treatment of regionalism, there is an opportunity to explore the impact that emerging new forms of inter- and cross-regional cooperation have on European regionalism in an integral study. The stalled EU enlargement policy, the constraining geopolitical effects of the broader Eurasian system, and global cross-regional trends have not been examined through a single lens. This book examines such developments in terms of constraining geopolitical shifts and the declining trade-creation capacity of geographic expansion.

Without claims to interdisciplinarity, regionalism lends itself to a more complex investigation, one based on explicitly mobilized insights and methods from political inquiry, social theory, political economy, institutionalist economics, and economic theory. While prioritizing political analysis through concepts of power, capabilities, institutions, and governance, the region as a unit of analysis needs to remain open to insights drawn from history, law, sociology, and economics. By exploring global shifts, geopolitical restructuring, and global reform, such an approach elucidates not only genesis and outcomes (typical of comparative regionalism) but also transformation and direction of change. In the EU's case, the movement is from introspection to externalization captured through relationships of interdependence, cooperation, and competition.

Similarly, the comparative lens of interregionalism is inadequate to address new less-discussed cases at the intersection of regionalism and globalization. This book asks different research questions—focused on the sustainability of regional models—and adopts a different approach to studying regionalism. It is interested in the ways in which regionalism evolves and transcends territorial clusters and institutional templates. The book discusses novel cases of emulation and interregionalism, such as Eurasian regionalism embedded in the Eurasian Economic Union, TTIP, and the One Belt, One Road initiative, shedding new light on the emulation discourse in regionalist studies and enriching the coverage of comparative regionalism.

Furthermore, the book provides an integrated treatment of political trends spanning the EU enlargement, neighborhood, and cross-regional policies. Such a holistic view of processes taking place simultaneously at the border and at the center of EU policymaking adds a useful resource for theoretical and policy analysis. By drawing creatively on comparative

regionalism (Börzel and Risse 2016b), studies conceptualizing the EU as a normative power (Manners 2002, 2006), a benevolent empire (Zielonka 2006), and a model of interregionalism (Aggarwal 2004; Baert et al. 2013; Baldersheim et al. 2011), it marks a new stage of regionalist research on the EU that shifts the focus more meaningfully away from the internal dynamics of European regionalism (Fawcett 1995; Hettne 2002; 2005, Hurrell 1995b; Söderbaum and Shaw 2003) to trace global interactions (Hettne and Söderbaum 2008). The book explores the multidimensional evolution of European regionalism by means of its principal operationalization as regional integration in the case of the EU enlargement, neighborhood, and mega-regional policies that collectively demonstrate a dynamic shift of the core tenets of European regionalism from an inward-looking process of region building to an open system of selective global interactions.

Structure of the Book

The EU and Europe's New Regionalism is structured as follows. It includes an introduction, a theoretical chapter, and three case study chapters exploring the main dimensions of European regionalism: expansion, reflected in the process of EU enlargement; geopolitical positioning, emerging as a result of developments under the ENP and the creation of the Eurasian Economic Union; and new geoeconomic structures, created in the process of the EU's cross-regional interactions under the TTIP and China's New Silk Road project. Each case study is centered on sustainability issues, relationships with broader issues that mark the boundaries of the process, and global impact. The concluding discussion evaluates the findings of the case studies according to their impact on established conventional forms of territorially clustered regionalism.

As this introduction presents the rationale of the book, it situates the object of inquiry—new developments in European regionalism—within the literature on regionalism and provides an overview of the main dimensions in regionalist research, identifying gaps in the literature and analytical needs for a novel regionalist account of regional integration. The chapter posits post-Cold War EU regionalism as a construct defined by progressive expansion and deep integration.

Chapter 2, titled "Europe's Conceptualization as a Region: Post-Cold War Dynamics," is devoted to the theoretical field of European regionalism, anchored in EU integration studies, evolving perspectives of regionalism as it transitioned from "old" to "new" and from inward- to outward-looking

regionalism. The chapter devotes special attention to comparative regionalism and its contribution to a structured comparison and interactive treatment of regionalism. Based on the theoretical overview, the chapter develops the concept of dynamic regionalism defined as region building and cross-regional interaction measured by relative positioning (in terms of regionness, region building, and level of interdependence), impact on the outlying environment (geopolitical positioning), and response to the challenges of globalization (geoeconomic competition). A special section addresses the evolving relationship between regionalism and global governance. It develops the proposition that the strength (or relative decline) of the political appeal of regionalism as a method of organization of transactions and space is determined by shifting patterns of economic competitiveness, post-territorial forms of interdependence, and global demand for regulation. The final section outlines the three principal coexisting frameworks of regionalism emerging as a result of these trends and concludes that classical "new" regionalism is in a state of flux.

Chapter 3, exploring the political sustainability of the EU's Progressive Enlargement Model beyond the deepening/widening dichotomy, examines the first dimension of European regionalism in motion, that of progressive territorial expansion. It briefly traces the origins and historical evolution of the process of EU enlargement and the emergence of the EU's enlargement policy, and takes stock of European regionalism in the wake of the EU eastward enlargement. It outlines the limitations of the model of progressive territorial expansion and addresses the question about the sustainability of the process. The next section develops an analytical framework for the study of political sustainability with a special focus on institutional structures, economic growth and efficiency outcomes, and supporting coalitions. The chapter presents an argument that the framework is well positioned to explore the two major subregional clusters of candidates for EU membership, the Western Balkans and Turkey, against the background of broader developments in the EU since the 2008 economic and financial crisis: threats of disintegration (Brexit, Greek and migrant crises, and ethnonational trends), functional deficiencies, and external pressures. The chapter examines the EU's "progressive growth" model of regionalism along with the three principal threats to its sustainability: persistence of incomplete institutions, limited economic growth ("creative destruction") opportunities through enlargement, and declining public support for the process ("constraining dissensus"). The chapter concludes

that the EU's enlargement policy is at risk and that the established model of progressive enlargement has reached its limits.

Chapter 4, titled "The Geopolitics of European Regionalism: Competing European/Eurasian Perspectives," begins by mapping out the relationship between Europe's EU-centered regionalism and its neighborhood with a special focus on the ENP. By tracing recent dynamics pertaining to the implementation of the ENP and its institutional extension, the EaP, the chapter examines three cases representative of the geopolitical turn in European regionalism: the Ukrainian crisis, the EU-Russia relationship, and the meeting place of EU-centered regionalism and the rival regionalist model of the Eurasian Economic Union. By tracing alternative processes of region building through the institutions of regional integration in the post-Soviet space, culminating with the Eurasian Economic Union, the chapter finds that fundamental principles and templates of Europe's regionalism of the post-Cold War era are being challenged and modified: those of "neighborhood," "shared" neighborhood, "common spaces," and open regionalism. The chapter examines the reconfiguration of the EU neighborhood as a result of the two rival conceptualizations of regionalism, as the EU's neoliberal model of deep and comprehensive free-trade association and the Russia-dominated Eurasian Economic Union compete for the same membership pool and position in the wider-Eurasia regional system. Analysis then turns to explore changes in the model of EU-centered regionalism to find that the ENP increasingly reflects a redefined structure of incentives as a zero-sum game with significant political consequences. The concluding discussion evaluates the effects of geopolitical positioning on ENP's sustainability as a model of regional relations and outlines the limitations of the EU's ability to expand its regional influence through an open model of regionalism.

Chapter 5 is devoted to the deterritorialization of European regionalism. It explores the Transatlantic and global dimensions of the evolution of European regionalism. The chapter problematizes the concept of open regionalism from a global perspective. Its analytical focus is on changes in global competition and structural interdependence, as a result of which geoeconomic preferences gain priority vis-à-vis the classical regionalist tenets of territorial clustering, economic cohesiveness, and deep institutionalization. The chapter begins with an overview of major global trends that determine the economic, political, and normative imperatives for the EU to reform and reinvigorate the model of regionalism that it has established for Europe. Analysis examines two cases of cross- and mega-regional

arrangements that transcend the geographic, governance, and institutional boundaries of European integration: the TTIP and EU-China cooperation under China's New Silk Road project (the combined Silk Road Economic Belt and Maritime Silk Road initiatives, or One Belt, One Road initiative). The chapter explores the dynamics of the two projects and their institutional and projected trade-creation effects, and compares them with the established models of membership and proximity relations under EU regionalism. In contrast to the logic of belonging, proximity, and market liberalization through regional regulation, mega-regional arrangements focus on global interconnectedness, infrastructure, and common standards to the detriment of regional cohesiveness as a source of economies of scale, balanced economic development, and shared values. The two cases demonstrate the limitations of regionally clustered market integration and collectively define a new model of dynamic regionalism with significant global impact.

Chapter 6 presents concluding remarks on the economics and geopolitics of European regionalism. This chapter summarizes the findings of the individual chapters and advances a concluding argument as to the sustainability of the EU-centered model of European regionalism. It reflects on the role of geopolitics and economics in the evolution of regionalism. In the EU case, such factors have redefined state preferences for further integration away from traditional loss-of-sovereignty concerns, adding another dimension to the discussion of why states participate in regional integration in an era of globalization. The principal conclusion drawn from this research is that the sustainability of EU regionalism depends on its ability to manage the external environment and influence the choices of nonmembers to create cooperative frameworks. The continued global relevance of regionalism depends on the ability to maintain openness and innovative designs for trade creation and market regulation. The final section outlines avenues for future research, placing particular emphasis on the need to better integrate insights from political economy and international security in the study of regionalism.

Notes

1. See World Trade Organization. Regional Trade Agreements Information System, available at http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx (accessed April 8, 2017).

2. Term used by James Rosenau in *Along the Domestic Foreign Frontier: Exploring Governance in a Turbulent World* (Cambridge: Cambridge University Press, 1997).
3. It is important to differentiate between "regionalization," "regionalism," and "integration." "Regionalization" is a term denoting the objective trend of enhanced interdependence in areas of geographical proximity (with an emphasis on micro-, or market processes), while regionalism and integration are political processes. Regional integration is a consciously guided process which involves a regionalist approach insofar as it creates viable regions. As Hettne (1991) points out, it is neutral with respect to the specific value of the region or unit to be integrated.
4. The designation "European Union" was introduced in the Maastricht Treaty of 1992 to replace the term "European Economic Community" (EEC), the international organization created under the Treaty of Rome (1957).
5. The EU has continued to conduct enlargement negotiations with the applicant countries.
6. Barbara Wesel, "TTIP is (almost) dead, long live CETA!," *Deutsche Welle*, September 23, 2016, http://www.dw.com/en/ttip-is-almost-dead-long-live-ceta/a-19571510, See also Deutsche Welle, "As CETA rises, TTIP falls." http://www.dw.com/en/as-ceta-rises-ttip-falls/a-19569802 (accessed November 23, 2016).
7. According to Bergsten (1997), "open regionalism" is defined in terms of the latter's compatibility with the global trading system centered on the WTO.
8. The reference to the universality of "law-like theoretical claims" is borrowed from Lynggaard (2012: 94).

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CHAPTER 2

Europe's Conceptualization as a Region: Post-Cold War Dynamics

Introduction

This chapter is devoted to the theoretical field of European regionalism examined through the lens of international relations and international political economy perspectives, EU integration studies, and evolving varieties of regionalism as it transitions from "old" to "new" and from inward- to outward-looking varieties. The chapter reviews arguments about the significance of new regionalism as an analytical construct capturing the distinctiveness of the regional level of analysis. It explores extensions of regionalist theorizing on the example of comparative regionalism, institutionalism, governance, post-revisionism, and dynamic perspectives. A separate section addresses the evolving relationship between globalization and regionalism. Based on the theoretical overview, the chapter develops the concept of dynamic regionalism defined as region-building and cross-regional interactions measured by relative positioning (cohesivesness, growth), impact on the outlying environment (geopolitical gains), and response to the challenges of globalization (geoeconomic competition). The chapter provides a historical overview of European integration as the principal embodiment of Europe's EU-centered model of regionalism. The final section outlines the principal coexisting frameworks of European regionalism emerging as a result of these trends and concludes that "new" regionalism, often considered a novel conceptualization of regionalism since the 1990s, is itself in a state of flux.

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The main argument of the chapter is that the study of regionalism based on tenets of structural interdependence is shifting toward broader theories of state behavior and international cooperation that are better positioned to elucidate issues of competition, change, and sustainability pertaining to the evolution of regional blocs. The overview of theoretical perspectives, informed by general theories and European integration studies, sheds new light on the sources of hypothesized change in the model of European regionalism. The chapter sets forth the analytical foundations necessary to explore the principal questions and concerns of the book.

This inquiry is also motivated by normative concerns, especially relevant to the case of Brexit, the first instance in which the EU is about to experience a decline in its membership base. As Keohane (2008: 708) suggests, new studies emerge in the wake of crises and adverse developments in hopes of understanding the drivers and directions of of change. To what extent will the evolving model of EU regionalism be able to maintain its status of a model regional system and continue to leave its footprint on global affairs?

Of Regions and Regionalism

Regions represent geopolitical, cultural, economic, and institutional clusters of proximity relations. They emerged as a unit of analysis after the end of World War II, following the 1930s and 1940s that had transformed international society with the crash of empires and protectionist trade politics (Fawcett 1995: 12). Although the Cold War imposed a different pattern of regional relations based on superpower competition and rivalry, regions acquired salience as structures of cooperation and conflict more intense and less elusive and heterogeneous than the international system (Fawcett 1995: 12).

Defining a Region

Regions may be defined according to a combination of referents of geographic and structural interdependence. A classical definition of a macroregion in Nye (1971: vii) posits the region as "a limited number of states linked together by a geographical relationship and by a degree of mutual interdependence." Buzan (1991: 188) defines regions as a distinct and significant subsystem of security relations among states "whose fate is that they have been interlocked into geographic proximity with each other." Katzenstein (2005) and Ohanyan (2015: 3) conceptualize regions as a

reflection of the distribution of power and problem-solving capacity. According to Mattli (1999), regions are built around a leader.

The enmeshing of space and power relationships has had an enduring impact on the configuration of regions as a level of analysis with significant autonomy from both state preferences and global dynamics (Kratochwil 1986: 44). Singh (2000: 130) has argued that the epistemology of regions "reveals the overbearing imprint of the dominant socio-political forces of the Cold War era." After the end of the Cold War, implosive developments of nation building, institutionalization of international cooperation, and processes of globalization and regional integration have led to a more dynamic categorization of the "cohesiveness" and "commonality" of regional configurations.

Regions exist as a variety of thinly or deeply structured configurations, including: (a) regional space defined exclusively in geographic terms, (b) regional complex (Buzan 1991) that reflects deepened contacts and transactions, (c) regional society guided by transnational rules, (d) regional community defined by a common identity and, finally, (e) region-state marked by a heterogeneous form of statehood (Warleigh-Lack and Robinson 2011: 7). The five levels of a region reflect an evolutionary logic, although the latter is neither historical nor deterministic. It reflects the social construction of regions and varies in parallel with the extent of regional cohesiveness. Regionness is therefore a fluid concept (Warleigh-Lack and Robinson 2011: 7). According to Hettne and Söderbaum (2000) regionness defines "regionalism" in comparative terms as it captures the level of cohesiveness of a region emerging in the process of regionalization.

Regions are of special importance to issues of high salience in world politics, those of peace and conflict resolution. As Hurrell and Fawcett (1995: 313) have argued, regionalist arrangements have the potential to contribute toward order and stability in the international system by representing "a way of mitigating ethnic, nationalist, or communal conflict."

Regions may be studied from a variety of perspectives: geopolitical, economic, institutional, or anthropological. A region's geopolitical dimension suggests that spatial configurations and interests overlap to a significant degree but that they are not necessarily coterminous. According to exclusively geopolitical principles, Europe's definition does not follow the conventional notion attached to the term as it lacks an overarching pattern of structural interdependence. Geopolitics itself "divides" Europe into east and west (Cohen 2003: 149). Europe's particularly problematic definition refers to the east, in contrast to the south marked by its natural strategic

annex. In geopolitical terms, Europe has no fixed border or strategic rationale for demarcation to the east (Cohen 2003: 152). Depending on political dynamics, the east may be defined either as a potential extension to Europe or as its geopolitical frontier. Europe of the Cold War is an example of a west-centered, confined, and divided region.

In contrast to its geopolitical indeterminacy, Europe has established itself as the world's most institutionalized region. Its institutional center is the EU, a project of deep integration and political cooperation. Europe's high degree of regionness is due to the deep institutionalization of the EU, the core European institution with region-defining qualities. The political significance of such regional interactions to international politics is captured by the concept and doctrine of regionalism.

Regionalism

Regionalism is a complex phenomenon and a standing feature of contemporary international relations (Teló 2016; Hettne et al. 2001; Higgott 2006: 33). Hettne (1991: 282) defines regionalism as "an ideology about how the world should be organized to follow an example of pioneering regionalizing regions and adapt to 'a slicing up' of interdependence."[1] It is important to differentiate between "regionalization," "regionalism," and "regional integration." "Regionalization" is a term denoting the objective bottom-up trend of enhanced interdependence in areas of geographical proximity (with an emphasis on micro- or market processes) (Hurrell 1995; Börzel and Risse 2016b: 628), while regionalism and integration imply political processes. Regional integration is a consciously guided process that involves a regionalist approach insofar as it creates viable regions. However, as Hurrell (1995) points out, it is neutral with respect to the specific value of the region or unit to be integrated. Regionalism in the post-World War II period was centered on the then European Economic Community (EEC) as a unique institution of regionalism and a model peace system.

At the macro-level, region building is a rational process of policy decisions by governments (Hurrell 1995: 43). In that sense, regionalism approximates the rational design of institutions according to scope (range of issues included), depth (extent of policy harmonization), institutionalization (the presence of formal institutions), and centralization (the creation of effective regional authority in decision-making) (Hurrell 1995: 43, following Smith 1992: 5). Regionalism can be measured according to different

principles: cohesiveness determined by economic trade patterns and complementarity, social categories (shared identities, history, culture), political regime type (ideology), and organizational factors (depth of institutionalization). The driver of such dimensions is the extent of regional interdependence. Such measures define "regionness," the concept of a coherently defined region. There are no natural regions but varying degrees of regionness that are ambiguous, contested, and socially constructed.

According to Fawcett (1995: 10), the macro-micro distinction of regionalism—micro-level regional interdependence and macro-level cooperation—lacks a reference to policy as a social process conducive to regionalist outcomes. By contrast, Mattli (1999) has argued that regionalism is a process of internalizing externalities emerging in the cross-border transactions of a group of countries. Such a perspective defines regionalism as a policy response, a governance mechanism of correcting imbalances emerging in a broader context. It links actors and policy designs to regional outcomes. Regionalism has accordingly been defined in terms of both a barrier for the adverse impact of globalization and a method of welfare maximization through participation in globalization. At the origin of this strategy is the concept of competitive liberalization that combines unilateral, plurilateral, and global trade forums (Feinberg 2005: xiii). This approach to building regional arrangements may be either conducive to overall trade liberalization and multilateralism along all scales of trading systems or perceived as a cascade of protectionism (Feinberg 2005: xiii). Open regionalism, according to Serrano (2005: 8) is a contradiction in terms as global trade may be more efficient that regional integration. Regionalism therefore has structural qualities that cannot be subsumed exclusively under political action (Serrano 2005: 11). Both globalization and regionalism are dynamic concepts. They are defined through interaction, adaptation, and learning.

Regionalism is a pluralist concept. It has many faces reflecting security, economic, governance, and transnational interactions. There are two main propositions on the drivers of regionalism: Bull's (1977: 264) thesis that states have a tendency to "integrate themselves in large units" and Mitrany's (1948) thesis to the effect that the need to integrate "is not obvious." Teló (2016: 17) considers the history of regionalism a process of emancipation from the dominance of a state-centric approach to understanding international relations and trade-based conceptualization of globalization. While the trade creation and trade diversion effects of regionalism (Viner 1950)

represent theoretical necessities, the trend toward openness is evident albeit not guaranteed.

Similarly, the positive effects of regionalism are not to be assumed. It may be the conduit of protectionism. Building on Viner's (1950) thesis on the trade creation and trade diversion effects of regional trade agreements (RTAs), Bhagwati (1993) reminds us that regionalism does not necessarily reinforce multilateralism (Bhagwati 1993: 23; De Lombaerde 2006). Milward (1992) refers to European integration as the "rescue of the nation state"—allegedly, a rescue from the pressures of globalization and a race to the bottom of social standards.

According to Hettne (1995: 44), although regionalism is defined in terms of patterns of interdependence, its political significance depends on the extent to which it imposes potential or actual costs on important actors. A political perspective on regionalism evaluates such impact both on members in a regional club and on nonmembers. The potentially negative effects of regionalism to nonmembers are measured in terms of trade diversion or negative effects on the distribution of political power. The potential costs of regionalism to members are measured in terms of loss of sovereignty and the constraining effects of the regional institutions on their policies and domestic political systems. Hettne (1995: 44) argues that the extent of such impact, which the conventional European integration literature later defined as Europeanization, is a measure of the cohesiveness of regions.

Regionalism in an Evolutionary Perspective

Regionalism has a long history. The historical lens constitutes an important analytical referent for understanding the structural features of regionalism and the opportunities and constraints it creates for actors' strategies. Serrano (2005) conceptualizes this historical trajectory in terms of "evolving regionalism." The latter reflects a historical necessity to develop economic, cultural, and national divisions along regional lines. From a historical perspective, the borders and division of the Roman Empire, the unsettled boundaries of medieval domains, and the consolidation of border territoriality within the nation-state system as a result of the Westphalian peace of 1648 have emerged as the attributes of the European regional system. They represent stages of transition from a hierarchical to horizontal, or anarchical, configuration of states and a fundamental historical referent for Europe's contemporary regional order. The latter continues to be territorially defined, regardless of whether territoriality embodies sovereignty-based or

postmodern conceptions of authority and legitimacy. Following a historical approach, Katzenstein (1997: 7) contends that European integration has taken place in terms of cycles of preferences, interests, and priorities. Accordingly, an understanding of its dynamics must be informed by its historical evolution.

By contrast, Breslin et al. (2002) examine regionalism in terms of waves. Regionalism of the 1950s and 1960s was concerned with the challenges to state sovereignty in the process of regional integration. As Haas (1975) has noted, by the 1960s the deterministic explanation of regionalist arrangements had become obsolete. The 1970s and 1980s increasingly reflected the tension between regionalization and globalization. While Higgott (2006) sees the first wave of regionalism as inward looking, statist, and economistic, second-wave regionalism has emerged as an increasingly complex phenomenon. It is multidimensional, globalist, and blending security and political perspectives with regulatory action. Rather than seeking independence from global pressures, the new wave of regionalism is a state strategy of securing benefits from global competition (Higgott 2006). The post-Cold War phase of regionalism marks a turning point toward the global and transregional political significance of regionalism as a type of "new" regionalism.

New Regionalism

The transition from the tenets of "old," or closed, regionalism to a concept of "new" open regionalism is associated with globalization (Wunderlich 2007). New regionalism represents the contemporary type of regionalism pertaining to the post-Cold War evolution of regionalism from territorially confined entities with protectionist tendencies into an open cross-regional system that follows the trade liberalization nature of the global trading system. Regionalism is therefore also an arena of global competition. Fawcett (2005) notes that such trends take place within an interregional perspective. Theoretically, the transition is marked by a movement away from classical international relations theory toward international political economy regionalist theorizing (Wunderlich 2007: 2).

According to Teló (2016: 26), new regionalism is an instance of multilateralism in the posthegemonic era informed by shared values and norms, and guided by rule structures and converging expectations (Keohane and Nye 1984; Krasner 1983; Ruggie 1993). Furthermore, new regionalism features an pronounced community aspect. It is comprised of a network of

actors and geographic areas bound in region building and clustered interaction, non-western forms of trade integration, and transnational civil society actors. Third, new regionalism has a cognitive dimension based on values, cultural frames, political regimes, discourses on rights, and perceptions of external threats and responses (Teló 2016: 29).

Warleigh-Lack and Robinson (2011: 6) compare and contrast the old regionalism of the Cold War period to the "new" regionalism of the post-Cold War era. Old regionalism was defined according to superpower overlay significantly reshaping regional relations (Buzan and Wæver 2003). The authors find that "new" regionalism is less dependent on superpower patronage, increasingly multipurpose rather than functionally specific, which old regionalism was, and comprised of "porous" states and interactions between states and nonstate actors. Most significantly, the authors define new regionalism as economically open and neoliberal, and old regionalism as protectionist. While old regionalism was driven by economic and security concerns, new regionalism is a complex multilayered phenomenon. If the study of old regionalism was focused on internal dynamics, new regionalism is based on complex external dynamics as drivers of integration.

Regionalism and Globalization: Open Regionalism

The relationship between regionalism and the globalist thesis of global convergence represents one of the problematic aspects of new regionalism. Feinberg (2005: xiii) has argued uncritically that regionalism facilitates globalization. However, at first glance, regionalism is at odds with the globalist conceptions of security and trade. As Stanley Hoffmann has argued, the global system is heterogeneous. Its division into subsystems for management of cooperation and conflict, region specific in terms of intensity, actors, and dynamics is a "reality of post-war world politics" (Hoffmann 1987: 293).[2]

Regionalism is not a direct implementation of a globalist template at the regional level. It displays certain autonomy. It is thus warranted to explore regionalist entities both in terms of inward-looking and outward-looking systems, relevant to systemic objectives of security, welfare, and openness.

Neither globalization nor regionalism should be seen through the lens of what Katzenstein (1996) describes as a "unilinear and teleological view of modernization." The author argues that regions represent sites in which the contending forces of global integration and local autonomy interact. Similarly, Rosenau (1997) evokes the global dynamics of "fragmegration" as a

process of convergence and disintegration, and various degrees of autonomy and aggregation at the regional level. Such views run contrary to the idea of an unproblematic relationship between regionalism and globalization and assume that regionness captures the degree of completion of regionalism as a coherent project. Katzenstein contends that regionalism and globalization constitute an interactive relationship and that regionalism represents a complex of power relations, market exchanges, and contested identities of individuals and collectivities (Katzenstein 1996). Such features define regionalism as a more inclusive and dynamic arena of global politics. The opposing, liberal view holds instead that global markets create convergent pressures across all national boundaries and regional divides. Reconciling such views, Kneebone and Rawlings-Sanaei (2007: 2) advance a more contextualized argument defining regionalism as a collective or communal response to a global issue whereby the parties share a common purpose or destiny. Globalization challenges the ability of the nation-state to provide responses fostering economic growth and social policies by by means of regional solutions. Regionalist strategies may seek to adapt to competitive pressures, regulate an issue area, or contain a problem. Regionalism may therefore be symptomatic of diverse trade policies ranging from liberalization to protectionism (Kneebone and Rawlings-Sanaei 2007: 2).

According to Acharya (2016: xx), this emerging world is described as a "multiplex" world characterized by the multiplicity of relevant actors, varied scripts sustained by diverse and competing ideas and ideologies, and complex links of interdependence and multiple layers of governance including global, interregional, regional, domestic, and substate (Acharya 2016: xx–xxi). Such a view posits the global relevance of regionalism but describes it at best as a concept and political construct in a flux. By contrast, Paasi (2009: 136) has argued that a process of resurgence and rescaling of regions is underway in the context of globalization. The concept of "open" regionalism reconciles globalization with territorial clustering and inward-looking regional transactions. It may be defined as the link between the domestic and the global level of interaction (Katzenstein 1996).

Open regionalism, a new-generation paradigm, regards regionalism as a process embedded in global trade liberalization (Bergsten 1997). Proponents of that view contend that trade through liberalization is more likely to establish an open model of regionalism.[3] The focus of open regionalism, according to Bergsten (1997), is primarily not the internal cohesion of the bloc or its openness to nonmembers but the scope of its external relations and impact, especially on the global system.

Open regionalism captures the effort to make the best of the benefits of regional liberalization without jeopardizing the continued vitality of the multilateral system. At the same time, as Bergsten (1997) further argues, the economics-based conceptualization of regionalism should be corrected by adding a political dimension. One of the advantages of such a system of regional relations is that it often has demonstration effects. Regional initiatives can accustom officials, governments, and nations to the liberalization process and thus increase the probability that they will subsequently move on to similar multilateral actions. In the EU case, this is the Europeanization effect of European integration. Together with the socialization experience of the west-centered European institutions since the 1990s and the conditionality tools of the East-European enlargement, this type of regionalism has emerged as a paradigm of political and economic development for the wider Europe, experienced by a large number of negotiating partners. The political effects of European regionalism, originally measured in terms of preventing another war between France and Germany, have remained significant due to the stabilizing effects of the institutionalization of regional trade and interdependence.

Despite its trade creation effects, regionalism is not necessarily a best-case strategy of trade liberalization. Studies have found that interregional agreements are significant building blocks of the global trade system and at the same time, an exception to the global trade regime, embodied in the WTO. The global-regional lens is therefore of limited analytical utility with regard to European regionalism that increasingly subsumes political, economic, security, and community cooperation within and between regions. Similarly, there is no consensus in the literature as to whether it isolates intra-regional cooperation from global pressures or boosts the EU's global role and competitiveness. Laible and Barkey (2006) discuss globalization and European integration in terms of analytically distinct spheres. The EU is seen both as a force "harnessing globalization" (Orbie 2008) and as an agent of globalization (Heisenberg 2006: 21).

The overall conclusion is that as much as multilateralism, embodied in the world trading system has become a fact, the trend toward regionalism and regionalization is the result of heightened competition, unequal distribution of resources, opportunities for cross-border and transnational transactions that tend to be regionally clustered, and differences in regulation. This trend is accompanied by the movement toward increasing institutionalization of regional clusters in Latin America, Africa, and the Pacific Rim.

Furthermore, at odds with the premises of open regionalism, regionalist arrangements are not a necessary strategy for sustaining multilateralism. It has been demonstrated that patterns of bilateralism may outperform regional blocs in terms of openness. In the 1990s, the Japanese economy was more open to imports from the United States than the EU (Eaton and Tamura 1994: 500). EU intra-regional trade, which historically has exceeded 60%, may be regarded as a form of protectionism sustained by market liberalization, regulation, and mutual recognition of standards. While nominally an open model of regionalism, EU trade policy does not guarantee that the participating economies would be more open because they coordinate trade policy in an inclusive and nondiscriminatory manner.

How does the EU, the sui generis embodiment of regionalism and regional integration in Europe, relate to this evolving system? The interplay between the the EU's cohesiveness as a shorthand for European regionalism and broader patterns of interdependence in the context of globalization is an empirical question. How does Europe reconcile its inward-looking model of regionalism, implemented by means of centralization of decision-making, communitarization of an increasing number of policies, and territorial expansion with the EU's position in global trade and investment flows, and cross-regional interactions? Theoretical analyses of such issues have yet to establish a link between internal cohesiveness and outward positioning to address the global relevance of regional systems.

Theorizing Regionalism: International Relations, Institutionalist, and Governance Approaches

The theoretical foundations of regionalism draw on liberal, neorealist, world system, constructivist, international political economy, comparative, and eclectic perspectives. Regionalism can be explained by grand theory.[4] The theoretical discussion has sought to establish whether general theories are better positioned to explain regionalism and, in particular, EU-centered regional integration in Europe, relative to the research program of regionalism.

Regionalism is closely linked to the important debates in international relations theory about the role of the state, the convergence of actors' preferences and drivers for international cooperation, and the role of system-level and domestic factors. Regionalism reflects both inside-out and outside-in approaches, especially the "second image reversed"

proposition (Gourevitch 1978). It depends on what we are trying to explain: what drives regionalism or how regionalist solutions are formulated. As Hurrell (1995: 73) has argued, often the explanation of regionalism is informed by historical evolution.

Integration studies are an example of the level of analysis problem in international relations theory. Integration can be explained by system-level and domestic politics-level theories, as well as the theoretical premises of regionalism and interdependence. According to the typology of perspectives advanced in Hurrell (1995), neorealism, hegemonic stability theory, and theories of structural interdependence and globalization are treated as system-level theories; liberal theories of domestic politics and those addressing the character of domestic institutions—as domestic-level process-based theories; and neofunctionalism, neoliberal institutionalism, and constructivism—as distinct regionalism/interdependence theories.[5]

The classical liberal view of regionalism builds on Balassa's (1961) typology of stages of regionalism, starting with free trade areas; proceeding with customs union, common market, economic and monetary union; and culminating into political union. As Teló (2016: 20) suggests, this teleological movement is overdeterministic and does not take into account regional diversities and the reality that regionalism may not necessarily advance through all stages. Liberal theory posits the increased demand for institutionalization of regionalism as a result of increased interdependence (Hurrell 2005: 187). According to Fawcett (2005: 28), "ideas matter" in regionalism. Common experiences, culture, history are often strong unifiers. Breslin et al. (2002: 4) regard the coterminous development of free trade agreements as the principal driver of comparative studies of regionalism despite the lack of apparent common features across regions. Comparative regionalism builds instead on the assumption that regional blocs are embedded in and driven by similar external forces. The rapid increase in the number of regionalist arrangements is at the origin of regionalism as a political doctrine and conceptual construct to describe a world order with regions as the main unit of analysis.

Wunderlich (2007) examines the relationship between regionalism and integration theory in terms of a dichotomy between state-centric and multicentric approaches. Integration theory belongs to the first wave of regionalism whose main political rationale was the opportunity to restrain the conflictual tendencies of nationalism and sovereignty, and to resolve conflicts by means of supranational institutions (Stefanova 2005; Wunderlich 2007: 7). The second wave of theorizing about regionalism

is informed by comparative studies and governance-based approaches (Wunderlich 2007: 27). The two premises—that of a domestic-regional nexus and of external challenges—make regionalism amenable to theories of international political economy through the relationship between states and markets.

Neorealism

Neorealism looks at the region "outside in" (Hurrell 1995: 47), based on its place in the international system. According to neorealism, regional grouping form in response to outside challenges. The geopolitical view of regionalism is about power and security (Pedersen 2002: 680). There is no distinction between economic and political regionalism (Hurrell 1995: 47). The regionalist strategies of weak states depend on great powers and influential actors. According to this view, state preferences to join the EEC/EU may be explained with the presence of a regional hegemon, great-power rivalry, and the vulnerability of small states.

The hegemonic view of regionalism, including the theory of cooperative hegemony (Pedersen 2002), sees regional clusters as serving the geopolitical interests of the hegemon and leading regional states. Hegemony may recast regionalism in a liberal or a realist perspective depending on the underlying values and normative agenda of the influence. Feinberg (2005: xiii) posits regionalism as a method to improve the U.S. global position. U.S. hegemony is generally informed by a liberal worldview but in the absence of a liberal-democratic value consensus, regionalism may replicate power asymmetries (Serrano 2005: 15). The benevolent attitude of the United States has been instrumental to forging post-World War II regional integration projects in Europe and Asia (Katzenstein 2005). It has ensured that European regionalism maintains an open nature, compatible with the global trading system (Serrano 2005: 13). Katzenstein and Sil (2008: 124) explain the differences between regionalism in Europe and in Asia as shaped by an American imperium.

In the post-Cold War era, according to Feinberg (2005), regionalism has come to reflect more pluralistic trends and shifts in the global distribution of power. US preferences for global regulation have ceded way to the development of a hemispheric trading strategy. Regional trade agreements in the Americas emerged as an important component of US trade policy.

Liberal Theories

Liberal theories explain regionalism through the lens of international cooperation, economic interests, transnationalism, and nonstate actors. Liberalism conceptualizes regional integration as a variation of two-level games (Putnam 1988; Moravcsik 1998). The state loses its unitary character as social groups and elites determine its preferences for participation in regional integration. A fundamental premise of liberal international theory is the compatibility of states' interests (as they all pursue absolute gains) and the possibility for nonconflictual patterns of relations to predominate. All liberal approaches underline an endogenous *economic* interest in regionalism. Interdependence theory is based upon this explicit assumption. Convergence theories stress the shared preferences for public policy as a driver for regional integration, a view discussed in Milward (1992). Liberal theory explains regional integration by two propositions. On the one hand, it posits that integration occurs through communication (learning) based on the compatibility of states' interests and/or because of interdependence. On the other hand, relevant to the process are institutions created for the purpose of resolving collective action and coordination problems. Liberal perspectives on integration emphasize either its pluralist (functionalist) or statist (neofunctionalist) nature.

Functionalism is only broadly relevant to regional integration—inasmuch as it is concerned with transnational processes responding to objective societal needs. Its founder, David Mitrany, was himself against regional integration (Taylor 1975: xii).[6] Despite its being a social perspective and not a specific international relations theory, functionalism is related to the main issue in international relations, that of conflict and cooperation. Its main concern is the development of "a working peace system" at the international level (Mitrany 1975).

Early regional integration theory was informed by neofunctionalist premises. Ernst Haas has argued that integration is by definition a set of institutionalized procedures devised by governments for the purpose of modifying the conditions of interdependence by eliminating the conflictual bias of interstate relations (Haas 1975: 210). Neofunctionalism assumes that integration has an inner "expansive logic" (Haas 1968). Through spillover, the completion of tasks in individual issue areas and the resolution of conflicts progressively lead to more integration in other related fields. Neofunctionalism was initially successful in explaining and predicting the complexity of regional integration. Instead of assuming

interests to be exogenously defined and static as realism did, neofunctionalism advanced a progressive incremental approach to the redefinition of preferences and interests. In line with the liberal tradition, it recognized the role of nonstate actors and institutions, while emphasizing the political component of integration and spillover. By positing a primary role for governments in the process of achieving political consensus, neofunctionalism brought the state "back in" and replaced functionalism as a leading perspective on regional integration.

In reality, the limitations of effective and automatic spillover to bring integration to the political sphere gradually led to the decline of neofunctionalism as a central theory of regional integration and, with it, to an atheoretical turn in integration studies (McSweeney 1998a, b). The theoretical field of integration studies remained poorly equipped to accommodate a dynamic interpretation of interests and agency despite its focus on change.

Haas (1975) explains the "obsolescence" of integration theory by the failure of its three principal contentions: first, a new institutional pattern emerges as a result of integration; second, conflicts between the objectives of regional and national governance are resolved in favor of regional interests; and, third, regional integration is a gradual process of incremental advances. Haas contends that integration unfolds instead by means of fragmented issue linkages under conditions of turbulence in individual issue areas (Haas 1975: 173).

The field of European integration studies has made important contributions to the liberal perspective on regionalism. Liberal intergovernmentalism (LI), the principal mainstream integration theory (Moravcsik 1998), links domestic preferences to regional integration outcomes in a three-stage framework comprised of a process of state preference formation, interstate bargaining, and institutional input. The domestic level of politics affects regional processes through the role of national sectoral elites in shaping state interests (Moravcsik 1997). International institutions are granted the status of intervening variables. LI posits regional integration as a rational process and a strategy for fulfillment of geopolitical and economic interests. Moravcsik (1998) considers geopolitical interests secondary. Instead of gradualism, the theory explains regional integration as a series of grand bargains (the Rome Treaty, the Common Agricultural Policy, the Single European Act, the Maastricht Treaty, etc.). Accordingly, LI has been advanced as a critique to neofunctionalism and historical institutionalism, both of which address preference formation through the mechanism of unintended consequences, or "spillover," and lack a capacity for outcome prediction. Historical institutionalism, the institutionalist alternative to

liberal integration theory, posits outcomes as the product of unintended consequences and path dependence. In reality, most integration outcomes are negotiated, motivated, and rationally pursued. Even if spillover (defined as prior institutional influence) occurs in the process, it cannot bring about an automatic political integration or correct for the lack of automatic transfer of authority and loyalties to the regional level. Historical institutionalism contributes to integration theory the proposition that previous integration outcomes have significant political consequences. In contrast to that, a transaction-type bargaining framework of integration indicates the limits of institutional "locked-in" effects (Moravscik 1997: 537; 1998: 494).

While early integration theory was subsumed under the debate between neorealism and neoliberalism (Breslin et al. 2002: 3), the study of European integration moved on to adopt international political economy and middle-range analytical approaches anchored in governance, institutionalism, and policy studies. As a result, the state-centric perspective on regional integration was expanded into multilevel and multiperspectival theorizing blending issues of sovereignty and regulatory process (Caporaso 1996). The economic theory of regional integration in its basic form (Balassa 1961) remained too simplistic to represent European integration, widely acknowledged as a multidimensional strategy for securing Europe's peace. Such reasoning was at the origins of conceptualizing European integration as a sui generis case of regionalism.

The idea of a progressive expansion of regional integration met with counterindicative trends of stalled integration, disintegration, rejection of the previously hypothesized spillover and automatic transfer of loyalties toward the regional level. Such trends were dominant during the 1980s prior to the relaunch of European integration. Most importantly, the templates of European integration failed to be replicated in other regions.

Analytically, the study of regions since the end of the Cold War has witnessed a number of analytical and theoretical perspectives based on the premises of new regionalism. Changes in the model were associated with crises and other forms of exogenous shocks, while, internally, regional integration remained a synonym of continuity, progressive growth, and deep integration.

Social Constructivism

Constructivism explains state interest formation by incorporating contextually and intersubjectively defined identities. A dynamic approach to identity constitutes the main distinction constructivism makes in regard to

the ideational sources of social behavior. For constructivists, regional integration is the result of shared meanings and empathy, a "we-feeling" (Deutsch et al. 1957), and a process of interaction. The macro- and micro-levels represent overlapping scales of actors, resources, and networks (Söderbaum 2005). Such across-levels connections are possible due to the constructivist understanding of regions as socially constructed entities (Adler 1998; Paasi 2009: 133). Domestic-level theories evoke the role of history, leading like-minded elites, and similar domestic regimes as a factor of region building. The link between democracy, domestic systems, and the opportunities for regions to act as factors of security and reconciliation is at the origin of the conceptualization of regionalism as a project of conflict resolution (Diez 2005; Stefanova 2011).

Institutionalism as a Theory of Regionalism

An analytical perspective on integration emphasizing the role of structure in international cooperation is inevitably concerned with institutions. The definition of regional integration refers exclusively to the pattern of institutionalization, although behavioral processes and change are the main objects of inquiry of integration theory. Every behavioral pattern is responsive to structure. According to Russett (1975: 99), even intergovernmentalism, primarily focused on behavioral patterns, does not ignore or avoid a reference to institutional structure.

Neoliberal institutionalism conceptualizes integration as an international regime or a cluster of regimes governing individual issue areas. Integration outcomes are produced by the causal influence of regional institutions on state behavior (Breckinridge 1997). Cognitivist approaches, aimed at expanding the explanation of how institutions shape states' behavior, focus on the role of norms and ideas embedded in institutions. These approaches do not just assume that ideas coexist with material factors and power asymmetries as they influence states. Robert Cox (1983: 164) has argued that "control over institutions helps them create in people certain modes of behavior and expectations." Previous interests or powers, which may have determined or promoted certain statutes and norms, persist through the institutionalization of ideas (Pierson 1996). New institutionalism (Jupille et al. 2017) explores institutions as actors, blurring the distinction between structuralist approaches and agency-based accounts of political action. Institutions cease to be only the fora and arenas of international negotiation that constrain or facilitate actors' strategies. They assume

institutional actorness by offering problem solving and management templates. In the process of state interactions, institutions shape, reconstitute, and change identities and interests, that is, they are endogenous to the process, and not exogenously defined and/or fixed.

International Political Economy

International political economy is the foundation of new second-wave regionalism (Mansfield and Milner 1997; Söderbaum and Sbragia 2010; Söderbaum and Shaw 2003). From an international political economy perspective, Spolaore (2016) examines the institutionalization of European integration as a trade-off between two dimensions: economies of scale and heterogeneity costs (Spolaore 2016: 436). When larger and diverse groups form institutions and pool public functions, Spolaore has argued, they benefit from economies of scale in the provision of public goods. Larger and diverse jurisdictions allow governments to internalize externalities and avoid crises. At the same time, the argument is that such diverse jurisdictions incur higher heterogeneity costs, as overlapping jurisdictions at the state and regional levels face limitations in terms of both economic efficiency and political stability (Spolaore 2016: 437).[7] State strategies change accordingly. According to Spolaore (2016: 437), states may seek to obtain economies of scope (Spolaore 2016: 437) by acquiring sovereignty in the provision of certain goods—a condition associated with the renationalization of public policies or the appeal of intergovernmentalism in regional integration—or seek (unilaterally or collectively) economies of scale offsetting the heterogeneity costs by means of more loosely structured interactions.[8] An international political economy perspective is well positioned to explain the globalization of the EU's partnerships, bilateral investment agreements, such as the EU-China Investment Dialogue, interregionalism, and global regulatory governance.

The Governance Approach to Regionalism

Governance is a process of interaction (Marks et al. 1996), less concerned with the achievement of determinate outcomes. It represents an actor-related approach emphasizing the role of individuals, group politics, and institutions in decision-making (Danson et al. 2000; Marks et al. 1996).

Governance is decentralized, interdependent, dense, and horizontal (Serrano 2005: 16). Both regionalism and governance are pluralist perspectives as they both evoke the participatory nature of outcome creation at the regional level of analysis and reflect a multicentric ontology. From a governance perspective, regionalism is strategy of social actors (groups, states) for the management of the externalities arising as a result of global and regional interdependence (Serrano 2005: 18; Mattli 1999).

As a template of governance, regionalism is amenable to theorizing in terms of networks. The latter are characterized by the creation and utilization of a domestic-international interface for the activities of governments and markets, a multiplicity of actors and issue areas, institutional infrastructure that varies depending on the issue and sector at hand, and multiple patterns engaged in capacity building (Ohanyan 2015: 7). These dimensions form the network composition of regionalism (Ohanyan 2015: 6). The new modus operandi of regionalism is therefore multidimensional and no longer conforms to the notion of centralization or hierarchy in regional relations. It mobilizes resources across the domestic-international divide for the purpose of efficiency, geopolitical, and welfare gains. A key dimension of this new more complex understanding of regionalism is the level of institutionalization, the type of leadership (a dominant power or a collectivity of actors), and capacity for transformative impact.

While governance per se is compatible with state centrism by emphasizing steering, conceptualizing the EU as a system of multilevel governance focuses on the mechanism of policy-making. The systemic quality of European integration from a governance perspective is that of a nonhierarchical web of overlapping networks of public and private, national and supranational agents, that is, "deliberative and apolitical governance" (Hix 1998: 54). As the EU displays the essential features of overlapping authority and claims to it, the multilevel governance perspective evokes principles of shared sovereignty across participating units, issue areas, and functional domains. The key systemic issue of regional integration is the reterritorialization of governance.

The multilevel governance approach to European integration is compatible with the conceptualization of EU political space as a "new" medievalism of overlapping authorities and loyalties. A number of authors (Guy Peters, Simon Hix, Jon Pierre, Gary Marks et al., among others) refer to it as a contested space among a variety of networks. In reality, the existence of competing, mostly nonhierarchical networks including the participation of nonstate actors is possible due to a repeated process of interstate bargaining.

The EU's constitutive features remain embedded in treaties as a result of intergovernmental consensus, that is, state-centric or "old" governance (Peters 2000; Sbragia 2000).

Comparative Regionalism

The comparative perspective marks the increasing inclusiveness of regionalism. It is based on an understanding that the EU is not a sui generis case and that regional blocs share a variety of theoretical and analytical complementarities and differences (Börzel and Risse 2016a). The pluralization of regionalism may be linked to the United States' adopting a regionalist view in its foreign policy during the 1980s. The shift from the idea of globalism and multilateralism associated with the world trading system to complementary regionalism in the Western Hemisphere was based on the principle of competitive liberalization (Fawcett 1995: 20). Through the proposition of interaction, diffusion, and emulation mechanisms of interregionalism, comparative regionalism accepts that competitive behavior between regionalist arrangements is possible but that it is not simply compensatory. It is rather asymmetrical, depends on mechanisms of conflict resolution, allows for different solutions (public and private, privileged and general), insider-outsiders (Fawcett and Serrano: xxv), and may be transformative in nature, especially as a result of the participation of civil society.

All these factors have fostered an unproblematic, optimistic understanding of regionalism as a security and economic growth-creating process. What the comparative regionalism perspective has yet to develop is a normative framework for analyzing neomercantilist regionalism poised to develop into a dominant political doctrine for significant parts of Eurasia as a result of China's regional initiatives and the Russia-led Eurasian Economic Union. By applying comparative regionalism relative to the concept of open regionalism,[9] Katzenstein (1996) has argued that the main distinction between European-style regionalism and Eurasian regionalism is the quality of openness. A neomercantilist perspective is based on a view of the world economy comprised of relatively closed regional blocs. It allows for conditions under which regionalism may encourage competitive and rent-seeking behavior on behalf of regional actors (Serrano 2005: 4). Such propositions present an alternative to the liberal view of comparative regionalism assuming that globalization creates pressures for convergence across national economies and regional blocs.

Post-revisionism is an alternative perspective that looks critically at the actorness dimension of regionalism (Teló et al. 2016). It problematizes the dominance of EU studies as foundational to regionalism by correcting the widely shared proposition of the EU as a model system (Heisenberg 2006), an evolving polity (Hix 1998), and a normative, structural, or civilian power (Diez 2005; Duchêne 1973: 20; Galtung 1996; Manners 2002). Post-revisionism moves beyond such static categories and instead regards it as a "laboratory of regionally embedded multilateral practices and values" (Fawcett et al. 2016: 3). Post-revisionism is particularly relevant to comparative regionalism. It demonstrates that the European experience remains region specific.

Furthermore, post-revisionism relaxes the normative superiority of EU regionalism as a source of interregionalism. It explains the relative convergence of and bridges between regions with middle-range institutionalist theorizing anchored in concepts such as standardization, market regulation, competition, diffusion (Fawcett et al. 2016; Risse 2016), and external governance (Lavenex and Schimmelfennig 2010).

The Eclectic Perspective

Regionalism lends itself to eclectic theorizing as it blends and often exceeds the premises of economic theory as foundational to economic blocs the creation of regional institutions.

Eclectic theorizing on the practice of international relations (Katzenstein 2005; Katzenstein and Sil 2008) offers a pragmatist foundation to the study of regionalism through the dialogue of perspectives and creative experimentation. Eclecticism is based on the assumption that analyses initially embedded in separate research traditions can be separated from their respective theoretical premises, translated meaningfully, and recombined as part of an original permutation of concepts, methods, analytics, and empirics (Katzenstein and Sil 2008: 110–11). An eclectic perspective recasts the study of regionalism through a pragmatic lens, one that combines theoretical insight from various theories to explain individual aspects of the phenomenon. Katzenstein and Sil (2008) posit pragmatism as a middle position between positivism and subjectivism bypassing metaphysical disputes and analyzing each class of events relative to their consequences for solving social problems. Eclectic theories cut across levels of analysis to connect actors to institutions and reconfigure knowledge to frame and devise solutions to real-life problems (Katzenstein and Sil 2008: 116).

An eclectic approach combines security and political economy in the study of regions. Katzenstein and Sil (2008) suggest that regions have been studied from at least three perspectives: a geopolitical, ideational, and behavioral. In an eclectic framework, regions are examined at the intersection of these categories. Hurrell's (1995) "stage-theory" presents an example of the eclectic perspective by combining levels of analysis and historical contexts:

> Although theoretically somewhat unsatisfying, it is historically often very plausible. Thus, it might be argued that the early phases of regional cooperation may be the result of the existence of a common enemy or powerful hegemonic power; but that, having been thrown together, different logics begin to develop: the functionalist or problem-solving logic stressed by institutionalists, or the logic of community highlighted by the constructivists. Thus, neorealists may be right to stress the importance of the geopolitical context in the early stages of European unity, and yet wrong in ignoring the degree to which both informal integration and successful institutionalization altered the dynamics of European international relations over the ensuing forty years. (Hurrell 1995: 73)

Hurrell's framework integrates system-level, domestic-politics, institutionalist, and constructivist theories. Neorealism prevails as an explanation of regionalism under conditions of bipolarity and Cold War politics. Liberal premises of interdependence, transactions, and international cooperation evoke the relevance of institutionalist and functionalist approaches to regional integration. The development of a community at the regional level (a political union or a security community) suggests that integration may be based on shared identities and thus may have transformative influence over systemic attributes, such as anarchy and sovereignty. Eclectic approaches, however, fail to determine why individual theories have explanatory power only with regard to certain aspects of regionalism limiting the predictive capacity of the eclectic theorizing.

Dynamic Regionalism

The dynamic aspect of regionalism emerges as a result of the awareness that regionalism is a form of policy design, a common state strategy for the pursuit of systemic objectives, and a policy response.

Conceptualizing regionalism in motion is a perspective beyond the research agenda of both new and comparative regionalism. One of the

criticisms of new regionalism is that it is an atheoretical construct (Solingen and Malnight 2016). The proliferation of regional agreements, as Börzel and Risse (2016b: 622) suggest, does little to explain their evolution. Theories of regionalism explain the emergence but not the existence of diverse regionalist structures. International relations theory examines regionalism as a method of institution building and managing interdependence but is less concerned with its evolution. Comparative regionalism looks at differences and scope conditions for the emergence of regional arrangements. It contributes the perspective of diffusion and emulation to demonstrate what actors consider appropriate institutional solutions (Börzel and Risse 2016b: 622). Comparative regionalism, however, is less amenable to the study of EU-based regionalism as the latter represents the very source of influence and diffusion. Comparative frameworks tend to be binary in nature, organized as a pattern of action-reaction or reverse influences. Examining change in regional systems that represent the very center of influence beyond comparative categories, such as state-centric versus society-centric or economic (liberal) versus power-based regionalism, requires different analytical tools.

The dynamic approach to regionalism may be defined according to principles of evolution, interactions, and sustainability. The capacity of regional blocs to change, adapt, regress, as well as to interact with other systems and sustain themselves has remained relatively underresearched. That it represents a valid research question, however, is theoretically informed. Dynamic regionalism builds on Baldwin's "domino" theory of regionalism (Baldwin 1997, 2004). The proposition of a domino approach to region building is based on the assertion that the idiosyncratic incident of regional integration is likely to trigger a multiplier effect of removing international barriers to trade and investment. Due to the risk of creating trade diversion effects, more countries tend to join a preferential trade agreement in order to compensate for potential negative externalities. Such "pressures to join," according to Baldwin (2004: 25), increase the size of the club. Baldwin's conclusion is that territorial expansion will become easy, setting the possibility of flexible integration.

A dynamic approach reveals that regionalism is not teleological. It fully captures the strategies of state and social actors by allowing for exit when the costs of maintaining regional membership relative to objectives of autonomy, efficiency, and sustainability rise to prohibitively high levels. The outcomes of exit are disintegration, unilateral liberalization (a direction likely to

be applicable in the Brexit case) or, as the experience of Latin America has demonstrated, closer relationships with the hegemonic power.

EU-centered regionalism is an example of an evolving pattern of regional cooperation with global relevance. For this reason, international relations theories are better positioned to explain it as a global phenomenon and develop analytical constructs for inductive reasoning based on it. The opportunity to apply a dynamic approach to the study of the EU as an instance of regionalism offers significant analytical advantages.

"All of the Above": The European Union as a Project of Regionalism

European integration is inseparable from the intellectual traditions of European political thought in search of new forms of political organization to secure Europe's peace. References to a European union as a peace project are present in the writings of Maximilian de Béthune, Duc de Sully, reflecting on the role of a regional union to avoid the catastrophes of war, Bernardin de Saint-Pierre, Gottfried-Wilhelm Leibnitz, and Jean-Jacques Rousseau on the project of perpetual peace in Europe, Novalis on Christian unity, Victor Hugo on the United States of Europe, and Friedrich Nietzsche on Europe's destiny. These references are also dominant in the intellectual currents of the early twentieth century represented by Georges Sorel, Paul Valéry, Heinrich and Thomas Mann, Edouard Herriot, Romain Roland, and Richard Coudenhove-Kalergi (Loriaux 2008). All these perspectives share the proposition that integration would provide the economic foundations of the natural convergence of European societies into a regional federation, a United States of Europe.

The enmeshing of grand theory and integration-specific approaches to the study of the EU is an appropriate framework for examining the evolution of European integration as a project of regionalism. Higgott (2006) argues that European integration is the most influential form of regionalism.

As the core institutional representative of European regionalism, the EU demonstrates the conceptual evolution of deep integration. From the perspective of trade theory, it represents the movement from a customs union, integrating the features of a free trade area with a common external tariff (Viner 1950; Balassa 1961), toward an economic and monetary union. The EU's progressive enlargement has added a significant external dimension to the region-building effects of the process. Its historical, ideational,

economic, and political dynamics have acquired broader relevance, beyond that of a model regional system.

The Security Foundations of European Regionalism

The regionalism-security relationship is an important dichotomy in international cooperation. Regionalism maintains a security dimension due to the underlying patterns of structural interdependence at the level of territorially clustered regions. Significantly influenced by the European experience, integration theory has focused on the gradual consolidation of a regional consensus on values, central to which is amity superseding enmity. Despite the theoretical diversity of factors explaining regionalism, it may be argued that all theoretical perspectives are permissive of a security purpose in regional integration although they do not necessarily include security as a consistent output (or rationale) of the process.

A security-related rationale in integration is evoked by micro-, middle-range, and system-level theories. The micro-foundations of conflict resolution, that is, the security creation capacity of the integration of units, are laid down by organization theory. It defines integration in relationship to the existence and resolution of conflict (North et al. 1960).

David Mitrany, whose functionalist approach to international organization constitutes a fundamental premise in integration theory, regarded the formation of international sectoral agencies as the true alternative to war, as a "working peace system" (Mitrany 1943, 1948, 1975). In the case of European integration, security considerations determined the original institutional design of the European Coal and Steel Community (ECSC) of 1951, of the failed European Defense Community (1954), and of the Treaty establishing the EEC in 1957. A security rationale has been present in all rounds of European enlargement.

Karl Deutsch et al. (1957: 3) defined security and peace as a leading rationale in political integration in their seminal study on regional political communities:

> Since our study deals with the problem of ensuring peace, we shall say that any political community, be it amalgamated or pluralistic, was eventually successful if it became a security-community – that is, if it achieved integration – and that it was unsuccessful if it ended eventually in secession or civil war.

Concerns for peace were of such high salience during the 1950s that the regional integration project in Europe initially was not preoccupied with the nature of political authority emerging as a result of the process. Integration scholars concurred that the movement toward a regional peace system modified the characteristics of regional order by altering a historically established complex of regional security relations (integration as process) and by redefining the nature of political organization through the creation of an amalgamated or pluralistic security community (integration as outcome).[10] The prevalence of security objectives indicates that initially integration was much more internationally oriented as it linked the emerging regional community to issues of peace and security in the international system. Propositions in regard to an aggregate political community replacing the nation-state as an organizing unit in the regional system were developed at a later stage, as political processes moved beyond broad political accommodation into deep institutionalization.

There is a consensus in the literature that the EU has established itself as a nontraditional security actor. The works of a number of authors regard it as the most important security institution in Europe and its enlargement—as the consolidation of European order (Buzan and Wæver 2003; Kirchner and Sperling 2002; Zielonka 2006; among others). The EU has identity features; it attracts countries from the periphery and participates in the creation of a normative environment for the whole of Europe. Security, these authors argue, has become indivisible from the EU-integrative dynamics as manifestation of a shared identity and contrary to the forces of fragmentation. The EU's security role is thus to be sought at three levels: a strong union with one center (the EU's Common Foreign and Security Policy); an "external anchor" for the periphery (Berglof and Roland 2000; Kupchan 1998); and a direct military capacity. As Anders Bjurner (1999: 17) has argued, the EU eastward enlargement should be regarded as "perhaps the most important security producing process taking place in Europe today."

The EU's conceptualization as a postmodern (in Wæver's terms, a "metaphorical" or "informal") empire refers to the EU's growing authority in the wider Europe as a center of security creation (Wæver 1997; Østergaard 1997). By extending integration across issue areas and geographical scales, Wæver contends, the EU replicates the modus operandi of empire. The dynamic character of empire that maintains stability through expansion conforms to the reality of EU's continued enlargement and

neighborhood policies examined further in this book in Chaps. 3 and 4. The next section traces the evolution of European integration as a process of consolidation of EU-centered regionalism.

The EU's Evolution as a System of Regionalism

The evolution of EU-centered regionalism has taken place as a process of reconciliation of liberal and geopolitical principles, of the push and pull dynamics of deepening and widening, and of supranationalism and intergovernmentalism as a framework of decision-making. Collectively, these principles of interaction have produced a system in the process of growth and expansion, both institutionally and territorially. The model of regionalism emerging as a result is one of internal consolidation, politicization, and externalization, as EU-based regionalism has developed a network of regional and global relationships. European integration has evolved through a phase of internal consolidation (1952–1973), during which major advances of institutional form took place; a stage of continuation and enlargement (1971–1993) following the decisions of the Hague Summit that opened the EEC to political cooperation; and the Europeanization of the wider Europe (post-1993), a phase that culminated with the EU's eastward enlargement (2004–2013).[11]

Stage One: Implementation and Internal Consolidation (1950–1969)
The Schuman Declaration of May 1950 was the first programmatic statement on the feasibility of regional integration in Europe as a method of conflict resolution and reconciliation. The Declaration proposed the establishment of a European Coal and Steel Community (ECSC). The ECSC (1951) placed the critical war-related industries of Germany and French iron and steel resources under a common regulatory authority (the High Authority). It addressed in a functional way two objectives: the equality of the member states and Germany's containment (Blair 2009: 17). The agreement solved the post-World War II settlement dilemma between France and Germany in a broader multilateral framework. It effectively opened participation in common economic and political initiatives to the states of Western Europe. The community was a mechanism for the institutionalization of interdependencies and interest accommodation through open-ended, step-by-step concessions within an institutional framework. France agreed to transfer control of its coal industry to an international authority in order to avoid the potentially conflictive consequences

of a settlement that would contain Germany but also revive German revanchism. Germany agreed to supranational control over its steel industries in exchange for participation in common institutions and obtaining an equal status among its neighbors. Compromise was accomplished due to a shared understanding among the Western European elites that distributive peace is unsustainable under conditions of interdependence. The rising global ambitions of the Soviet Union were also an important formative factor for the choice of a regionalist approach toward the consolidation of Western Europe.

The ECSC was extended into an agreement on the establishment of an EEC by the Messina Resolution of June 1955. The founding Treaty of Rome (1957) created the EEC as a common market and a closer union among the peoples of Europe. The European Atomic Energy Agency (Euratom) was set up for managing the critically important nuclear energy sector. The intertwined structures of the ECSC, the EEC, and Euratom developed into a meeting place of pragmatic, pacifist, and integrationist West-European elites and ensured the continued institutionalization of regionalism in Western Europe.

Trade creation in the process of establishment of the EEC's common market made a long-term German revival unproblematic. By 1960, all subregions of Western Europe registered economic growth. Intra-EEC trade increased as well. The geopolitical purpose of European integration became attractive to nonmembers. As early as 1958, British Prime Minister Harold Macmillan noted:

> perhaps Messina would come after all; and that might mean Western Europe dominated in fact by Germany and used as an instrument for the revival of German power through economic means. It would be really giving them on a plate what we fought two wars to prevent. Of course, the great increase in Russian and American power made the danger of a revived Germany far less formidable than before and this would affect French opinion. Nevertheless I did not like the prospect of a world divided into the Russian sphere, the American sphere and a united Europe of which we were not a member. (Macmillan 1971: 74)

The United Kingdom applied for membership in 1961 (rejected by France in 1963) and later in 1967. Britain's accession, together with Denmark and Ireland, marked the EU's first territorial enlargement (1973). The Luxembourg Compromise of 1966 ensured that functionalist

principles of issue-specific problem solving would prevail over federalist and supranational tendencies in European integration. The compromise stated that important national interests would be taken into consideration with a view of reaching unanimity, and that divergent national interests would not prevent the community from resuming work "under normal procedure" (EEC 1966: 8–9).

The formative stage of European integration concluded with the establishment of the Customs Union (1968) and the effective completion of a common market for agricultural products under the Common Agricultural Policy (1970).

Stage Two: Continuation and Enlargement (1970–1992)

Stage two marks the reorientation of the integration agenda. Its beginnings may be attributed to the European Hague Summit (1969) that aspired to relaunch the integration project. By the late 1960s, the salience of the regional peace argument had declined. The distributional effects of power politics were practically removed. The level of institutionalization of European integration attained during stage one allowed the member states to establish a pattern of resolving conflicts of interest in a peaceful way. They also developed similar views in the foreign policy domain (Nugent 2003: 6). The global economic conditions during the 1970s, the demise of the Bretton-Woods system, oil crises, and inflation adversely impacted regional interdependence and made the conflict resolution imperative less obvious. The growing economic importance of Germany since the 1960s and its opening to Eastern Europe under the premises of *Ostpolitik* brought conflict and competition considerations back in play. Such developments indicated that the German question in Europe remained unresolved. In response, the Luxembourg Council (1970) launched the European Political Cooperation (EPC), which expanded the predominantly economic integration of stage one in the political domain by developing a mechanism of foreign policy coordination and instruments for common political action (EEC 1970: 9–12). The introduction of direct elections for the European Parliament (EP) in 1979 was designed to strengthen the legitimacy of European regionalism. The Single European Act (SEA) of 1986 increased the EP's role in decision-making through the cooperation procedure. The SEA's broad institutional reform was aimed at the completion of the internal market by 1992 and the strengthening of EU institutions. The SEA opened up integration to majoritarian principles of voting in the European Council. Cooperation among transnational elites remained indispensable as

a sustaining mechanism of European integration. High-profile transnational coalitions of integrationist elites advanced the conceptual foundations of integration as a political project through the Davignon Report on foreign policy coordination (1970), the Werner Plan on economic and monetary union (1970), the Tindemans Report on the creation of an EU (1975), the Genscher-Colombo plan on foreign policy cooperation (1981), the Cecchini Report on the costs and benefits of the internal market (1988), the Delors Report on the future of the economic and monetary union (1989), and the Kohl-Mitterrand letter on political union (1990), among others. Although the literature generally referred to this continuation stage as a period of "Eurosclerosis," the progressive institutionalization of decision-making within the EU advanced considerably at that stage.

Stage Three: Europeanization Through Externalization (1992–Present)

The end of the Cold War brought about a refocusing of the European construction on regional security and peace objectives. Three simultaneous processes exemplified that logic: the deepening of integration toward a political union (the Maastricht Treaty, 1992), the widening of integration, accomplished through the eastward enlargement, and the Europeanization of the broader Europe in the context of the EU's proximity and neighborhood policy. The deepening of EU integration since the Maastricht Treaty was motivated by the consecutive phase in the evolution of the German question in Europe. The reunification of Germany was a key factor in the process and a compromise among the EU elites, together with the United States and Russia, on Germany's place in Europe. In exchange for unification, Germany agreed to pursue a foreign policy deeply anchored within the EU. The Maastricht Treaty launched the Common Foreign and Security Policy aimed at safeguarding the EU's shared values and interests, preserving peace in Europe, strengthening regional and international security, and consolidating democracy (European Union 2002: Title 5). The political purpose of the EU was enhanced through the Treaty of Amsterdam (1996) and the Treaty of Nice (2000). Following the agreements of the Franco-British St. Malo Summit on security and defense matters (1998), the EU proceeded with the framing of a common defense policy. The Helsinki Council (1999) developed guidelines for the creation of a Rapid Reaction Force and appropriate structures of planning and control, the EU Military Committee and the EU Military Staff, formally established in 2001. Parallel to deepening, the externalization of integration as a political stabilization

strategy took place through the EU's enlargement policies. There was a consensus among the European elites that the eastward enlargement was a peace process. The projection of stabilization policies and conflict resolution initiatives toward the European periphery emerged as an equally significant development. The EU consolidated its role as a global actor (European Council 2003; Biscop and Andersson 2008; among others). In 2009, the EU adopted the Lisbon Treaty, Treaty on the Functioning of the European Union (TfEU) as a foundation to its institutions in the wake of the 2004 eastward enlargement. In 2013, Croatia joined the EU as its 28th member state. Three major processes have continued to define the contemporary evolution of EU-centered regionalism: the latter's systemic objective of territorial expansion (albeit stalled), the ongoing geopolitical restructuring of the European periphery, and the global relevance of European integration.

The complexity of such processes raises the question: is the EU model of regional cohesiveness sustainable? The argument developed here is that this intriguing research question should be explored from the perspective the EU's global positioning along its key dimensions: the EU's enlargement policy, its neighborhood relations, an object of the ENP, and the cross-regional initiatives that increasingly move beyond a territorially based model of regionalism.

The Unanswered Questions of Regionalism: Neomercantilism, Protectionism, Convergence

While the theoretical field of regionalism acknowledges a multiplicity of perspectives—liberal, neorealist, neoliberal, constructivist, and eclectic—to explore the complexity of the phenomenon, a number of issues have yet to be examined. European integration represents a type of neoliberal regionalism, strictly defined. But how does this type of regionalism compare with state capitalism, the new successful alternative project of globalization, with the counterintuitive coexistence of globalization and protectionism, or the lack of convergence across the world's regions despite the homogenizing influences of interdependence?

State Capitalism

Regionalism is connected to the predominant economic model of leading states and trade policies maintaining patterns of regional interdependence.

Economic systems should be understood in holistic terms that combine economic with sociopolitical perspectives. The nature of political regimes and their economic models affect state strategies of trade creation and the choice of multilateral versus unilateral trade liberalization policies or protectionism. Katzenstein (1996) has argued that, as a state strategy, regionalism may be informed by neomercantilist interests. However, none of the propositions valid for liberal regionalism applies to neomercantilism. While liberal regionalism is predominantly open, neomercantilism is associated with regionalism of a closed type. The latter is more likely to be implemented as a unilateral strategy, under the tenets of hegemonic regionalism, or as a loosely institutionalized regional bloc.

In contrast to the long historical evolution of European integration informed by neoliberal principles, emerging alternative models of economic governance based on neomercantilist principles affect the global distribution of regionalist arrangements. Kurlantzick (2016) posits state capitalism as a successful competitor to free market capitalism, showing that statist interventionist economic models now outperform liberal market capitalism and social democracy in terms of economic growth and other development outcomes (Solimano 2014; Kurlantzick 2016). The economic performance of state capitalism and the political preferences of lead states for regional versus global trade arrangements affect all aspects of modern international politics and economics, including the prospects for democracy.

Statist neomercantilist models of regionalism are a poor fit with comparative regionalism. They are an instrument of power politics and strategic competition, although they may emulate regionalist arrangements informed by liberal premises. Although such models may generate significant outcomes in terms of economic growth and long-lasting patterns of interdependence, they are not compatible with the concept of open regionalism. Still, the process of value substitution in region building is an important conceptual and empirical issue of contemporary regionalism that the tools of comparative regionalism and interregionalism are less amenable to address. The clash between the two models is reflected in the EU-China relationship evolving in the context of China's New Silk Road project discussed in Chap. 5.

Regionalism and Protectionism

Participation in international trade is a state strategy of maximizing well-being. Trade improves the allocation of resources within a trade area based on the

principle of comparative advantage. Distancing trade from the premises of comparative advantage may benefit certain groups in the short term but is unsustainable in the long term as it reduces the incentives for dynamic efficiency and innovation (Colombato 2000: 279). From a public-choice perspective, protectionism is explained by electoral and rent-seeking behavior in the bargaining process between interest groups and institutional actors that privileges the interests of particular groups to the detriment of the public interest.

Protectionism was a state trade policy typical of the period of closed regionalism. Due to protectionist, beggar-thy-neighbor policies, predominant in the 1930s, the world trading system lost around two-thirds of global trade transactions.[12]

Regionalism of the post-World War II period aspired to remove protectionism as a trade policy. The history of European integration shows that trade liberalization and regionalism in particular have contributed to significant reduction in trade costs through the creation of the EEC. Based on data from gravity models presented in Table 2.1, analysis in Crafts (2016: 7) points to a significant reduction in trade costs for both the UK and Spain in the context of their EEC membership.

The data show that the bilateral trade costs of both Spain and the UK with France declined, sooner for the UK than for Spain, reflecting the different conditions of their trade with the EEC as members since the

Table 2.1 Trade costs and trading regimes: protectionism, trade liberalization, and deep integration (1929–2000)

	Country			
Year	*Germany-France*	*UK-France*	*Spain-France*	*UK-Norway*
1929	0.99	1.00	1.18	0.87
1938	1.33	1.21	2.26	0.98
1950	1.12	1.22	1.55	0.98
1960	0.91	1.22	1.52	0.91
1970	0.73	1.10	1.24	0.90
1980	0.55	0.74	0.89	0.69
1990	0.53	0.70	0.74	0.77
2000	0.61	0.75	0.70	0.88

Source: Based on data presented in Crafts (2016: 6, Table 1.2)
The UK and Norway were members of the European Free Trade Association (EFTA) since 1961 until UK's membership in the EEC that started on January 1, 1973. The European Economic Area (EEA) between the European Union and EFTA entered into force in 1994

1970s (UK) and 1980s (Spain). While trade costs between France and the UK declined rapidly after 1970, countries such as the UK and Norway maintained relatively higher levels of trade costs, despite traditionally low barriers in their bilateral trade since the interwar period. Crafts (2016: 7) concludes that trade liberalization under the auspices of EFTA (of which both the UK and Norway were members in the 1960s) was associated with only modest reductions of trade costs, ultimately pointing to the role of deep integration and the opportunities of intra-regional trade in the EEC.

At the same time, an argument has been made that, as a process privileging the interests of regional actors to the detriment of multilateral liberalization, regionalism is compatible with patterns of bargaining based on relative gains and selective benefits (Bhagwati 1991). Baghwati's main criticism of regionalism is that it resembles a policy of jointly agreed protectionism (Colombato 2000: 282). Protectionism may be explained with the adjustment costs in the context of free trade that an industry or a group needs to sustain in order to compete in highly efficient markets. In these situations, state preferences may apply industrial policy to make adjustment possible or deregulate the economy (Colombato 2000: 283).

Protectionism may be a viable policy choice also in the context of technological change and the advent of new industries due to the need for adjustments in the structure of comparative advantage. When import substitution is not possible to avoid, regionalism provides participating states with a protectionist alternative as it allows for regional political support for national policies under the premises of open regionalism. On the other hand, the industrialization of developing and transition economies shows that market dynamics alone may be insufficient to advance structural transformation and that state intervention in the economy is necessary (UNCTAD 2016: 31). The experience of state capitalism with its massive allocation capacity has shifted the sources of economic growth to countries with less reliance of self-regulating markets. Furthermore, the inability of deregulated markets and financial innovation to ensure the efficient allocation of resources and generate global growth has increased the risks associated with the global economy and prevented convergence form taking place, opening up space for protectionist policies. The active application of trade policy in the context of increasing globalization shows that the latter depends on policy preferences, such as removal of trade barriers, economic activities reflected in increasing scale of trade and investment flows, and an institutional dimension comprised of the rules and norms managing global interactions (UNCTAD 2016: 34).

Regionalism and Global Convergence?

Egger and Whalley (2012) provide a more refined view of interdependence thesis by suggesting that European integration will be increasingly challenged by global constraints, imposed by the transfer of the centers of growth outside the developed countries, its diminishing share in global trade, role in financial markets, and access to natural resources.

Regionalism, despite its claims to a capacity to generate economic growth and convergence through optimization and homogenization, is a process that sustains uneven development (Bhagwati 1993).

The lack of convergence is a problem in both intra- and interregional scales. It is demonstrated by wide disparities in growth rates historically despite the maintenance of multilateralism within the WTO-based world trading system and the presence of highly institutionalization regional blocs, the EU included. As Table 2.2 shows, despite its status as a most advanced form of regionalism, the EU is not the center of global economic growth:

Such concerns are at odds with the tenets of open regionalism. The WTO system tolerates the trade diversion effects of RTAs by allowing trade creation with the bloc and the maintenance of nationally determined tax

Table 2.2 World output growth, 2008–2016 (annual percentage change)

Region/country	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
World	**1.5**	**−2.1**	**4.1**	**2.8**	**2.2**	**2.2**	**2.5**	**2.5**	**2.3**
Developed countries, *of which*	**0.1**	**−3.6**	**2.6**	**1.5**	**1.1**	**1.1**	**1.7**	**2**	**1.6**
Japan	−1.0	−5.5	4.7	−0.5	1.7	1.4	0.0	0.5	0.7
United States	−0.3	−2.8	2.5	1.6	2.2	1.7	2.4	2.6	1.6
EU28, *of which*	**0.4**	**−4.4**	**2.1**	**1.8**	**−0.4**	**0.3**	**1.4**	**2.0**	**1.8**
Euro zone	0.5	−4.5	2.1	1.6	−0.9	−0.3	0.9	1.7	1.6
Germany	1.1	−5.6	4.1	3.7	0.4	0.3	1.6	1.7	1.7
France	0.2	−2.9	2	2.1	0.2	0.7	0.2	1.2	15
Italy	−1.1	−5.5	1.7	0.6	−2.8	−1.8	−0.3	0.8	0.8
UK	−0.5	−4.2	1.5	2	1.2	2.2	2.9	2.3	1.8
EU member states after 2004	3.6	−3.6	2	3.1	0.5	1.1	2.7	3.4	2.6
Developing countries	**5.2**	**2.4**	**7.8**	**5.9**	**4.8**	**4.6**	**4.4**	**3.9**	**3.8**
Brazil	5.1	−0.1	7.5	3.9	1.9	3	0.1	−3.8	−3.2
China	9.6	9.2	10.6	9.5	7.7	7.7	7.3	6.9	6.7
India	6.2	5	11	6.1	4.9	6.3	7	7.2	7.6
South Africa	3.2	−1.5	3	3.2	2.2	2.2	1.5	1.3	0.3

Source: UNCTAD (2016: 5)

policy. The rise of regionalism also distracts policymakers' attention from multilateral liberalization (Anderson and Snape 1994: 469).

Open regionalism is supposed to eliminate the need for trade policy through the opportunities for trade creation it provides in a nonexclusive way. Externally, such actions take place according to the tenets of interregionalism. According to Fawcett et al. (2016), interregionalism is a concept that transcends the inward-looking nature of regional integration and enhances the analytical utility of regionalism as a method of problem solving in global governance. Interregionalism may be defined as the institutionalized multidimensional cooperation between at least one region (or regional grouping) and "either a region or a large country belonging to another region" (Fawcett et al. 2016: 2).

Interregionalism is only one of the possible models of interaction among regional actors Its low level of institutionalization and lack of shared governance mechanisms prevents actors from engaging in reciprocal interaction. At the same time, interregionalism modifies the principles of multilateralism. According to Acharya (2016: xx), this emerging world is described as a "multiplex" world characterized by the multiplicity of relevant actors, varied scripts sustained by diverse and competing ideas and ideologies, complex links of interdependence, and multiple layers of governance including global, interregional, regional, domestic, and substate (Acharya 2016: xx–xxi).

Conclusion

This chapter has presented a theoretical overview of international relations perspectives, comparative politics studies, and regional integration theory in their relative utility to elucidate the workings of the EU as a project of regionalism. It advanced an argument that regionalism is an important analytical construct amenable to a pluralist theoretical treatment combining historical, geopolitical, economic, and ideational perspectives. The normative questions associated with the evolution and expansion of regionalism refer to both old and new dilemmas. Regionalism has yet to confirm the opportunities it has created for global growth, given the imbalances of trade creation, continued application of protectionism as a trade policy, trade-offs between joint decision-making and autonomy in regional blocs, and the increasingly competitive relationship between long-established (neo)liberal

and emergent neomercantilist varieties of regionalism. Against the background of increasing complexity and competition on behalf of ideological, political, and economic alternatives with growing global visibility, the question with regard to EU-centered regionalism transcends the inward-looking dilemmas of European integration: about the internal cohesion of the bloc, its territorial expansion, and relations with its neighbors. What is the future of transregional arrangements? Is regionalism a desirable and sustainable model of organization of world politics? What are the consequences of globalization for the territorial structuring of regional politics?

The chapters that follow explore such questions on the example of the EU's enlargement policy in the wake of the East-European enlargement, the evolution of the ENP, and the transatlantic and trans-Eurasian perspectives on the EU's global relevance.

NOTES

1. Similarly, the normative nature of regionalism is captured in Hurrell (1995: 39) defining regionalism as *a doctrine* of "how international relations ought to be organized."
2. Quoted in Fawcett (1995: 12).
3. According to Bergsten (1997), to be WTO-legal, such agreements must meet three criteria: they must cover "substantially all" trade of member countries, they must avoid raising new barriers to nonmembers, and they must achieve free trade among members by a date certain (normally not to exceed ten years from the start date). Most notably, the concept is applied with regard to Asian regionalism and its compatibility with the global WTO trading system.
4. The principal international relations perspectives offer competing explanations of the role of power and interest formation for state behavior and international outcomes applicable to regionalism. Neorealism advances structural interdependence as a key explanatory variable, foundational to regional security complex theory. Liberalism is based on propositions of interdependence, and neoliberalism on converging state interests. Constructivism posits shared identities; transactionalism posits communication and a feeling of empathy. Institutionalism approximates regionalism to the creation of regional institutions for the resolution of collective action and coordination problems.
5. Theoretical studies on regionalism and regional integration provide examine a variety of perspectives across levels of analysis and discipline boundaries. Mansfield and Milner (1997) explore the political sources of regionalism

beyond economic and structural interdependence by focusing on the sources of political choice. Söderbaum and Shaw (2003) draw attention to variants of liberalism institutionalism, security complex theory, constructivism, critical theory, and "new regionalism" approaches, anchored in world system theorizing. Laursen (2003) examines a variety of interest-based, constructivist, neofunctionalist, and historical institutionalist perspectives. Wiener and Diez (2005) focus on integration-specific theories drawing on federalism, neofunctionalism, state theory, multilevel governance, policy networks, new institutionalism, law, and discursive approaches.

6. Functionalism should be regarded as a philosophical approach and not a theory per se. Its critique is based on a philosophical context, not methodological premises.
7. The question of overlapping and deterritorialized jurisdictions as an attribute of European regionalism is examined in 5.
8. Examples include the failed referenda (and public endorsement) on the Treaty on the Constitution of Europe in 2005, Brexit, and the suspension of the Dublin Regulation as a result of the EU migrant crisis, among others.
9. Katzenstein (1996) applies the comparative perspective not in geographical terms but from the point of view of open regionalism.
10. The terms "amalgamated" and "pluralistic" security community are defined with reference to regional integration in Deutsch et al. (1957).
11. This periodization builds on Elvert (2009) and Stefanova (2006). Elvert (2009) defines the stages as "implementation" (1952–1973), "enlargement" (1973–1993), and "Europeanization" (post-1993). Stefanova (2006) identifies stages of "internal consolidation" (1950–1969), "continuation" (1970–1992), and "enlargement" (post-1993).
12. See remarks by WTO Director-General Azevêdo to the Finnish Chamber of Commerce, November 2016. Online at: http://www.wto.org/english/news_e/spra_e/spra164_htm (accessed February 20, 2017).

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CHAPTER 3

The Political Sustainability of the Progressive Enlargement Model of European Regionalism: The EU's Eastern Enlargement

Introduction

Since its beginnings, in all of its hitherto existing configurations,[1] the European Union (EU) has gone through five enlargement rounds: (1) UK, Denmark, and Ireland (1973); (2) Greece (1981); (3) Portugal and Spain (1986); (4) Austria, Finland, and Sweden (1995); and (5) the East-European accession (2004–2013) when three tiers of countries in Central and Eastern Europe joined the EU.[2] In the context of such historical continuity, enlargement has emerged as a structural feature of European integration. However, in the wake of its 2004–2007 eastward enlargement, the EU descended into "enlargement fatigue" (Bindi and Angelescu 2011a). This situation is puzzling, despite the variety of explanations drawn from the everyday politics of European integration and integration theory. Geographic expansion has marked a historical continuity for the EU. The functionalist perspective subsumes enlargement under the premise of regional integration as a working peace system. Building upon the formative case of Franco-German reconciliation through European integration, all rounds of EU enlargement have reaffirmed European values of democracy, unification, and regional peace (Bindi and Angelescu 2011b). Enlargement has completely reconfigured the original European Economic Community (EEC) from a West-centric to a pan-EU (Nugent 2006) and is viewed as a catalyst for European integration. At the same time, enlargement has emerged as one of the most contested EU policies. Against the background of economic and financial crises, and the rising costs of adding

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new members, the claim that a further expansion of the EU membership base will destroy the attained level of integration has emerged into a widely held proposition. There is a remarkable consistency between the 2011 statement of French President Nicolas Sarkozy to the effect that "[...] we will refuse to erase our borders"[3] and the 2017 statement of German Foreign Minister Gabriel:

> [...] we need protection of Europe's external borders that is genuinely worthy of the name. Borders have lost much of their significance within Europe. That is an amazing achievement – but strong external borders are equally important. Amidst the crises in our neighbourhood and the refugee flows, we can see how important effective protection of our borders is.[4]

It is thus uncertain whether the lack of impetus for further EU enlargement is due to the absence of a sense of historical legacy and obligation that has characterized most enlargement rounds (Bindi and Angelescu 2011b), or whether it marks a significant pause and withdrawal from the systemic rationale of the EU's normative agenda.

What explains the apparent mismatch between historical continuity and political uncertainty with regard to enlargement? This question is important due to the profound international implications of European integration for broader regional dynamics. If "enlargement fatigue" prevails, the EU borders to the East may become the ultimate geopolitical and cultural definition of Europe. Conversely, if enlargement is pursued as a path-dependent process, its *finalités politiques* will need to be defined. Is the EU's enlargement sustainable, and how far can the EU expand?

The purpose of this chapter is to examine the forces working for and against the political sustainability of the EU's enlargement policy. The problem with the EU enlargement is that there is no theoretically necessary link between territorial expansion and the functioning of regional integration beyond a politically contested relationship. The conventional view posits actors' preferences for territorial growth and further deepening of integration as nonseparable. Enlargement and the movement toward "an ever closer union"[5] are regarded either as a single systemic process or as a trade-off between enlargement and the hollowing-out of integration, or yet as a dialectical push–pull rebalancing between territorial expansion and institutional deepening. Moreover, understanding how enlargement relates to the existence of an integrated area is not only a theoretical puzzle to be explored. The EU's political cohesion, geopolitical positioning, and identity

formation in the process of its territorial structuring have direct effects on the global distribution of power, regional security, and future political choices of influential players, small states, other forms of regional blocs, and so on.

As enlargement has been defined as a composite and constitutive policy (Lowi 1972; Sedelmeier 2005, 2014), we can refer to the policy literature for questions that explore policy performance over time. There are two major issues with policy implementation: stability over time as a response to long-term goals and values, and capacity to accommodate change. The two concepts evoke mutually conflicting dynamics. The EU's enlargement policy reflects this puzzling status quo. On the one hand, enlargement is a stable policy as the systemic commitment of the member states to openness and treaty-enshrined consensus on the value of the preference remains unchanged. At the same time, in the wake of the East-European enlargement, further territorial expansion has experienced a pause, hardly explained as an incremental or peripheral change of the status quo. What is the appropriate conceptualization of such policy dynamics? This analysis argues that the interplay between short-term pause, declining commitment of resources, institutional retrenchment, and long-term objectives should be examined within a more complex heuristic framework, that of sustainability, combining policy stability and nonincremental change over time, in a dynamic perspective. The literature binds the two questions by focusing on policy implementation as a form of nonincremental change (Patashnik 2003, 2008; Peterson 2001; Pierson 2004; Scharpf 1997). The EU enlargement may be amenable to the premises of political sustainability as, in contrast to most policies, it is a "big-bang" event, implemented at discrete data points (Moravcsik 1998). Whether the policy will remain open and not used by decision-makers to fit political goals and particularistic interests is an important question. Similarly, studies of policy reform, ranging from welfare to space policy, have explored the political sustainability of policy reform understood in terms of policy improvement (Gingrich and Ansell 2012; Bardach 1976; Kumlin and Stadelmann-Steffen 2014; Saeki 2010). By analogy, the EU's enlargement policy, which has reached the level of its maturity and refinement, should be amenable to a sustainability study.

Sustainability analysis offers an alternative to policy studies beyond policy stability and institutional continuity. A sustainability perspective seeks to uncover potential changes to the institutional settings of policy implementation (rather than institutional resilience), shifts in coalitions and other feedback effects, as well as the potential of enlargement policy to induce

market optimization effects, thus transforming horizontal territorial and market expansion into a cohesion-building process.

The chapter draws on Eric Patashnik's work on political sustainability in the case of policy reform and nonincremental change. According to Patashnik (2003: 207), political sustainability cannot be assumed, regardless of the coherence of the policy process. A similar problem exists in regard to the EU's enlargement policy. Enthusiasm for enlargement has varied historically both at the level of elite negotiations and within public opinion. EU history shows that candidate countries' preferences for joining the club may change; old members may choose to defect. Territorial expansion may be reversed, as the cases of Greenland, Iceland, and Brexit have shown, especially in view of existing treaty provisions for withdrawal from EU membership (Article 50 of Treaty on the functioning of the European Union, TfEU). However, such decisions are not only the product of cost/benefit calculations. Constant payoffs relative to changing preferences and investments, changing costs of compliance and adaptation, and national discourses, may change member state preferences for policy continuity.

As a common preference, enlargement is supposed to maintain policy stability. According to Patashnik (2003: 209), however, there are three reasons for policy reversal under conditions of nonincremental change. Because general interest reforms are associated with diffused benefits and concentrated costs, the general public is difficult to mobilize in maintaining the momentum. In contrast to that, concentrated efforts are more likely to mobilize to reverse the policy decision. Second, with time, the attention of politicians and the public shifts to other issues. Third, as Patashnik (2003: 210) argues, information costs are likely to rise at the policy implementation stage. The public is no longer engaged by symbolic interpretations and mobilizing discourses. Because a sustaining discourse is difficult to mobilize (due to diffuse coalitions and shift in media attention), negative post-enactment symbolic discourse is more likely. The "enlargement fatigue" prevalent in the EU-wide post-2007 public discourse closely fits such dynamics.

The chapter proceeds as follows. The next section provides an overview of the EU's enlargement policy as a systemic process. The sections that follow define political sustainability and trace changes in the established progressive enlargement model in the wake of the EU's eastward enlargement and examine the sources of political sustainability based on Patashnik's tripartite framework tracing institutional change and continuity; stakeholder feedback reflected in affiliations, interests, and identities of key

political groups affected by the policy; and economic efficiency and welfare gains with the potential to sustain future policy iterations (by creating new vested interests). Building on the historical record of prior EU enlargements, the chapter examines the continued implementation of the policy in the aftermath of the East-European accession (2004–2007). It concludes with an overall assessment of the risks of policy reversal and an evaluation of the usefulness and limitations of political sustainability to explain political dynamics within the EU enlargement policy.

The EU Enlargement: The Duality of a Policy and a Systemic Process

Territorial expansion is compatible with and anticipated by the founding treaties of European integration. The EU is governed by open-ended treaties reflecting the idea that it is not only an ever-deepening system ("an ever closer union") but also a system permanently open to membership expansion. According to Article 237 of the Rome Treaty, Article 98 of the ECSC Treaty, and Article 205 of the Euratom Treaty, "every European state may demand to join" (i.e., to become a member of) the Community. The Preamble to the Rome Treaty links enlargement to the political objective of European integration by restating the commitment of the signatory states "by thus pooling their resources to preserve and strengthen peace and liberty, and calling upon the other peoples of Europe who share their ideal to join in their efforts" (Olmi 1978: 77). Article 49 of the Treaty of the European Union (European Council 1993) stipulates that any European state may become an EU member. The Laeken Declaration of 2001 determined that the only boundary of the Union is democracy and the respect for human rights (European Council 2001). Article 212 of the TfEU also confirms the EU's openness to future members.

The East-European enlargement came closest to transforming the EU's continued territorial expansion from a process of asymmetrical membership negotiations into a policy: a process of purposive political action equipped with rules, policy tools, decision-making procedures, resources, and a mechanism of implementation (Grabbe 2003; Schimmelfennig et al. 2006). The foundations of the policy were laid down by the decisions of the Copenhagen European Council (December 1993), which established the political and economic criteria for EU membership: democracy, the rule of law, respect for human rights and the rights of minorities, market economy

and ability to withstand competitive pressures, and institutional capacity to implement EU legislation (the Community *acquis*) prior to membership.[6]

The core institution of the EU's enlargement policy with structural power in the accession process was membership conditionality. The new policy of enlargement focused on the obligations of potential member states, stressing that membership was conditional on compliance with EU rules and values, and adoption of the body of EU law (the Community *acquis*) in its entirety without permanent derogations. The transition from the status of a candidate (and later, acceding country) to an EU member state was transformational in nature, an instance of nonincremental change in the relationships among the old and the new members of the club. At the same time, the enlargement policy established a process of interaction among the member states, the EU institutional actors, and the candidate countries whereby the latter committed to political and economic adjustment to the criteria for EU membership. The approach was fundamentally top-down, based on compliance and rule adoption (Grabbe 2006; Schimmelfennig and Sedelmeier 2005). It led to the implementation of a model of EU membership for Eastern Europe based on strengthened democratic institutions, and especially the national executive, freedom of movement of people, goods, capital, and services in the EU, and the pooling of national policymaking into a process of multilevel governance (Hooghe and Marks 2009).

From a dynamic perspective, the enlargement model is contradictory. On the one hand, enlargement represents a process of nonincremental change, comparable to an external shock. Nonincremental change is an instance of abrupt social change associated with a major decision, a transformation of the existing setup, and a form of political change due to the increased complexity of decision-making among a larger group size. It threatens the existing power structure and traditional authority. According to Dahl and Lindblom (1976: xliv), dealing with nonincremental change is synonymous with removing oneself from effective participation in politics understood as a process of competition, contestation, and conflict designed to make incremental changes in policymaking. Hayes (2001: 36) refers to nonincremental change as systemic and transformative. By contrast, intergovernmental negotiation under the EU enlargement policy is a form of incrementalism. It follows the template of splitting the difference (Haas 1968), gradual adaptation, and mutual adjustment. Future policy outcomes differ from the status quo only peripherally (Hayes 2001: 40). Under this model of decision-making, policy is not a fully rational choice; it emerges as the outcome of interactions of

actors with different interests and values (Hayes 2001: 40). The EU's enlargement policy has been designed along these lines to smooth out nonincremental change and external systemic shocks through a process of trade-offs and compromise. Negotiation and joint decision-making ensure that inputs are converted into a gradual, incremental, and progressive process. The established model is therefore predictable; a stable and progressively expanding process of horizontal institutionalization (Schimmelfennig and Sedelmeier 2002) replacing the original enlargement model of asymmetric negotiation.

Defining Political Sustainability

Rational-choice institutionalism and interest-based perspectives assume the policy continuity of the EU's territorial expansion. They posit enlargement as a sustainable process to the extent that distributional conflicts are resolved among the member states and the acceding countries (Moravcsik 1997; Schneider 2009). If the overall gains from enlargement are sufficiently great, a redistribution of these gains will compensate losers, making enlargement attractive for all states. Moravcsik (1998) posits enlargement as the preference of key domestic producer and export groups, supported by the large member states, and sustained by the EU institutions to ensure compliance. Institutional analysis stresses continuity over change in the policy process (Streeck and Thelen 2005: 6; Mahoney 2000; Mahoney and Thelen 2010). It explains policy stability as the product of institutional constraints and path dependence, and does not sufficiently take into account a dynamic approach that sees the persistence of institutions as a political process. In that sense, positive feedback and increasing returns (Arthur 1994; Pierson 1994, 2000; Streeck and Thelen 2005) help understand institutional resilience, not institutional change (it would be otherwise counterintuitive that feedback does not make institutions evolve but instead accounts for their resilience).

But why are some enlargements accepted (the Mediterranean enlargements of the 1980s), and others pass as business-as-usual events (the 1995 Nordic accession), while others yet are reconsidered, or stalled (the East-European enlargement)? Such variation in policy stability over time cannot be explained by institutionalist or actor-based perspectives alone because of their monothetic nature. Sustainability, by contrast, is an inclusive and dynamic concept. In a general sense, sustainability is the ability to continue a defined behavior indefinitely, and it takes into account resources,

commitment, and support. The concept of "political sustainability" is motivated by the 1987 Report on the World Commission on Environment and Development (the "Brundtland Report"). This work asserts that "sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations 1987). Following this definition, political sustainability requires a political choice that reflects a constant balance between current and future resources and commitments to maintain and assign resources to a given policy. Similarly, elaborating on the conditions for sustainability, Broniatowski and Wegel (2009: 2) argue that "an action is politically sustainable if it allows for the fulfillment of current political goals and resource needs without compromising future goals and needs."

Politically sustainable actions simultaneously build support for, and advance, an item on the political agenda. Actions that are not politically sustainable advance a current agenda item at the expense of future support. According to Casamatta et al. (2000), the parameters of a policy may change in order to obtain public approval. The level of political support affects policy design. Policies may be watered down in order to be sustainable. Political sustainability is intimately tied with goals, values, and interests. Value delivery is a necessary but not a sufficient condition. A policy is sustainable to the extent that it is expected to deliver benefits with stable, declining, or in worst-case scenario, only incremental increase of costs.

Patashnik (2003) has argued that the long-term sustainability of any given policy reform—and, by extension, of major policy decisions—depends on its capacity to restructure and redesign political institutions so that they disrupt prereform coalitions anchored in the status quo ante, on generation of positive policy-feedback effects, and on creation of efficiency gains ("creative destruction"). Such effects are identified in terms of empowerment of social groups with a stake in the reform's maintenance. Schoyen and Stamati (2013) contend that a policy is sustainable if it creates positive feedback loops by means of supporting coalitions.

According to public economics, when the benefits of a given policy are concentrated but its costs are diffused, the beneficiary group will recognize that its interests are at stake and will have a strong incentive to mobilize. In contrast, the more diffuse group (e.g., consumers, taxpayers) that bears the policy's costs will either be unaware of these costs or be indifferent to them (Becker 1983; Blinder 1997; Olson 1965; Wilson 1973). In sum, sustainable policy reforms are characterized by the successful reworking of governing arrangements (making policy change difficult) and the creation

or empowerment of groups with a stake in the policy reform's continuation (rendering policy change unattractive). A key factor in adopting a policy decision is the successful framing as a salient public concern, as well as the ability to generate responsiveness to diffuse interests and neutralize opposition by removing veto players Brooks and Manza (2006). Salience is achieved by adopting the power of ideas (Patashnik 2003: 206).

The EU enlargement bears certain similarity to public-interest decision-making because it often imposes costs to old members; its long-term perspective is to spread benefits and cut down privileges for old members by reallocating some to new member states (NMS); and it tends to dilute the influence of individual member states in a larger club. For this reason, we expect member states to represent status quo interests. Enlargement decisions are accordingly taken only when the benefits outweigh the costs. In the opposite case of costs outweighing benefits, a moratorium on enlargement may be extended indefinitely even though a policy is designed to ensure continuity. Both directions are theoretically plausible. The second condition for policy sustainability is based on supporting coalitions. The ability of organized (particularistic) interests to mobilize is critical to policy stability or decline over time.

Framing is similarly important in the enlargement process. In the absence of a fixed agenda, key groups such as businesses, trade unions, populist parties, and Euroskeptic governments will compete to frame the enlargement agenda in a manner consistent with their own interests. Business has been particularly successful in establishing competitiveness as a central theme. Other groups, such as labor unions, may secure side payments in return for continued support for European integration. The center-periphery frame has been prevalent in the East-European enlargement. As the EU's accession negotiations advance, both domestic groups in the member states, actors in the European Parliament, and public opinion are likely to reformulate their preferences and engage in continuous ad hoc coalition building in order to secure gains to meet their objectives and mobilize support within their respective constituencies.

Given such conditions, is it possible for enlargement to become a deeply rooted political process? Following Patashnik (2008), analysis needs to establish whether enlargement has created sustaining institutions that generate positive feedback, deal with challenges, and secure a favorable geopolitical and global environment; that is, to become rooted in the EU's political culture and values. The next criterion refers to market forces—whether enlargement creates a positive dynamic by enhancing inderdependence. According to Patashnik (2008: 26), policy feedback matters most as it

strengthens the legitimacy of public policy, while institutions create the long-term framework of success or failure.

Political Structures

Institutions promote policy continuity. They permit incremental capacity buildup when in the context of changes in the venue of decision-making. For example, the process of EU enlargement negotiations reflects a bundle of policies that lock in the effects of reform and democratization and grant legitimacy and attractiveness to the process. As a type of public policy, enlargement relies on the support of private actors—public opinion and interest groups. For this reason, enlargement policy is likely to shift its focus and negotiating arena between issues of democratization, immigration, reunification, market expansion, and so on. To ensure that diverse group interests are reconciled, the policy depends on institutional creation to maintain compliance and communication.

Economic Opportunities

The dynamic perspective on enlargement needs to acknowledge that what was true for several rounds of enlargement—creating a larger internal market, adding consumers, and improving the EU's global competitiveness—may not hold true in the long run. Studies have demonstrated that the extensive model of growth by adding manufacturing capacity and increasing the number of consumers does not contribute to wealth maximization and growth (Lejour et al. 2001). Besides, the distributive effects of enlargement, those of creating winners and losers, while compensated ex ante through the conditions of membership, later on exert influence over policy choice and provide policy feedback that affects policy implementation and sustainability. Consumer and producer groups, whose preferences are unaccounted for at the policy formulation stage and enlargement decisions, may have significant influence over policy implementation through the national electoral cycle, major EU political initiatives, European elections, or transnational interest groups. Maintaining support for enlargement depends on the nature of economic incentives and interdependencies it creates and the ability to reinvent itself through market expansion, factor mobility, and global competitiveness.

Policy Feedback

There is a long-established literature on policy feedback in European studies (Kay 2006; Pierson 1996; Schimmelfennig et al. 2006; Scharpf 1997, among others). It draws on the proposition that policy creates new politics (Schattschneider 1935, 1960; Campbell 2012) and that different types of policies—constitutive, distributive, redistributive, and composite (defined according to Lowi (1971; 1972))—generate different political dynamics (Patashnik 2008: 29; Schimmelfennig 2014). Although policy feedback is conventionally examined as a source of continuity in European integration (Pierson 1994, 2000, 2005), the type of feedback that the EU enlargement policy generates has not been examined from the perspective of continued policy implementation. The effects of enlargement are generally dispersed, while the costs are concentrated due to the changing ratios of net beneficiaries and net contributors to the EU budget. The ability of beneficiaries and contributors to mobilize in favor of or against the policy is a factor of policy sustainability.

Continued Enlargement: Impossible Under the EU's Model of Progressive Regionalism?

The fact that the EU's enlargement policy has been historically implemented as a process of smoothing out external shocks and nonincremental change associated with adding new members suggests that enlargement may be understood as a process of progressive socialization for a growing number of European countries into the EU's economic system and political values. The term *progressive* has been historically associated with diverse meanings (Abromeit and Cobb 2004; Buenker and Kantowicz 1988; McGerr 2003; Pezzoli et al. 2009: 336). It generally refers to social and political philosophies concerning the good society—what it is and how to advance it. The concept of a progressively evolving process is similar to the notions of continuity achieved as a result of path dependence and increasing returns in historical institutionalism (Pierson 1996, 2004; Scharpf 2000). In the US context, the term was widely used during the Progressive Era of the early twentieth century as a policy response to the problems created by urbanization and social disparities. Isaac (2003: 40) argues that the main challenge facing progressives today is "to come to terms with the historicity of Progressivism, and to rethink the ethos and politics best suited to realizing its genuinely liberal and humanistic aspirations for social improvements and

satisfying democratic citizenship."[7] Recent applications of the concept have shifted toward a liberal perspective. Besides a left-of-center approach to revitalizing social democracy (Etzioni 2004; Fung et al. 2003; Giddens 2003), "progressive" has acquired a more inclusive meaning emphasizing (besides social democratic values of social justice) social networks and linkages, incrementalism, a multiplicity of organizational roles, flow of resources, interaction among stakeholders, and a social context of sustainability (Hartman 2002; Pezzoli et al. 2009).

Clark and Christopherson (2009) provide a theoretical framework of progressive regionalism that categorizes contemporary regionalist perspectives into investment regionalism (IR) and Distributive Regionalism (DR). IR captures an outward-looking, export-led, and globally oriented approach to regional development. By contrast, DR is more inward-looking, favoring strategies to enable endogenous regional development. DR takes a normative stance by advocating a development model based on a more equitable distribution of resources. IR is less concerned with distributional equity and focuses primarily on market liberalism and skills through the promotion of export and cross-border transactions.

DR and IR offer crucial dimensions to progressive regionalism. The EU's enlargement policy is arguably the latter's most direct operationalization. It seeks to reconcile two of the EU's fundamental objectives: those of promoting economic efficiency and welfare maximization, and smoothing out economic disparities among the member states (Benz and Eberlein 1999). The cohesion policy is designed to fulfill both objectives. It is one of the principal components of enlargement and the main redistributive policy of the EU (Bache 2008: 39). Enlargement would be otherwise impossible to implement without pre-accession aid and territorial restructuring for the acceding countries. The EU structural funds were originally created as a component of the accession bargain of the first enlargement. Regions in the acceding countries and the NMS whose economic development lags behind the European Communities (EC) average are entitled to structural aid. Regions whose gross domestic product (GDP) per capita is below 75% of the EC average benefit from an Objective I status and receive support from the three main EU structural funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF), and the European Agricultural Guidance and Guarantee Fund (EAGGF—Guidance Section). The UK's poorer regions benefited from the ERDF, as did Greece, Spain, and Portugal under the Integrated Mediterranean Programs of the 1980s. The significant income disparity between the EU member states and the

acceding Central and Eastern Europe Countries (CEECs) was a key issue for the EU in the context of the 2004 enlargement. Whereas 22% of the population of EU-15[8] lived in regions with less than 75% of the then average GDP per capita, following the eastward enlargement 93% of the population of the NMS lived in regions with GDP per capita of less than 75% of the enlarged EU average and was eligible to receive EU structural funds. Designed to serve an ever-expanding territorial framework on the principles of social justice and redistribution, enlargement is also one of the main instruments of market integration serving the objectives of investment regionalism. Its practical implementation is therefore at the center of the EU's model of progressive regionalism.

Institutions and Sustainability: Institutional Creation, Not Resilience and Continuity

For conventional institutionalist theorizing, enlargement represents a case of horizontal institutionalization (Schmmelfennig and Sedelmeier 2002). Institutionalism, however, is not well equipped to explain the systemic and permanent nature of EU enlargement beyond premises of policy stability. The institutionalist perspective conceptualizes policy in terms of institutions that structure the rules of the game, shape agents' preferences and choices in decision-making, influence the allocation of resources, and alter the path of political development (Kay 2006: 13). In contrast to that, a dynamic perspective argues that while institutions are enduring and capture the underlying principles and logic of appropriateness, their systemic relevance is not unequivocal. Institutions not only alter the costs and benefits associated with the political strategies of the participating states. Their own temporal dynamics vary, generate differential impact on the effectiveness and sustainability of policy outcomes, and ultimately change as a result of their broader interactions, captured in changes to the boundary configuration of their membership, their outward relationships of proximity, association, and competition with other regional actors, and relative openness to systems of global governance.

All individual rounds of the EU's territorial expansion have resolved, to varying degrees, functional, geopolitical and legitimacy priorities. Every enlargement round has required a consensus on the feasibility and normative value of the process, beyond a simple redistribution of costs and benefits among the "old" members, as well as between "old" and "new" member states, and has opened European integration to a strengthened regional

policy, new demands for problem solving, such as the UK budget rebate, the quality of democracy in Southern Europe, the post-communist transition, human rights and protection of minorities, conflict resolution, neighborhood relations, and so on. None of these issues has been resolved exclusively through redistribution but has required a renewed value consensus, including on issues such as solidarity, the desired level of supranationalism, and the direction of integration.

The first European enlargement (1973), in which Denmark, Ireland, and the UK joined the EEC, was shaped by the idea about European unity. Even though redistributive issues ranked high in the negotiations, the debate among the six "old" member states was primarily about the political differentiation between continental Europe and the UK, the Europeanist and Atlanticist powers in European politics, and the interface between them. The economic dimension was negotiated separately and acquired salience only at a later stage. The UK entry introduced a renewed consensus on the necessity of joint action to reduce regional disparities through the creation of the European Regional Development Fund. By contrast, the East-European accession failed to create new institutions for managing the changed configuration of the club and the growing diversity of its membership base. The Nice Treaty (2001) was supposed to ensure voting rights for the NMS. But the treaty did not go far enough to facilitate decision-making in the anticipated larger union. Furthermore, the Constitutional Treaty (2004) that was supposed to correct for the institutional weaknesses of prior treaties and advance the level of EU integration in the context of enlargement, failed to receive the approval of the European publics. Institutional creation as a sustaining mechanism for the eastward enlargement thus did not take place.

Political costs, ideational arguments, and geopolitical gains ranked high in the collective EU preference for a robust East-European enlargement (2004–2007). The accession of ten new East-European states took place within a multidimensional enlargement model combining economic, political, institutional, and identity issues (Nugent 2006: 66). The application of conditionality became increasingly political and institutional in nature.[9] In the context of the East-European accession, the framework of negotiations was not only incomplete due to the extensive reference to political conditionality; it also redefined the meaning of membership from a concept indicating status (with or without reduced access to benefits) to one reflecting an open-ended process of adjustment through instruments for post-accession monitoring, commitment to participation in integration

projects subject to change and reform (e.g., the Eurozone and the Schengen Agreement), and compliance with norms not fully internalized by the "old" member states (e.g., minority rights).

Enlargement has remained a process of incomplete negotiation. It takes place by means of open commitments, transitional periods, mid-term adjustment, and enhanced monitoring, which suggests that integration, while aspiring to correct for heterogeneity and problematic diversity, may lead to disequilibria and the unequal distribution of costs and benefits. As a classical integration process, enlargement both corrects for internal disequilibria and creates new imbalances: by increasing the heterogeneity of club membership, by opening integration to uncharted waters, or by revealing its limitations to resolve distributional conflicts. It established a seven-year transitional period for the free movement of labor from Eastern Europe to West-European markets; obtained the CEECs' commitment to adopting the Euro but did not provide them with immediate access to the common currency; promised but did not grant the East-European member states immediate membership in the Schengen Agreement; failed to resolve the Cyprus conflict through the accession process; and imposed a Cooperation and Verification Mechanism of monitoring Bulgaria's and Romania's compliance with the responsibilities of membership, effectively assigning them a second-tier membership status.

Structuring Feedback: The Decline of Supporting Coalitions

For a policy to perform and yield the desired results, it needs to be accepted. The question about feedback, albeit limited to the level of transnational elites as politically relevant actors, was central to neofunctionalism, the classical theory of European integration (Haas 1968). According to Haas (1968: 15), European integration should be measured by the extent to which it matches the economic expectations of political actors, as well as their fears, interests, satisfaction with the national political context, ideologies, or political efficacy. Neofunctionalism did not address the political relevance of public preferences and loyalties in the EU member states. As an elite-led process, European integration originally operated in the context of a "permissive consensus," defined as a passive public approval of the integration process and an assumption that the transfer of public loyalties to the EU would be unproblematic, due to the efficiency and welfare gains associated with European integration (Lindberg and Scheingold 1970). However, more recent theorizing has determined that it is both normatively

and empirically significant to examine the potential convergence of the interests and loyalties of European citizens.

In order to prepare the publics in the EU member states in the West to endorse the East-European accession, the EU institutional actors implemented a discursive strategy (Risse 2010: 207). Enlargement was conceptualized as a process designed to permanently abolish divisions across Europe, improve living standards in the EU, enhance its geopolitical position, and promote a liberal political and economic order in Eastern Europe based on the rule of law, democratic government, respect for human rights, and a market economy (Stefanova 2016). Such concepts were embedded in all keystone documents that had shaped the EU's enlargement policy from the formulation of membership criteria by the Copenhagen European Council to the EU accession treaties.[10] "The European Union is set to achieve its most ambitious enlargement ever. ... We are putting behind us the old divisions in Europe, consolidating peace, democracy and prosperity throughout the continent," a 2003 EU poster read.[11]

The framing approach was instrumental, as it communicated individual dimensions of the eastward enlargement to different segments of the European publics (Diez Medrano 2003). The benefits of enlargement were positively viewed across Europe. Figure 3.1 shows that, at the time of the 2004 enlargement, broad majorities in both the Western and the East-European EU member states perceived enlargement as a positive process along the principal dimensions of transformative change that it brought to the organization of public life in Europe: free movement and travel, modernization of the CEECs, increased prosperity and competitiveness, enhanced security and stability in Europe, and decreased levels of organized crime and illegal immigration.

Economic growth, however, was not linked to positive economic expectations and, accordingly, to positive feedback necessary to build a coherent coalition in favor of sustaining the enlargement process. At the time of the East-European enlargement, public support for EU membership was on the decline along its policy, identity, and utilitarian dimensions, and public preferences were becoming increasingly volatile. The Eastern Europeans joined the EU as more pessimistic with regard to their personal situation. At the time of the 2004 EU accession of the CEECs, 22% of respondents in Eastern Europe expected life to improve versus 32% in Western Europe. Only 15% (vs. 33% in Western Europe) expected a better financial situation, although sociotropic assessments about the improvement of the national economy in both categories of countries were relatively similar (15%).

While nominally the principal frames of the 2004 eastward enlargement were embedded in a common discursive framework, the predominantly institutional and technical nature of the accession as a type of policy transfer did not develop an adequate communication strategy capable of generating public support for EU membership in the candidate countries. Positive public attitudes in Eastern Europe were taken for granted in view of the anticipated benefits of EU membership and democratic reform.

The main enlargement discourse focused on the conditionality criteria and adjustment mechanisms, collectively conceptualized as the Europeanization of Central and Eastern Europe (Schimmelfennig and Sedelmeier 2005). This narrative brought in a new alignment of groups indifferent or hostile to further enlargement. As a result, the socialization discourse that accompanied the eastward enlargement had a limited impact. The macro-process of the East-European accession remained relatively disconnected from the micro-level of individual values, preferences, ideologies, partisanship, and cognitive mobilization. The publics in the NMS did not benefit from a coherent process of socialization, in contrast to the prior experience of the citizens from the old member states in Western Europe.[12] Thus, the principles of enlargement could not be validated in the era of political and social change in the EU. Public criticism of the modalities and

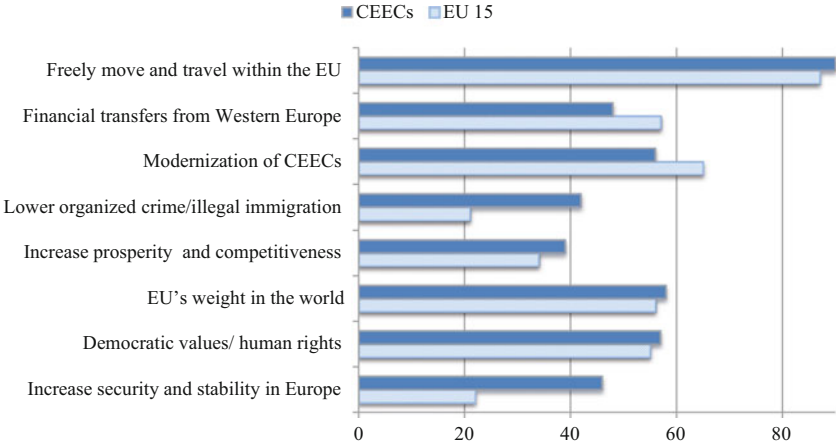

Fig. 3.1 The EU 2004 enlargement in retrospect (2009): the consequences of the integration of CEECs into the EU, net positive responses (agreement with statement) (Data source: European Commission 2004: 21)

direction of the EU project intensified. In contrast to prior enlargements confined to Western Europe, the socialization of the East-European citizens has taken place in a pronounced and deepening public "constraining dissensus" on elite-sponsored integration initiatives.[13]

The post-accession period demonstrated the lack of congruence between the EU enlargement policy, jointly implemented by transnational European elites, and East-European public opinion (Vachudova and Hooghe 2009). The unanticipated outcome of the 2004 East-European accession, described in the literature as the "paradox" of the EU's eastward enlargement (Szczerbiak and Taggart 2008), emerged as a growing public realization that the EU enlargement had resulted in asymmetrical membership for the East-European member states (Rowlands 2010). The eastward enlargement produced relatively concentrated, measurable costs, predominantly distributed among the member states in Western Europe and diverse benefits, both economic and political, for the NMS in the east. The costs included budgetary contributions, increased labor market competition in the context of labor mobility, and movement of foreign direct investment (FDI) toward Eastern Europe. The East-European enlargement transferred resources from large diffuse groups (voters, taxpayers, consumers) to narrow ones (investors in industry). Such developments led to the repositioning of groups defined as winners and losers from the enlargement process, especially in the CEECs, whose citizens lacked the socializing experience of the redistributive effects of EU policies. The lack of a sustaining coalition was first and foremost demonstrated in the declining public support for enlargement and the emergence of an East-European version of Euroskepticism.

The persistence of skeptical and opposing views of the EU in Eastern Europe is counterintuitive. It represents a puzzle for most theoretical accounts of the European integration of the CEECs. There is no consensus in the literature with regard to the drivers of East-European Euroskepticism: utilitarian or affective dispositions, dissatisfaction with or trust in the national political system and government institutions, cognitive mobilization, or partisanship (Jacobs and Pollack 2006). Muñoz et al. (2011) find that the respective level of trust in the national institutions hinders and, at the same time, fosters Euroskepticism, as both a model of compensation (i.e., higher levels of trust in the EU relative to the institutions of national government) and congruence (positive association between low levels of domestic trust and trust in the EU) have remained valid, significantly affected by the national context (Ilonszki 2009). Similarly, studies have

found that East-European Euroskepticism is less likely to be a product of cognitive mobilization and more likely to be affected by political agency and ideological leanings, therefore bridging across individual-level factors, such as cost-benefit analysis and affective dispositions, with contextual factors and political mobilization (Rohrschneider and Whitefield 2006).

Public ambiguity in assessing the benefits associated with EU membership deepened in parallel with the European economic and financial crisis. The literature identifies the Euro-crises as a source of declining public trust in the EU across the East–West divide, although the determinants of public dissatisfaction with the policies and direction of the European project continued to differ between the two parts of Europe (Göncz 2015; Guerra and Serricchio 2015; Garry and Tilley 2009; Lubbers and Scheepers 2010; Armingeon and Ceka 2014, among others). Furthermore, beyond the crisis, the global context of EU membership has been changing. The relative utility of enlargement as a systemic process and the most important policy tool for the democratization of Eastern Europe has been changing as well. Originally, enlargement took place as "the neighbors of its neighbors" were socialized by becoming EU member states and the continuous nature of this process was taken for granted. However, the enlargement and neighborhood policies of the EU have stalled along their components, the Western Balkans, Turkey, and the post-Soviet space.[14]

Global competitiveness pressures have pushed the EU toward changing the scope of the internal market by extending common regulatory frameworks toward the Transatlantic marketplace, Japan, China, and Latin America. Internally, the image of a united Europe has been affected by disintegration dynamics and labor market disruptions.

The Weakness of Creative Destruction

As a historical process, enlargement has failed to create an unequivocal and consistent growth opportunity for the EU member states. The individual enlargement rounds have had diverse effects on the EU system of governance. The countries of the first enlargement (1973) benefited from trade creation effects through the internal market. The countries of the 1981–1986 enlargements were able to consolidate their national democracic political systems through the Integrated Mediterranean Programs. According to Campos et al. (2016: 16), the main benefits from EU membership for the countries of the 1995 enlargement were relatively modest in terms of labor productivity and were even less pronounced when measured

in per capita GDP. One of the specifics of the eastward enlargement was that the candidate countries and later NMS were, on average, significantly poorer than the EU. Compared with the 1998 EU average GDP per capita, income levels in the NMS amounted to 51% in Central Europe (the Czech Republic, Hungary, Poland, Croatia, the Slovak Republic, and Slovenia), to 32.6% in the Baltic States (Estonia, Latvia, and Lithuania), and to 22.1% in South-Eastern Europe (Albania, Bulgaria, FYR of Macedonia, and Romania).

The UK had joined the then EEC in 1973 as the sick man of Europe (Smith 2017: 21). By the late 1960s, France, West Germany, and Italy—the three founder EU members closest in size to the UK—had a higher GDP per capita than the UK and the gap grew over time. Between 1958, when the EEC was set up, and Britain's entry in 1973, GDP per capita rose 95% in these three countries compared with only 50% in Britain. After becoming an EEC member state, the UK began to catch up. Its GDP per capita grew faster than Italy, Germany, and France since then. By 2013, Britain had become more prosperous than the average of the three other large European economies for the first time since 1965. UK trade with EU partners grew faster after 1973 than it did with the countries of its former membership, the European Free Trade Association. EU trade liberalization was a major factor in improving competition as high-productivity UK sectors, including finance, high-tech manufacturing, and business services, have benefited from the large geographically concentrated EU markets with strong unified regulations (Table 3.1).[15]

Welfare and efficiency gains for the countries of the fifth enlargement (2004–2007) have not been as unequivocal as for the first enlargement. While the NMS accounted for about 21% of the EU population, they contributed only about 7% of EU GDP (European Commission 2009). As economic growth in the new members has been significantly stronger, the initial income gap relative to the EU average is narrowing. The East-European accession depended on including the NMS in the Objective 1 area of the EU's regional policy to achieve convergence, which Baldwin (2004: 21) has called "an expensive proposition."

This redistribution of funds made the accession countries more attractive as a location of FDI. Such a reallocation of investment flows was made in accordance with Agenda 2000 (European Commission 1997). Successive revisions of the financial perspective for an enlarged union have resulted in a redistribution of FDI by approximately 4–8 percentage points from the current EU members to the accession countries (2004 scenario) and 7–10 percentage points (2007 scenario), respectively.

Lejour et al. (2001) explore the economic consequences of the EU's eastward enlargement. The authors examine three aspects of "creative destruction" potentially associated with the eastward enlargement: reduction of trade barriers, market access, and free movement of labor. The study finds that the internal market effects outperform the economic effects of removing formal trade barriers and migration. While such benefits are important, the findings show that enlargement did not result in significant trade creation effects as most trade liberalization had taken place in formats preceding the accession. On average, the CEECs saw an overall increase in trade between 30% and 50%, up to 50% in their bilateral trade, and up to 65% in trade with the EU (e.g., in the case of Hungary), while the aggregate trade increase for the EU amounted to 2% (Lejour et al. 2001: 11). This outcome is due to the fact that only a small fraction of the total trade of the EU countries is geared to the CEECs. In the area of labor migration, most EU-15 markets remained closed to the free movement of labor during the initial transitional seven-year period. Such estimates imply that borders continued to matter substantially (Stefanova 2006).

Furthermore, the fifth enlargement did not considerably improve the EU's global position. The overall weight of the EU-27 in world GDP increased by around 2.5 percentage points in purchasing power standards. Enlargement was more productive in terms of creating synergies and economic dynamism instrumental to addressing the challenges posed by globalization. In a way, the fifth accession opened the EU to globalization, in

Table 3.1 EU membership: Good for the UK economy. Growth in real GDP per capita, comparative data for UK relative to France, Germany, and Italy (1975–2015) (Average annual growth rates, in percent)

Country	*1975–1985*	*1985–1990*	*1990–1995*	*1995–2002*	*2005–2015*
France	2.4	3.3	1.1	2.4	0.40
Germany	2.2	3.4	2.0	1.6	1.35
Italy	3.0	2.9	1.3	1.8	−0.74
UK	1.9	3.3	1.6	2.2	0.48
FGI (average FR, GER, IT)[a]	2.5	3.3	1.1	1.9	0.34
UK-ave (FGI)[b]	−0.6	0.0	0.5	0.3	0.14

Data source: Eurostat, statistical table, various years, de la Dehesa (2006: 2), author's calculations

[a]Average of the GDP per capita growth rate of France, Germany, and Italy

[b]Net difference between the UK GDP per capita growth rate and the average of the remaining three largest EU economies (France, Germany, and Italy)

The data demonstrate the relative economic strength of the UK economy over time

contrast to conventional understandings of the role of enlargement for trade creation.

All NMS recorded large and increasing capital inflows, reflecting their limited capital stock, a high marginal return on capital, and on average low saving ratios. Financial integration was also supported by the liberalization of most capital movements, which took place well before accession, thus already anticipating the treaty obligations for EU member states. Around 80% of FDI in the CEECs originated from West-European EU member states. Although around 12% of West-European FDI are directed toward Eastern Europe, compared to other important FDI recipients from the EU-15, FDI flows to the NMS are still lower than those directed to the USA, but considerably larger than those to Japan.[16]

EU regional statistics suggest that each year during the period 2000–2008, accession accounted for an extra growth boost of around 1¾% on average for the NMS. Although this estimate compares favorably with ex ante estimates of 1.3% additional growth, the number falls short of the 2.1% proposed in the optimistic scenario (Becker 2012: 2). Significant disparities have persisted.[17]

Trade Creation on the Decline?

Enlargement has been approximated in the literature to an external shock associated with an across-the-board reduction in trade costs (Baldwin et al. 1997; Keuschnigg and Kohler 1999; Breuss 2001; Lejour et al. 2001). This "big-bang" territorial change generates disproportional effects along several dimensions: types of members (depending on proximity to structural aid), subnational territorial configurations, sectoral industries, and trade costs. Although data in Lejour et al. (2001) associate the EU enlargement with large gains for the CEECs and a modest welfare improvement for the EU, longitudinal data reveal that the potential of territorial expansion to bring economic growth, cohesion, and market liberalization is on the decline.

The trade creation effects of the East-European enlargement have not been automatic. The acceding countries were part of the EU's convergence and homogenizing policies, and recipients of regional aid through the EU Structural funds.

The Structural funds capture the essence of membership for the CEECs defined according to the tenets of access to the internal market, the equalization of external tariffs, and free movement of labor.[18] The eastward enlargement of 2004–2007 led to a redirection of structural and cohesion

funds expenditures from EU-15 to new EU members. On average, NMS receive regional aid amounting to 14.3% of their GDP (KPMG 2016: 12). Considering the possibility of persisting differences in economic growth rates and income disparities across the EU, heterogeneity will continue to induce distributional conflicts causing a declining cohesiveness of the club. Such dynamics open an opportunity for veto politics (Tsebelis 2002). For enlargement to be sustainable, the possible veto points should be minimal. But instead, member-specific interests are difficult to compensate (Brexit being a case in point). Policy continuity therefore cannot be assumed. In 2016, the EU member states agreed to reduce 2018 payments under the regional policy predominantly for poor regions in Eastern Europe due to the need to redistribute funds toward migrant populations.[19]

Economic data presented in Kyriacou and Roca-Sagales (2012) demonstrate the impact of structural and cohesion funds on regional disparities within EU countries over the period 1995–2006 and conclude that structural funds have reduced regional disparities over this period—although such effects run in parallel with an increase in transfer intensity. As all East-European member states have a transfer intensity above 1.6% (of GDP), the allocation of regional aid to the NMS in the content of the eastward enlargement has been counterproductive from the point of view of economic optimization, cohesion, and homogenization, despite nominally reducing within-country regional disparities. For the 2007–2013 programming period, all of the NMS except for Cyprus and Malta maintained a transfer intensity above this threshold.

The economic performance of the countries of the fifth enlargement has been mixed. In recent years, most of Europe's best-performing economies have been found among the four countries that make up Central Europe (Poland, Hungary, Slovakia, and the Czech Republic). Of these, Poland has been the region's success story, as economic reforms and a large domestic market have allowed it to average better than 3% GDP growth for the past two decades. Poland was the only European economy not to fall into a recession during the post-2008 economic crisis. Across this region, wealth levels have risen significantly over the past two decades, allowing these four countries to significantly reduce the wealth gap with most West-European countries. However, shrinking populations are holding back domestic market growth, which preserves the region's dependence upon exports for growth, leaving the region (apart from Poland) heavily exposed to Western Europe and its slow-growing markets. As the CEECs are forecast to

continue to realize dramatic declines in their working- and consuming-age populations, their overall potential for economic growth will be limited.

Similarly, changes in global competition have led to a revision of market priorities within the EU away from the region as a primary source of economic growth. The scope of regulation is shifting from regional to global governance. Figure 3.2 indicates that the sources of growth in the global economy lie within regions outside Europe and the OECD.

Such trends increasingly push the EU policy agenda toward flexible mega-regional trade deals and leadership in global regulatory governance, especially with regard to Asia and Latin America, to the detriment of market expansion and neighborhood policies. The low level of institutionalization and market creation within the Eurasian Economic Union (EEU) similarly reorient the EU's policies toward Russia and the EEU member states to address geopolitical, rather than economic, competition.

In addition, unresolved conflicts (Greece, Cyprus, Turkey, Macedonia, and Kosovo) transform the accession process into single-issue politics. EU membership has not been able to generate policy solutions for them. Theory and policy experience suggests that, if distributive outcomes keep piling for the same groups of actors, policy sustainability declines. Unresolved issues thus allow the persistence of narrowly defined policy communities that develop into a strong political constituency undermining general support for the policy over time.

Conclusion

This chapter has traced the direction of the EU enlargement policy by examining it as a political project, through the lens of political sustainability. Analysis is based on an understanding that not only the adoption of decisions but the extended process of policy implementation is exposed to reactions, opposition, and negative feedback with the potential to undermine policy stability. The chapter addressed several key questions: Why would the governments of the EU member states continue to support enlargement to even poorer countries? Is institutional continuity or change likely to sustain the EU's continued enlargement? The sustainability literature (Bardach 1976, 1977; Patashnik 2003, 2008; Lockwood 2013) suggests that reforms and policy decisions are sustainable when they reconfigure political dynamics, disrupt established patterns of governance, recast institutions, and generate policy feedback making it costly to reverse

the policy—in contrast to institutionalism that argues that institutions lock in path dependence.

Although enlargement was associated with some institutional innovation and early positive policy-feedback effects, the EU enlargement policy remains at risk. It has failed to displace the power of the compensation model that rewards particularistic interests (net contributors, exporters from EU-15) to the detriment of achieving a combination of institutional transformation and positive feedback effects. Institutional layering has resulted in contrasting effects limiting the efficiency of the model. Enlargement has produced positive policy-feedback effects, especially in the business community, and some limited investment effects, however they have been insufficient to withstand destabilization by recent party political conflicts. In the absence of major shifts in group identities and affiliations, as well as major investments in securing the payoffs generated during the accession negotiations, capitalizing on economic growth in the NMS at the early stages of membership, and in bringing enlargement negotiations to a fruitful completion, the EU enlargement policy remains at risk of reversal. As Patashnik (2008: 32) notes, this development could occur either in the

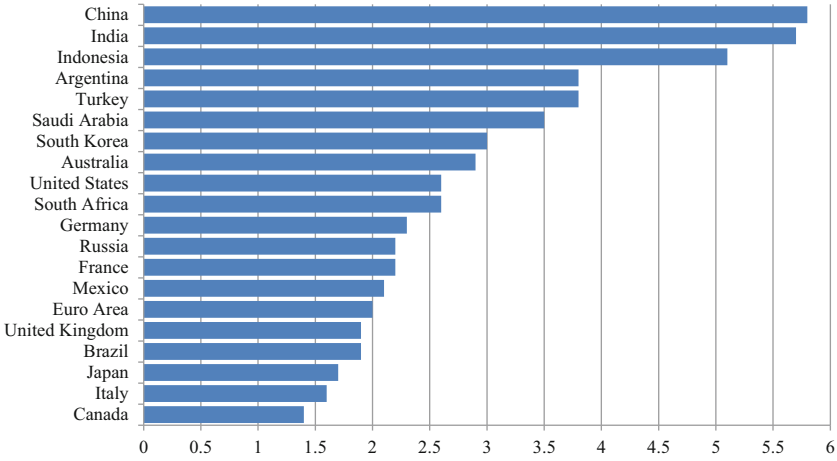

Fig. 3.2 The world's leading economies G20: Countries with the highest expected growth lie outside the EU, forecast average growth rates, 2020 (in %) (Data Source: Trading Economics (online), https://tradingeconomics.com/forecast/gdp-annual-growth-rate (accessed May 30, 2017))

form of a coalition "exerting strong pressure to restore the status quo ante," or perhaps less likely, politicians themselves leading a reversal. Elite discourse in the EU abundantly validates those concerns.

The main benefit from applying a sustainability lens to the study of policy continuity in the process of EU enlargement is the opportunity it offers for examining the two major cases of ongoing (albeit stalled) EU membership negotiations: with the countries of the Western Balkans and Turkey.

Although the deterioration of democracy in Turkey has taken place against the background of ongoing accession negotiations with the EU, the European elites have abdicated from their long-established role of a major stakeholder in the process. No new institutions and processes have been created to ensure that multiple groups acquire an interest in the outcome. Turkey first applied for EU membership in 1987. It was recognized as a candidate country in 2002 and opened accession negotiations in 2005. Resumption of the process is currently politically impossible. As to the Western Balkans, the 2003 session of the European Council that confirmed the accession treaties of eight CEECs also stated that the map of Europe would be incomplete if the Western Balkans were not a part of the EU.[20] Since then, Slovenia and Croatia have become EU member states. Five EU members have yet to recognize the Republic of Kosovo, created in 2008.

The progressive enlargement model is captured also in the EU's increasing role in the wider Europe as a logical extension of its enlargement policy. The unprecedented scope and divisive character of the process, continuously differentiating between members and nonmembers, alerted the EU that its strategies might create uncertainty, competition, and a greater exposure to threats for countries outside the path to EU accession—predominantly states with weaker institutional capacity to withstand such threats. Geographic expansion was no longer only a process of granting membership to eligible candidates. It became a mechanism for positioning EU integration within the wider-Europe region. The EU sought to extend a politically stable and cooperative environment beyond the tier of the candidates, toward third countries. It addressed that task by creating institutions that borrowed principles and policy instruments from the enlargement model—especially those of conditionality and externalization of governance—for the purpose of ordering its relationships with neighboring countries.

Progressive enlargement also means a redefinition of the ordering principles of the regional system. As the EU has expanded toward the majority

of countries within the geographical limits of Europe, integration leads to new forms of political and territorial organization that transcends anarchy in a functional way. Enlargement created tiers of cooperative systems outside the EU membership base. Ole Wæver contends that as a result of the EU's long-term enlargement to the east, the post-Cold War European order resembles an imperial structure—a metaphorical benevolent empire (Wæver 2003). Similarly, Robert Cooper refers to Europe's contemporary order as a post-modern imperial configuration in which security is created not by a horizontal collective system but by the most capable regional players, through external verification and intervention transcending state sovereignty (Cooper 2000). In Europe's case, the creation of order is dominated by a new voluntary cooperative imperialism exercised by the advanced democratic states through imposition of standards of good governance and protection of human rights. The EU is the leading representative of a particular type of liberal imperialism, the "imperialism of neighbors." The latter secures the core from threats of misgovernment, ethnic violence, crime, and terrorism in the periphery by intervention, election monitoring, and administrative, legal, and economic assistance (Wæver 1996, 1997).

Notes

1. The EU was originally created as the European Economic Community (EEC) in 1957. The European Communities (EC) emerged as a result of the fusion of the governing institutions of the EEC, Euratom, and the European Coal and Steel Community (Merger Treaty, 1967). The EU was created by the Maastricht Treaty (1992) subsuming the existing institutional configuration.
2. By the late 1990s, enlargement had consolidated into three parallel frameworks. First, with regard to the Central and East-European countries, candidates since the mid-1990s, the EU pursued a gradual, tiered approach. The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia became EU members in 2004. Bulgaria and Romania joined the EU in 2007. Second, in 2003, the EU embarked on an integration strategy toward the Western Balkans. Croatia signed an accession treaty in 2011 and became an EU member state in July 2013. Third, accession negotiations with Turkey commenced in 2005 and with Iceland in 2010 (suspended in 2015). The following eight countries are currently in the accession process. Six candidate countries are in the negotiation process or waiting to start: Albania, the former Yugoslav, Republic of Macedonia, Montenegro, Serbia,

and Turkey. Two potential candidates have the prospect of joining when they are ready: Bosnia and Herzegovina, and Kosovo.

3. The complete statement is: "This means that we will refuse to erase our borders. They are the precondition for our freedom, our democracy and our solidarity." "President Sarkozy's keynote speech on Europe" (Excerpts), Speech, Toulon, December 1, 2011, Embassy of France in the UK, https://uk.ambafrance.org/President-Sarkozy-s-keynote-speech (accessed Sept. 30, 2016).
4. Sigmar Gabriel, "Fighting for a stronger Europe!" (Article by Foreign Minister Sigmar Gabriel on the 60th Anniversary of the Treaties of Rome) *Rheinischen Post* newspaper, March 23, 2017. Available from Federal Foreign Office, http://www.auswaertiges-amt.de/EN/Infoservice/Presse/Interviews/2017/170323-BM-RP.html
5. A foundational definition of the classical model of European integration outlined in the Paris Declaration, May 9, 1950.
6. See European Council, *Presidency Conclusions Copenhagen European Council* (21–22 June) Bulletin EC 6 (Brussels: European Council, 1993). The 1993 policy statement of the Copenhagen European Council were preceded by the Europe Agreements, signed with individual CEECs in the period 1991–1996 as a form of institutional cooperation, which included areas as diverse as political dialog, market competition, and the movement of persons, and were designed to prepare a future enlargement of the Union.
7. See also Pezzoli et al. (2009: 337).
8. EU-15 represents the configuration of the EU prior to the eastward enlargement. It is comprised exclusively of West-European countries.
9. The political criteria for accession stipulate that the countries must have achieved "stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities" (European Council 1993).
10. See the 2003 Accession Treaty of the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovakia, and Slovenia. Document JOL_2003_236_R_0017_01. Official Journal L 236, 23.09.2003, pp. 17–32.
11. Published by the European Commission, December 3, 2003. http://bookshop.europa.eu/en/bundles/posters-cbcWuep2Ixvv8AAAEuyyUD0Ufc/. Accessed December 12, 2016
12. On the presence of socialization and cognitive mobilization effects in public opinion in Western Europe, see Guerra and Serricchio (2015).
13. On the evolution of the "constraining dissensus" in the post-Maastricht era, see Hooghe and Marks (2009).
14. Reference is made to the pluralization of the format of the Eastern Partnership under the European neighborhood Policy whereby Azerbaijan and Armenia opted out of closer relations with the EU, while a 2016 referendum

on the ratification of the EU-Ukraine Deep and Comprehensive Free Trade Agreement in the Netherlands failed to obtain public support for the Agreement.

15. Ibid.
16. See data in Trichet, Jean-Claude, "EU Enlargement: challenges and opportunities." Keynote speech, Calouste Gulbenkian Foundation Conference Lisbon, October 27, 2004. https://www.ecb.europa.eu/press/key/date/2004/html/sp041027.en.html
17. Eurostat. 2016. Regional Yearbook. http://ec.europa.eu/eurostat/statistics-explained/index.php/GDP_at_regional_level
18. Membership in other functional elements of the EU, such as the Economic and Monetary Union, centered on the Euro, the mechanisms of the Common Agricultural Policy, and reforms of the Structural Funds created significant policy uncertainty, rather than established continuity in the EU policy process.
19. See reporting by Francesco Guarascio, "EU to slash funds to Eastern Europe to step up migration budget," Reuters, September 12, 2016, http://www.reuters.com/article/us-eu-budget-migration-idUSKCN11I1X9
20. See European Commission. 2003. "The Thessaloniki Summit: a milestone in the EU's relations with the Western Balkans," *Press Release*, IP/03/860, Brussels, June 18, 2003.

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CHAPTER 4

The Geopolitics of European Regionalism: Competing European/Eurasian Perspectives

This chapter is concerned with the geopolitical lens of European regionalism. It examines the order-creation effects of the EU's relationship with the wider Europe on the example of the European Neighborhood Policy (ENP), the EU's core Eurasian policy. Such questions add another dimension to the focus on sustainability with regard to the classical method of territorial expansion of EU-centered regionalism, discussed in Chap. 3. The chapter integrates insights from international relations theory and foreign policy analysis in order to explore the interaction between the EU and its neighbors to the East with a special focus on Russia's competing model of Eurasian regionalism, embedded in the Eurasian Economic Union (EEU). It studies the potential of such developments, profoundly shaped by broader Europe-Eurasia regional geopolitics, to affect the established progressive expansion model of European regionalism.

The ENP is not only a governance and foreign policy tool of EU-centered regionalism. It is also the meeting place of two competing (Cadier 2014) and complementary (Sakwa 2016) varieties of Europe-Eurasia regionalism: the neoliberal (EU-based) one and the geopolitical (Russia-centered) one. The chapter explores this critical case of coevolving regional projects based on a dynamic treatment of regionalism: not according to similarities and differences but in terms of relative positioning, competition, and projection of influence. Such an approach is particularly relevant to the comparative examination of European and Eurasian regionalisms, otherwise minimally comparable in terms of static characteristics.[1]

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The chapter presents evidence and analytical insight in support of the central claim of this book that, as a political concept, regionalism should be understood as an arena of contestation and competition. It reflects interests, cooperation, negotiation, and rivalry. Such relationships and their implications are diverse, interactive, and have distinct geopolitical dynamics that have remained underresearched in the regionalist literature. A focus on geopolitics provides an opportunity to further unpack the compound nature of regionalism (Van Langenhove 2012) as a multilayered phenomenon embedded in the politics of place, power distribution, and shifts in structural interdependence.

By studying the differences in values and interests that underlie Russia's and the EU's relationships with their overlapping common neighborhoods, the chapter argues that such geopolitically clustered interactions have reshaped the EU-centered conceptualization of European regionalism away from a hierarchically ordered and expanding regional system into a form of retrenched regionalism.

Introduction

Early regionalist theories of the post-Cold War period have studied new regionalism as an open and multidimensional phenomenon (Bliss and Russett 1998). Similarly, the basic assumption of European regionalism has been that of an ever-expanding system, conceptualized as a series of concentric circles around the EU (Wæver 1996), a nascent security community for the wider Europe (Adler and Barnett 1998), a regional and an international society of states (Buzan 2004; Stavridis 2001), or a benevolent empire (Wæver 1997; Zielonka 2006). Introducing a broader regional frame for the EU's definition as a regionalist project provides new evidence suggesting that the EU's growing centrality as a project of European regionalism displays certain variation according to its demonstration and emulation effects on the wider Europe (Risse 2016), processes of expansion and resistance to European integration, and capacity to affect nonmembers through norm diffusion and economic competitiveness (Smith 2005).

The EU's relationship with its broader environment provides with an opportunity to explore the impact of European integration beyond its membership base (Friis and Murphy 1999). The political effects of regionalism have been uncritically assessed as rather positive (Bergsten 1997; Solingen 2015, among others). Regional structures are identified as potential tools for conflict resolution, reconciliation, and region building:

preventing another war between France and Germany and creating positive interdependencies in Northern Ireland, Cyprus, or the Western Balkans (Ohanyan 2015; Stefanova 2011). In all these cases, the development of institutional links among former antagonists has had significant stabilizing effects. Positive institutionalist influences on nonmembers—defined in terms of attractiveness and state preferences to establish relationships of proximity, association, and membership in international institutions—similarly tend to be more frequently assumed, rather than empirically tested in scholarly research (but see Mattli 1999; Jacoby 2006).

The reemergence of borders as a result of the EU's enlargement policy challenges established understandings of the classic model of EU regionalism as an open ever-growing regional institution. In the process of the 2004–2013 East-European enlargement, the EU's eastern periphery emerged as a mosaic of relations of varying proximity, a gray area of shifting foreign policy preferences of candidate countries and neighbors, and a meeting place of influential regional actors and rival regionalist projects. Such developments have brought geopolitics back into the study of post-Cold War European regionalism and of the EU as a model regional system.

Conscious of the complexity of its outlying environment, the EU formulated the ENP as the principal policy template for managing its proximity relations beyond enlargement.[2] Its Eastern segment, examined here, complements enlargement by advancing a distinct model of good neighborly relations designed to create a ring of friends adjacent to the EU borders. The ENP functions as a system of foreign policy and market liberalization instruments, and promotes standards of good governance, the rule of law, and respect for human rights in the neighboring countries (Noutcheva et al. 2013). From a dynamic perspective, however, the EU's relationship with the periphery is not only one of progressive socialization and externalization of EU governance. As this chapter demonstrates, in parallel to the trajectory of progressive drawing of the outlying periphery closer to the values and governance mechanisms of European integration, the ENP recasts EU regionalism in a new perspective, that of pluralization of interests, competition, and geopolitical shifts.

The evolving rationale of the EU's neighborhood policy to accommodate mutual interests through diversification of its governance tools and scaling back its shared policy templates and institutional depth warrants further investigation. On the one hand, as an arrangement widely approximated to an international regime (Krasner 1983: 2), ENP illuminates most of the issues of the effectiveness of international institutions vis-à-vis

nonmembers: those of providing stability, security, democratic reform, and a locus of attraction for the EU's neighbors. On the other hand, it has acquired a distinct geopolitical status as a different variety of regionalism has emerged to become an alternative principle for the organization of neighborhood relations. Russia's own neighborhood policies, originally focused on the so-called near abroad, have converged into a rival regionalist project. The EEU, created in 2015, covers significant parts of the post-Soviet space[3] and simultaneously emulates and rejects the EU experience by projecting alternative civilizational and political choices, political norms, and governance principles.

EEU-style regionalism closely mimics the EU's institutional setup (Averre 2009). The mechanism of emulation, however, tells us little about the otherwise expansive nature of Eurasian regionalism, the shifting dynamics of geopolitical competition within which it is embedded, and the ensuing constraints it imposes on EU regionalism.

EEU regionalism is a geopolitical concept not captured by the theoretical templates of the new regionalism of the last decade (Hettne 2005; Hettne and Söderbaum 2000). At the same time, conventional regionalist theorizing has no analytical framework outside the concept of open regionalism to examine new and evolving cross-regional relationships of competition and rivalry. The level of institutionalization and performance of the EEU leaves little opportunity to explore it in terms of institutional setup, depth of integration, structural and agency factors, and level of intra-regional trade. In contrast to that, Eurasian regionalism has been increasingly defined based on to the external dynamics it generates, primarily with regard to broader regional alignments and the EU's own model of regional cooperation. Such effects are indicative of its evolving "regionness," and the return of geopolitics in Europe altering the EU's relative positioning in the wider Europe established through the progressive enlargement of the early 2000s.

That the geopolitical landscape of European integration may be changing is captured in shifts in the relative positioning of regional blocs, deepening geopolitical competition, and a focus on the outward projection of influence relative to internal consolidation. Where do we derive them from? Collectively, they represent the geopolitical dimension of European regionalism, examined, respectively, in the case of the Ukrainian crisis, the decline in the EU-Russia relationship, and the EEE's geopolitical impact. In line with the analytical approach of dynamic analysis, the chapter proceeds from the structural characteristics of the examined phenomenon, EU-centered regionalism, reflected in the rule structure of the ENP, and studies the input

of factors that account for geopolitical shifts, changes to the distribution of relative gains, and institutional change.

The guiding assumption of this analysis is that regionalism is a political choice, a strategy to advance state interests and acquire power resources. In the presence of competing regionalist projects, state preferences change depending on the distribution of power, coercion, trade and growth opportunities, and resonance with normative pressures. The chapter presents evidence of the evolution of European regionalist thinking beyond that of competing, complementary, or rival projects advanced with regard to regionalism in the Europe-Eurasia region (Dutkiewicz and Sakwa 2014; Kannet and Sussex 2015; Sakwa 2016; van der Togt et al. 2015). Institutional actors, states, and elites seek to advance their power position through regionalism as it provides access to a variety of strategic functional areas, resources, credibility, and international status.

The chapter proceeds as follows. The next section explores theoretical issues associated with Europe's definition as a region based on EU-centered policies and relationships with the outlying environment. Analysis then traces the evolution of ENP, the EU's outreach policy for the wider region. The chapter examines three cases representative of the geopolitical turn in European regionalism: the Ukrainian crisis, the EU-Russia relationship, and the meeting place of EU-centered regionalism and the rival regionalist project of the EEU. By tracing alternative processes of region building through the institutions of regional integration in the post-Soviet space, culminating with the EEU, the chapter finds that fundamental principles and governance templates of Europe's regionalism of the post-Cold War era are being challenged and modified: those of a "neighborhood," "shared" neighborhood, "common spaces," and open regionalism. The concluding discussion evaluates the effects of geopolitical positioning on ENP's sustainability as a model of regional relations and outlines the limitations of the EU's ability to expand its regional influence through an open model of regionalism.

The purpose of this analysis is neither to reconstruct the workings of the ENP as a process of rule creation nor to explore actors' preferences that have determined its development. These issues are discussed in the literature examining ENP's evolution (DeBardeleben 2008) and relevance to European governance (European Commission 2003, 2004; Ejoshvili 2010; Korosteleva 2012) and foreign policies (Khasson et al. 2008; Lavenex and Schimmelfennig 2013; among others). The objective is rather to provide an analytical critique of the evolution of the EU's impact on the wider

Europe beyond direct territorial expansion. The conclusion that follows from this research is that the EU's emerging repositioning as a result of competing notions of regionalism in the Europe-Eurasia region marks the territorial retrenchment of the EU-centered project of European regionalism.

European Regionalism and Regional Geopolitics

This section examines conceptual issues related to Europe's definition of a region from the perspective of territory and the structure of interdependencies affecting the EU's relationships with neighbors and the broader environment.

The geopolitical frame of European integration has been traditionally downplayed due to predominantly universalistic views on the process typical of regional integration theory and the literature on EU global actorness and structural power (Haas and Schmitter 1964; Galtung 1973; Gänzle 2002; Manners 2002, 2006; Ohanyan 2015; Smith 2005; Warleigh and Van Langenhove 2010).

Europe's Conceptualization as a Region

According to premises of structural interdependence, regions are defined as distinct and significant subsystems of security relations among states "whose fate is that they have been interlocked into geographic proximity with each other" (Buzan 1991: 188). During the Cold War, regional configurations were predominantly static entities, conceptualized according to the dominant balance of power as a regional security complex, hegemonic alliance, security community, or a regional society of states. Territory alone, therefore, has never been a defining factor determining regional cohesiveness. The interplay of space and power relationships has had an enduring impact on the configuration of regions as a level of analysis with significant autonomy from unit-level and global dynamics (Kratochwil 1986: 44).

Geopolitics suggests that spatial configurations and the distribution of interests overlap to a significant degree, but they are not necessarily coterminous. According to geopolitical principles, Europe's definition does not follow the conventional notion attached to the term as it lacks an overarching pattern of structural interdependence. Geopolitics itself "divides" Europe into East and West (Cohen 2003: 149). Europe's particularly problematic definition refers to the East, in contrast to the South where it

benefits from a natural strategic annex. The East has no fixed politically determined demarcation. Depending on political dynamics, the East may be defined either as a potential extension of Europe or as a geopolitical frontier depending on political dynamics. According to Cohen (2003: 152), the geopolitical border between Maritime Europe and the Eurasian Heartland has fluctuated historically across a broad zone of contention within Central and Eastern Europe. The geographic markers have remained constant; however, the historically valid borders of the region have been set according to a changing power distribution between regional and superpowers and their respective alliances. Thus, the post-WWII borders of the East–West division of Europe emerged as a result of Soviet advances to the Elbe River in 1945. The end of the Cold War was marked by a shift of the border eastward in the process of the Euro-Atlantic integration of Eastern Europe. Implosive developments in nation building, institutionalization of international cooperation, and regional integration during the post-Cold War era have led to a more dynamic, constantly evolving categorization of the cohesiveness of regional configurations.

Regional institutions mark the highest level of structuring relations and constitute the core of regionalism, versus the spontaneous creation of cohesiveness based on micro-level regional transactions, conceptualized as "regionalization" (Hettne 2005). The economic and political centerpiece of European order, the Euro-Atlantic institutions and their interactions with the outlying periphery, represent the most advanced level of regional cooperation and the foundation of European order. The latter has evolved from a set of selective, spatially and functionally contained, interactions toward comprehensive and nonexclusive ones. Similarly, as the EU expands toward the majority of countries within the geographical limits of Europe, European integration has led to new forms of political and territorial organization that transcends anarchy in a functional way. This process continues to evolve. Cohen (2003: 152) contends that the ultimate definition of Europe's border will depend "on the force that the West can and wishes to bring to bear, and on the success with which Eastern European countries manage their new market economies." Institutions and the governance they provide are therefore critical to the definition of regions and the type of regionalism they represent.

According to Bergsten (1997), structuring regional relations along the premises of trade liberalization is likely to establish an open model of regionalism. One of the advantages of such a system of regional relations is that it often has demonstration effects. Regional initiatives can accustom

officials, governments, and nations to the principles of liberalization and thus increase the probability that they will subsequently move on to similar multilateral actions. In the EU case, trade liberalization, market reform, and economic openness are part of the broader socialization effects of Europe's regional institutions (Schimmelfennig et al. 2006), the Europeanization of the domestic political system of the countries in Central and Eastern Europe (Cowles et al. 2001; Schimmelfennig and Sedelmeier 2005), and the role of European integration for the maintenance of an organized political community in Europe (Olsen 2007). Together with the normative influence of the West-centered European institutions since the 1990s and the conditionality tools of the East-European enlargement, this type of regionalism has emerged as a model of political and economic development for the EU's neighbors to the East.

The Problem of Geopolitics in Post-Cold War Europe

During the Cold War, European regionalism was affected by superpower rivalry and divided into regional clusters of structural interdependence dominated by geopolitics. The new regionalism of the post-Cold War era has been redefined as a result of institutional, ideational, and globalization dynamics. Collectively, such premises have altered European regionalism from a static power-based construct into a dynamic and expanding, albeit predominantly West-centric, community of democratic states and liberal values.

European regionalism has downplayed but not removed questions about territory and space in the wider Europe. Since the 1990s, the geopolitical center of Europe has shifted to the East as a result of the eastward enlargement of its most important regional institutions: the EU, NATO, and the OSCE—a process that has created a new set of strategic interdependencies. Geopolitical change made Europe susceptible to the influences of subregional dynamics and outside actors.

The early stages of growth of EU-centered regionalism in the context of the eastward enlargement acknowledged the political and security implications of the process (Clément 1999; Dwan 1999) and its effects on the consolidation of a post-modern European order (Hyde-Price 1996; Cooper 2000; Zielonka 2006) as an unproblematic redefinition of politics beyond space (Ruggie 1993). As Buzan (2004) has argued, the strength of a growing regional community is based on its links to the outlying environment. Relevant to European regionalism is the shift of frontiers and the

definition of countries as members and outsiders. The inevitable division of political communities in the regional system into members and nonmembers has major sociopolitical and security consequences. While nominally European regionalism is sufficiently "open" to ensure full compatibility with the global system, its definition as a system open to the broader region is not unequivocal. The evolution of the periphery takes place as a process of inclusion and exclusion of parts relative to the policy and political objectives of the regional core. The consolidation of the core attracts and dominates the periphery; portions of it gradually adhere to the core; new concentric circles of states become an immediate periphery; the process continuously repeats itself. Such dynamics reveal only one dimension of the region as taxonomy of growth, interdependence, and security.

The main issue of the model of ever-expanding European regionalism is that, regardless of its capacity to affect the political preferences of nonmembers by means of governance tools and normative pressures, it has yet to resolve the tension between the growing institutionalization of regional relations and two fundamental premises of the territorial organization of regional space: the intransience of place and the lack of significant structural interdependence between the EU core and its outlying periphery. As the EU enlargement policy demonstrates, the unsettled question of openness to new members and the territorial and governance boundaries of European integration have affected the EU's regional positioning. While nominally it remains sufficiently open to trade liberalization and sectoral integration with the wider Europe, its exclusivity as a center of attraction and shorthand for European regionalism is not unequivocal. A new type of wider-European, defined as "Eurasian," regionalism has emerged centered on Russia and its integrationist policies for the post-Soviet space. In the context of the overlapping and complex institutional architecture of Europe, Eurasian regionalism models itself according to the EU's legal principles and institutional structure, emulating its rule structure and region-building policies.

Conventional regionalist accounts posit the EU as a model regional system and a source of emulation due to its legal-institutional templates and normative agenda (Warleigh-Lack et al. 2011). Most studies focus accordingly on the effect that EU-centered regionalism exerts on the wider Europe through externalization of governance, security creation, normative pressures, and market reform (Cottey 1999; Lavenex 2004). However, such premises cannot explain policy change given the principled, tested nature of the policy tools, most of which borrow from the conditionality and incentive structure of the EU enlargement policy. In the ENP's

case, a dynamic account of regionalist impact is better positioned to explain variation in policy performance, as well as change in the model of regionalism emerging as a result of interactions with the empirical settings of policy implementation.

The comparative lens of interregionalism (Teló et al. 2016) similarly does not address new less discussed cases emerging at the intersection of regional entities. It does not adequately engage with the question of competition between regional models: for membership, international legitimacy, or power status. These issues are new to regionalist research. The meeting place between European (EU-style) and Eurasian (Russia-dominated) regionalism poses questions about the sustainability of regional models as they interact and compete for members and regional influence. Eurasian regionalism, embedded in the EEU, represents a less evident case of emulation, providing new insight on processes of diffusion and coevolution in regionalist studies and comparative regionalism.

Studies of the external relations of the EU in the framework of different forms of regional arrangements (Telò 2013) rarely explore the relevance of European regionalism to geopolitical reordering in Eurasia. With the exception of Dutkiewicz and Sakwa (2014), the EEU is not examined in relationship to European regionalism. Most analyses remain focused on the genesis of EU-centered regionalism. They are less concerned with the coevolving arenas of regionalism in the broader Europe-Eurasia region due to the limited opportunities for comparative treatment of the two projects in terms of regional cohesiveness and market liberalization (Börzel and Risse 2016b; Lane and Samokhvalov 2015).

Viewed from a dynamic perspective, regionalism is not uniquely defined by its inward-looking nature or established rule structure of communication with the outlying environment but by its relative capacity to project, respond, and adapt to ecological impact. Because regions are socially constructed, their cohesiveness and qualities of "regionness" (Hettne and Söderbaum 2000) are defined through interaction. Dynamic regionalism traces such interactions with the broader environment reflected in trade flows, interdependencies, and relationships of empathy, enmity, and competition. Regionalism evolves also as a result of the demand for the governance of regional transactions. Regions gain or lose cohesiveness, expand or recede depending on their capacity to accommodate, neutralize, or manage environmental impact. The proposition that regionalism is not only reflected in movement along the deepening/widening perspective—that is, does not evolve following a linear trajectory—defines a more complex trajectory of

regional evolution than assumed by rational choice and historical institutionalism.

Such diverse dynamics in the EU's neighborhood alter the *modus operandi* of EU-centered regionalism. The institutional, economic, and territorial boundaries that the EU has established for itself through its socially constructed value system, governance principles, and external action (Deutsch 1964; Wæver 1997; Manners 2002), have become more fluid and contested. This chapter argues that Europe's "new" regionalism of the post-Cold War era (Fawcett 1995; Hettne 2005; Hettne and Söderbaum 2000) has changed direction and relevance as a result of evolving geopolitical settings. It is therefore appropriate to examine EU regionalism beyond its internal dynamics, in relationship with the outlying environment. The remainder of the chapter provides evidence of the workings of the main drivers and mechanisms of action of this second-generation "new" post-Cold War regionalism. The origins of such dynamics are anchored in Europe's fluid geopolitical definition to the east, shifting patterns of structural interdependence, and Russia's neo-revisionist ambitions in the context of its declining power status.

The EU and Its Neighbors: Origins of the European Neighborhood Policy

Since the end of the Cold War, the EU has been confronted with the necessity to maintain Europe's order by securing its outlying periphery. The EU's increasing role in the wider Europe emerged as a logical extension of its enlargement policy. At the same time, the unprecedented scope and divisive character of the process, continuously differentiating between members and nonmembers, alerted the EU that its strategies might create uncertainty, competition, and a greater exposure to threats for countries outside the path to EU accession—predominantly states with weak institutional capacity to withstand such challenges. The conflicts that marked the disintegration of former Yugoslavia compromised the stability of the wider Europe and undermined the rationale of European regionalism as a peaceful community of shared values. The EU's strategy for Eastern Europe, based on enlargement, changed significantly to reflect a reconceptualization of enlargement from a process of "admittance of new members" to that of "extension of the core." The EU sought to project a politically stable and cooperative environment beyond the candidates for accession, toward third

countries. It addressed the task by creating institutions that borrowed principles and policy instruments from the enlargement model—especially those of conditionality and externalization of governance—for the purpose of structuring a close association with the neighboring countries. The East-European enlargement thus created tiers of cooperative systems outside the EU membership base. In its 1999 Regular Reports on the progress of the candidate countries toward accession, the European Commission situated enlargement within the broader regional environment establishing a role for itself in the wider Europe. The Reports spoke of the "context of enlargement" and explored the setup of relations between "the Union and its neighbors."[4] Not only the Central and East-European countries (CEECs), already recognized as candidates, but countries outside enlargement were involved in institutional cooperation with the EU.

Based on the existing Partnership and Cooperation Agreements, the EU adopted Common Strategies on Russia and the Ukraine in 1999.[5] The TACIS program, originally designed for the period 1991–1999, was extended within the period 2000–2006 and subsequent financial frameworks. During the period 1997–1999, the EU signed Partnership and Cooperation Agreements with the other former Soviet Republics in Eastern Europe and Central Asia as an instrument for encouraging democratic principles of government and market reform in the former Soviet republics and third countries (Anderson 1999; Delcour 2010).[6]

The ENP was announced at the 2003 Thessaloniki European Council and officially launched in 2004. Although inspired by and closely related to enlargement, the focus of the policy was on relations of proximity that "do not include a perspective of membership in the medium-term" (European Commission 2003). The policy addressed 16 counties to the east and south of the EU, belonging to different geopolitical settings: the post-Soviet space, whose fragmentation was institutionalized through the 2004 eastward enlargement, North Africa, and the Eastern Mediterranean.[7]

Since its beginnings, the ENP has been implemented through a minimalist version of institutionalization. It was designed to secure rule adoption by means of norms diffusion, externalization of governance, and market mechanisms without creating a formal membership forum or other multilateral institutions apart from conference-style summits. As the EU's post-enlargement stage emerged as a process of inward-looking consolidation of the gains from the 2004–2013 enlargement cycle, the expectation was that the ENP, especially in its East-European segment, would act as an

equilibrium-maintaining mechanism guaranteeing a stable model of proximity relations.

The focus on governance and market reform included economic and political cooperation in the area of market access, financial, technical, and policy support, visa facilitation, and civil society support for achieving sustainable democracy in the partner countries. It gradually opened a possibility for the EU neighbors to acquire a stake in the internal market through political dialogue, trade liberalization, and governance templates in key sectoral areas of industrial cooperation and energy security. Originally, the policy was implemented by means of two key mechanisms: joint action plans and a financial mechanism, the European Neighborhood Instrument. The joint action plans, developed on the basis of joint ownership, considerably rationalized the relationship between the EU and the neighboring countries of Eastern Europe by contextualizing the process into a series of bilateral programs.

The assumption that the ENP could maintain a stable outlying periphery through policy tools more limited than the conditionality and incentive structure of the EU enlargement was counterintuitive. It was a widely discussed thesis at the time that the eastward enlargement of the Euro-Atlantic institutions would leave a gray area of instability further to the east. "A strategic line cannot be frozen by the second enlargement," wrote Dr. Brzezinski. "It cannot be the final enlargement. If it were to be the final enlargement, then there would be a new zone of instability immediately to the east of that line."[8] Although the ENP was not designed to prepare for geopolitical expansion, issues concerning its relative positioning in the wider Europe region emerged in parallel with a changing pattern of market integration in the EU neighborhood. Based on differential outcomes in terms of trade flows and sectoral cooperation, and in the context of geopolitical pressures by Russia and its own integrationist projects, the instruments of cooperation under ENP evolved in the direction of separating the institutional and economic depth of the policy along its eastern and southern segments.

The EU advanced new multilateral forms to strengthen its institutional links with the participating countries. The Eastern Partnership (EaP), concluded in 2009, drew a number of post-Soviet states closer to the EU by extending market, governance, and political mechanisms, in parallel with policies that sought to reduce Europe's dependence on Russia as an energy supplier.[9] By contrast, the Euro-Mediterranean Partnership launched a more operational, project-oriented regional approach to the southern tier

of EU neighbors. Its focus remained on joint problem-solving in a variety of functional areas: economy, environment, energy, health, migration, education, and social affairs.[10]

It may be argued that such developments undermined the consistency of the ENP rule structure as an international regime and a project of regionalism, despite its track record of policy continuity and a growing commitment of resources on behalf of the EU and the member states. In line with institutionalist thinking, the suboptimal performance of international institutions against the background of policy stability points to the role of pressures emanating from the outlying environment and especially geopolitical factors that the neoliberal bias of the policy was not equipped to address. Designed as an extension to the progressive EU eastward enlargement, the ENP's incentive structure was that of absolute gains[11] with no mechanism of managing its relative positioning in the wider Europe.

At the same time, while significant, the role of geopolitical factors is not automatic. It varies according to the adaptive qualities of institutions to external pressures (Stefanova 2009). In the ENP's case, policy evolution through the EaP may be explained by the institutional mechanism in place and the poor capacity of the policy to isolate itself from geopolitical factors and external pressures linked to Russia's increasingly revisionist "near abroad" and integration policies for the Europe-Eurasia region.

Institutionally, the evolution of the ENP as a tool of EU regionalism may be linked to changes in the model of EU decision-making. As a result of the Amsterdam Treaty (1997), the EU institutional process had strengthened the model of enhanced cooperation whereby individual subsets of members could form coalitions and develop foreign policy initiatives. By extension, this mechanism also allowed for coalitions of the willing to set the EU's international agenda. The Treaty of Lisbon furtherconsolidated the coalition-, rather than consensus-based principle of decision-making and policy initiation. Such processes became evident in the formulation of the blueprint for the EaP. Regarded as an institutional innovation of the ENP, it selectively advanced a strengthened model of cooperation to individual EU neighbors from the post-Soviet space, with the exception of Russia (European External Action Service 2014b; Wolczuk 2009). Geopolitically, this policy change reflected the limitations of the model of European regionalism implemented through EU-centered processes of progressive expansion, deep integration, and externalization of governance.

The Eastern Partnership: The EU Embraces Geopolitics

In contrast to the original formulation of the ENP, which lacked an in-depth assessment of its geopolitical implicationss, the EaP was a geopolitically motivated project. It became deeply embedded in broader political developments. The EaP exercised structural power with regard to the post-2009 domestic and foreign policies of the eastern partners, in contrast to the evolution of the ENP's southern dimension that remained largely irrelevant to the political dynamics in the Middle East and the Southern Mediterranean in the context of the Arab Spring (Furness and Schäfer 2015). EaP sought to achieve relative gains in response to Russia's assertiveness in the countries of the so-called near abroad, marked by a series of events that redefined their political aspirations. It was formulated at the initiative of Poland and Lithuania with the support of the Nordic EU members in the wake of the Color Revolutions, the Russian-Georgian war of 2008, and the energy disputes between Russia and the Ukraine which increasingly demonstrated the use of geopolitical approaches to the structuring of the EU neighborhood.

The separation of institutional frameworks for the ENP's eastern and southern dimension marked a departure from the original rationale, value structure, governance mechanism, and anticipated outcomes of the policy, designed as a regionalist modernization project.[12] Although it was not directed against Russia—a policy statement confirmed by the EU member states and institutions at all stages of policy deliberation—the early implementation of the EaP took place by means of institutional forms and governance tools that collectively reshaped its meaning as a platform of acivilizational, developmental, and foreign policy choice.

While nominally a policy framework, the EaP started a process of significant institutionalization. It created a new set of institutional rules strengthening political dialogue through multilateral summits and regional cooperation requirements. The EaP offered the eastern ENP countries a bilateral relationship of association embodied in Association Agreements (AAs), accompanied by Deep and Comprehensive Free Trade Agreements (DCFTAs). Although the agreements were designed as an aspect of policy innovation still vaguely institutionalized as a "partnership," in reality they engaged the ENP partner countries with significant aspects of the trade-related EU *acquis* and increased the cost of their participation in the process. The DCFTAs operationalized such commitments through measures of market liberalization, competitiveness and standardization, links to sectoral

reform, and good governance. Market competition and regulatory costs associated with the EaP increased the economic vulnerabilities of the partner countries (Molchanov 2016). The regional implications of their institutional choice of deep integration with the EU strengthened the geopolitical significance of the EaP. From an inward-looking process, seeking to attract and socialize the EU's eastern neighbors through the mechanisms of European governance, the EaP transformed ENP into a geopolitical project. It made geopolitical advances not only undermining Russia's influence in the post-Soviet space but also extending its territorial impact through interactions beyond a free trade agreement: comprehensive market building through positive integration, in contrast to the spirit of negative integration that underlies the trade liberalization measures under a free trade agreement.

As the pattern of institutionalization of the EU's relationship with the countries of the eastern neighborhood increased, the continued implementation of the ENP became entangled with several adverse developments. The DCFTAs emerged as a crucial aspect of the Ukrainian crisis, the deteriorating EU-Russia relationship, and growing divisions among the EU member states and partner countries alike as to the scope and depth of the EU's proximity relations.

Such outcomes represent a puzzle for the premises of EU international actorness as a normative and structural power in its neighborhood (Manners 2010; Cadier 2014), its security- and order-creation capacity (Gänzle 2002, 2007), and growing significance in regional relations through the externalization of governance mechanisms (Lavenex 2004), collectively defined as the EU-centered regional security complex (Buzan and Wæver 2003). Counterintuitively, the more ENP became institutionalized, especially through the EaP, the less effective it became, as some of the partner countries failed to maintain an increasing level of association commitment. Furthermore, the more political the cooperation process became—therefore replacing a largely apolitical governance model based on rule adoption and compliance—the less coherent the set of countries recipients of the policy became, despite an incentive structure of increasing benefits from cooperation.[13] The broader outcome of such developments has been a trend of geopolitical repositioning in the wider Europe indicative of the geopolitical dimension of EU-based regionalism.

The Ukrainian Crisis and the EU's Model of Regionalism for the Wider Europe

Ukraine occupies a unique place in Europe, with links both to the EU and the former post-Soviet space. As an observer to the Russia-sponsored Commonwealth of Independent States, Ukraine participated in the free trade area created by its members in 2011 (CISFTA), and would have been a critically important member of the Russia-centered Eurasian Customs Union (CU; Kiryukhin 2016). Ukraine was also a founding partner in the ENP and the EaP, and between 2007 and 2011 negotiated an AA, including a DCFTA, with the EU. Trade analyses demonstrate that, given the trend of increasing EU-Ukraine foreign trade and economic cooperation since the 1990s, Ukraine's opportunities and benefits from trade creation and economic growth lie with establishing a free trade area with the EU, rather than participation in Russia-centered Eurasian integration. According to Movchan and Giucci (2011), joining the Eurasian CU (originally signed between Russia, Belarus, and Kazakhstan) would have trade diversion effects on Ukraine, reducing aggregate welfare by 0.5% in the medium term and by 3.7% in the long term.[14] In comparison, a general EU-Ukraine free trade area without deeper regulatory and positive market creation measures would increase welfare in Ukraine by 1.3% in the medium term and by 4.6% in the long term. A DCFTA would lead to welfare gains of 4.3% in the medium term and of 11.8% in the long term (Movchan and Giucci 2011: 11).

Ukraine's choice to follow a European perspective, however, has had significant effects on the configuration of regionalism in the wider Europe.[15] The process that led to the signature of the AA placed ENP in a new setting. It introduced Russia as an outside actor, along with CISFTA and the then Eurasian CU that the EaP and the respective DCFTAs made quasi-redundant.[16] The incompatibility of the two frameworks for trade and market integration acquired political significance in the process that led to the signature of the EU-Ukraine AA.

Although Russia had not raised specific concerns during the initial stage of AA negotiations, it stood firmly against the EaP countries' closer cooperation and integration with the EU. Originally, Russia's ruling elite believed that the gradual integration of the EaP countries with the EU was an unrealistic scenario and perceived the EaP as an empty project. Progress in the negotiations between the EU and four partner countries, namely Ukraine, Armenia, Moldova, and Georgia in 2013, resulted in a

dramatic change in Russia's attitude (House of Lords 2015: Chapter 5).[17] As an important economic partner for Russia, Ukraine would have been the pivotal country in the Russia-sponsored EEU. Russia feared that Ukraine's signature of a DCFTA would create a conduit for competitive European goods to "flood the Russian market and to damage the interests of Russian producers" (House of Lords 2015: Q93).[18]

Starting in August 2013, Russia undertook a policy of coercive economic diplomacy aimed at changing the political calculations of the Ukrainian elite in the direction of Eurasian integration. In September 2013, the then Ukrainian President Yanukovych indicated that "it would be difficult" for him to sign the EU-Ukraine DCFTA and proposed trilateral meetings with Russia in order to clarify the consequences of the agreement (House of Lords 2015: Q 112). In November 2013, President Yanukovych suspended the signature of the AA. The decision triggered the protests, referred to as "the Maidan," that led to Yanukovych's removal from power.[19] While subsequent Ukrainian governments supported the AA, implementation of the DCFTA was suspended until January 2016. Trilateral talks intended to address Russia's concerns over the agreement ended without success after 23 rounds held between November 2013 and December 2015.

The lack of a transitional arrangement resulted in suspension of the free trade area between Russia and Ukraine. At Russia's insistence, the EEU introduced entry charges vis-à-vis Ukraine as of January 2016, replacing the latter's preferential treatment under a free trade area with a most-favored nation trade regime. The EEU also implemented a provisional scheme imposing customs checks on goods entering from Ukraine to avoid the unauthorized transit of EU goods. Furthermore, Russia imposed economic countermeasures against Ukraine due to its joining anti-Russia sanctions imposed by the EU and the United States.

The continued dismantlement of the Russia-Ukraine trade regime led to a significant decline in their bilateral trade: from $50.6 billion in 2011 to $12.5 billion during the first ten months of 2015, overall contracting by 80% during 2015.[20] Ukrainian food exports to Russia declined by 76% on a year-on-year basis. During the same period of time, Ukraine's currency, the hryvnia, was cumulatively devalued by 220%.[21]

In addition to such adverse developments, Armenia's decision not to sign an AA with the EU but to join the EEU while remaining an EU partner country limited the potential of the EU's eastern neighborhood policy to expand a common rule structure. "This decision is not a rejection of our dialogue with the European institutions," Armenia's president stated.

"During recent years, Armenia, with the support of European partners held a number of important institutional reforms. And today's Armenia, in this sense, is considerably a more effective and competitive state than years ago. We intend to continue these reforms also in the future."[22] While formally expressing a commitment to cooperation, the underlying political message of Armenia's changing institutional preferences is that EU-style regionalism is not a self-evident political choice for the wider Europe.

The Riga Summit held in May 2015 was supposed to further advance the EaP. Instead, the summit saw a reduced number of EaP partner countries eligible to adopt the institutional model of association. Azerbaijan declined an EU-based AA. In the wake of the Summit, the EU opened negotiations with Armenia on a new legally binding agreement outside the EaP.[23] Internal divisions emerged among the EU member states as to whether the policy had to be expanded in order to neutralize weakening commitments, or scaled back to reflect the preferences of the eastern partners.[24] Most significantly, the Riga Summit did not state a commitment to the European perspective of Georgia, Moldova, and Ukraine, although the Vilnius Summit prior to that had recognized "the European aspirations and the European choice" of some of the partner countries.[25]

In addition, the EU sought relative gains by accomplishing rapprochement with Belarus and Azerbaijan, although both countries had preferred a closer relationship with Russia.[26] The EU opened talks on visa liberalization and a mobility partnership with Belarus as a reward for its role toward resolving the Ukrainian crisis. It sought to keep Azerbaijan as a partner signaling its appreciation for Azerbaijan's agreement to participate in the Southern Gas Corridor designed as an alternative source of natural gas alleviating the EU's dependence of imports from Russia. In February 2016, the EU ended asset freeze and travel ban sanctions against 170 individual and three entities in Belarus.

Originally, the European Parliament (EP) had assumed that the AAs and DCFTAs concluded under the EaP would not undermine the long-standing trade relations which EaP countries maintained in the region and suggested that such agreements should not be seen as incompatible with the EU's vision for its neighborhood. By the time of the 2013 Vilnius Summit, an EP resolution defined the EaP as a normative and civilizational choice. The resolution stated that "an Association Agreement with the EU entails political and legal reforms conducive to strengthening the rule of law, reducing corruption and securing greater respect for human rights; [...] joining the [Eurasian] Customs Union, on the contrary, does not involve

any values-based benchmarks or conditionalities, and therefore cannot be considered as an incentive to domestic reform" (European Parliament 2013: Article F). Other EU institutional actors and the member states also found that participation in the two regionalist frameworks was impossible. The fact that the EU adopted a policy of incompatibility vis-à-vis the EEU suggests that all varieties of European/Eurasian regionalisms are political tools and that structural factors such as interdependence and/or intra-regional trade flows are not exclusive measures of the success or depth of regionalism.

Following the initiative of nongovernmental groups, the Netherlands held a nonbinding referendum on the EU-Ukraine AA in April 2016. The referendum result was negative, with 61.59% of voters rejecting the EU-Ukraine AA (38.41% voted for approving it). Despite the low turnout of 32.38%, the outcome was above the required minimum threshold of 30%, which gave validity to the results. Although in 2017 the Netherlands ratified the EU-Ukraine AA, the referendum was a sign of an uncertain and divided public opinion in a key EU member state with potentially significant consequences for the procedure of unanimity among the EU member states required for approval of the agreement (Deloy and Joannin 2016: 3).

A major conceptual and policy overhaul in the ENP with significant consequences, especially for its eastern dimension, began in 2015. Changes, announced in November 2015, were aimed at making the policy more pragmatic, flexible, and tailored to the preferences of the EU's partners. While the policy review confirmed the value of the AAs of Georgia, Moldova, and Ukraine, it also acknowledged the need for "more tailor-made, more differentiated partnerships" between the EU and its neighbors, "to reflect different ambitions, abilities and interests" (High Representative of the Union for Foreign Affairs and Security Policy and European Commission 2015: 4). Such measures also reflected the opposite process: that of recasting the original objectives of the policy from a model of Europeanization of the EU neighborhood into a set of distinct bilateral relationships that lack an underlying value consensus between the EU and its neighbors. As a result, the ENP has become more amorphous, political and contested, and therefore less relevant as an instance of EU-centered European regionalism.

The EU-Russia Relationship: Alternative Concepts and Policies of Pan-European Regionalism

Although Europe represents a densely institutionalized environment, deep institutional links in the EU-Russia relationship are lacking. The Partnership and Cooperation Agreement (PCA), signed in 1994, constitutes the basis of EU-Russia relations. The PCA provides for the future establishment of a free trade area (European Council 1994; European External Action Service 2014a); however, none of the institutional frameworks that emerged as a result of the agreement was positioned to ensure a relationship of deep integration.

At the St. Petersburg Summit in May 2003, the EU and Russia agreed to reinforce their cooperation by creating four "common spaces": a Common Economic Space, covering economic issues and the environment; Common Space of Freedom, Security, and Justice; Common Space of External Security, including crisis management and nonproliferation; and a Common Space of Research and Education, including cultural aspects and people-to-people contacts.[27] Negotiations on a new EU-Russia agreement were launched at the 2008 Khanty-Mansiysk Summit to reflect the growth in cooperation since the early 1990s. The planned agreement was supposed to include substantive legally binding commitments in all areas of the partnership, such as political dialogue, freedom, security and justice, economic cooperation, research, education and culture, trade, investment, and energy. At the 2010 Rostov Summit, the EU and Russia launched a new institutional format, the Partnership for Modernization, designed as a focal point for reinforcing the process started under the common spaces.

Having declined a closer association with the EU and participation in the EU's ENP, and in parallel with its Eurasian projects, Russia sought to develop a broader alternative to the EU-centered regionalism by cooperating with the EU to pool regional resources for its own national modernization project. Its views on cooperation with the EU have oscillated between actions designed to limit the EU's influence in its eastern neighborhood by diplomacy, manipulation, conomic statecraft, and initiatives for developing alternatives to the established model of European integration.

In that process Russia selectively returns to the idea of pan-European regionalism. The idea of a "Greater Europe" from Lisbon to Vladivostok is a recurrent one in Russian foreign policy. Early post-WWII reference to a united Europe "from the Atlantic to the Urals" (Nelsen and Stubb 1998:

35)[28] was revived in Soviet President Gorbachev's speeches from the late 1980s and later during President Putin's first term of office. The concept was further developed by Sergey Karaganov as a common economic and cultural space blending the west and the east of Europe into a shared civilizational project.[29] Similarly, the then Prime Minister Putin outlined a vision for a common regional market from "Vladivostok to Lisbon," as published in the German Daily *Süddeutsche Zeitung*.[30] The rationale of such projects is securing Russia's unproblematic acceptance by the West: being treated as an equal and allowed to share in the market, technology, and opportunities of regional integration in Europe, while pursuing its own integrationist projects in the Europe-Eurasia region. By 2013, the EU and Russia had developed a high level of economic interdependence. The EU accounted for about 50% of Russia's foreign trade. It was dependent on Russia for about 30% of its energy supplies (Trenin 2015: 4).

In the context of political developments pertaining to the ENP and Ukraine, a deteriorating relationship with the EU due to the use of energy exports as a political tool, and a return to revisionist foreign policy thinking, Russia moved assertively to expand Eurasian cooperation. It continued to draw on the EU experience toward the actual modeling of Eurasian integration on the EU system.

Following the statement by the EU heads of state or government in the context of the Ukrainian crisis of March 2014, negotiations on a new EU-Russia Agreement were suspended. Meetings at the highest political level (summits) were suspended as well. Furthermore, the desirable degree of engagement with Russia became a contentious issue for the EU and its neighborhood policies. The member states hold different visions of their relations with Russia and pursue their own business interests (House of Lords 2015: Q 112). Several tiers of countries have emerged in the process of ENP implementation. Germany, Italy, and France—countries with significant economic stakes in a good relationship with Russia—are interested in maintaining an inclusive neighborhood policy. At the other end, Poland and the Baltic States remain deeply suspicious of a resurgent Russia. In-between are tiers of member states, such as the Mediterranean, Eastern European, and candidate countries in the Western Balkans representing weaker states that could be manipulated and coerced (Leonard and Popescu 2007). Russia has sought to pursue bilateral relations with the different tiers of EU member states under the pretext that the division of competences between the EU institutions and the member states complicates cooperation (House of Lords 2015: Q 7).

Internal changes within Russia also account for the decline of the relationship. In contrast to the emulation of European norms and values, typical of Russia's behavior during the 1990s, Russian elites increasingly considered themselves independent of European tutelage. Russia has sought to project the image of a global player apart from Europe, not only according to economic and geopolitical interests but also in terms of cultural identity (House of Lords 2015: Chapter 4). Such views reflect a long-standing debate within Russian society, with one school of thought seeing Russia as an integral part of Europe and another substantial body of opinion seeing Europe as "the other," a rival or alternative pole of civilization. Russia's power, interests, and identity perceptions overlap in concepts that expand its traditional policies toward the "near abroad" into the broader zone of "*Russkiy Mir*," and ultimately the neo-imperial doctrine of "Eurasianism" (Laruelle 2015: 9, 2008).[31] Changes in Russia's model of capitalism, involvement of the security apparatus at all levels of government, state manipulation of the economy, and approaches to obtaining geopolitical gains, especially through the natural gas trade with Europe, have made economic cooperation with the EU more problematic. Russia's foreign policy increasingly reflects an ideology based on Russian nationalism blending ethnic, religious, and socially conservative values. The Russian Orthodox Church has come increasingly to the fore as the symbol and bastion of these values (Galeotti and Bowen 2014). "Eurasianism" therefore blends nationalism with anti-Western mobilization, communitarianism, and social conservatism to emerge as an ideological foundation of Russia's strategic relations with the EU.

The ensuing model of Russia's foreign policy no longer seeks to get acceptance from the West. Trenin (2009) has conceptualized this model of regional relations in terms of neo-revisionism. Lane (2015) argues that Russia is likely to continue to resist a European model of development, opting instead for a neo-imperial policy toward its "near abroad" and a model of slowly modernizing statist capitalism in the Russia-Eurasia region. Accordingly, observers conclude that a return to previously established forms of communication with the EU is no longer possible (House of Lords 2015: Chapter 3).[32] However, few studies have focused on the effects of Russia's distancing from the West on the model of regionalism established by the EU for the wider Europe. Shedding more light on these developments is important also in view of the fact that Russia's developmental and civilizational project of statist capitalism, Orthodox Christianity, and Eurasianism is being increasingly projected into the

wider Europe-Eurasia region as an overarching regionalist model of modernization. The creation of an EEU has evolved not simply into a geopolitical rival to the EU in Eurasia but into a new boundary for the application of the rule structure of EU-centered regionalism.

Meet Eurasian Regionalism: Rival Regionalist Thinking in Europe's Neighborhood

The meeting place between the EU and the EEU provides evidence of all aspects of the geopolitical repositioning of European regionalism in the process of interaction with its environment: shifting borders resulting in relative gains and losses, competing notions for the organization of regional space, and changing power distribution in the wider Europe-Eurasia region as the EEU projects its impact on a growing number of regional players.

It may be argued that Eurasian regionalism became relevant to the process of regionalization and regionalism in the wider Europe as a result of the EU's neighborhood policies. Its evolution has taken place predominantly as an alternative model of European regionalism—competing or complementary (Sakwa 2016; van der Togt et al. 2015)—rather than as a locus of autonomous processes of trade creation and deep institutionalization. Regional integration, as the EU experience shows, has an internal and an external dimension. Its impact is measured not only in terms of internal cohesiveness, economic performance, and shared identities but also according to regional positioning. Applied with regard to the EEU, such premises refer to the maintenance of numerous overlapping integration projects in the post-Soviet space, such as the Commonwealth of Independent States and its free trade area, CISFTA, the Union State, the Eurasian Economic Community, and the Customs Union. Internally, these projects have done little in terms of trade creation and interdependence. However, externally they have created a distinct geopolitical cluster in the Europe-Eurasia region. This pattern of geopolitical consolidation is at the origin of the external dimension of Eurasian regionalism.

The timeframe of the EEU begins with the idea for the creation of a Eurasian Union originally advanced by the President of Kazakhstan Nursultan Nazarbayev.[33] The project of a "union" did not gain political salience at the time, despite the presence of diverse regional initiatives launched by Russia for the economic and political ordering of the post-Soviet space (with the exception of the Baltic States).

In 2000, Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan established the Eurasian Economic Community (EurAsEC) with the objective of promoting economic cooperation on the principle of intergovernmentalism, de facto dominated by Russia's geopolitical interests. Russia, Belarus, and Kazakhstan launched the CU within EurAsEC in 2010 with the objective of removing trade barriers. The CU's purpose was to facilitate and expand trade and economic ties among the member states on the principle of mutual benefits. In practice, the creation of a unified customs area reoriented the economies of Belarus and Kazakhstan toward Russia and away from partners outside the union. As customs controls had to be aligned with Russia's higher tariffs on almost all traded goods, Belarus and Kazakhstan raised their external tariffs with only modest trade creation effects within the CU and significant trade diversion effects for third parties.

The CU has gone through several stages of evolution since its creation, including the elimination of customs control on goods among the three countries in July 2011 and creation of the Common Economic Space in 2012.[34] In February 2012, the Customs Union Commission was replaced with the Eurasian Economic Commission. The EEU, officially launched in January 2015, represents the third and final step of the deeper integration of Russia, Belarus, and Kazakhstan, in parallel with initiatives for expanding its membership to include members and observers to prior Eurasian integration initiatives, such as Armenia, Kyrgyzstan, Azerbaijan, Tajikistan, Georgia, Moldova, Turkmenistan, Ukraine, and others.[35] Ukraine's membership in the EEU was a key objective for Russia but it failed to co-opt Ukraine as an EEU member. The EEU realized relative gains vis-à-vis the EU only in the case of Armenia, who declined an EU association agreement and joined the EEU in 2015. Kyrgyzstan also became an EEU member in 2015.

The EEU formally advances a project of open, expanding regionalism, consistent with WTO principles of trade liberalization. It includes policy actions in key institutional areas of macroeconomic management, competition rules, technical standards, agricultural subsidies, transport, the services sectors of construction, wholesale and retail trade, agriculture, and natural monopolies. The EEU envisages subsequent policy convergence to create a common visa and migration policy. Common regulations for the market in pharmaceuticals and medical devices come into force in 2016. The EEU will retain the members' sovereignty in domains of economic sensitivity (e.g., in the area of nontariff regulations in relations with third countries). Contrary to previous declarations, regulations for the most contentious domains ("sensitive areas") have been postponed. The creation of a common market

for oil and gas and a common market for services will not take place until 2025, and a common market for electricity has been postponed until 2019.

Although it is regarded as a Russia-dominated statist modernization project, the EEU's performance does not directly serve developmental purposes. Russia accounts for nearly 86% of the economic potential of the EEU. Commercial exchange between the EEU's founding countries comprised only 12% of their total trade in 2012 and 2013 when the creation of an economic union was prepared (Jarosiewicz and Fischer 2015). Trade data reveal that in 2013 the member states of the Common Economic Space accounted for 51% of the foreign trade of Belarus, 18% of the foreign trade of Kazakhstan, and only 7.5% of the foreign trade of Russia. While intra-regional trade expanded in 2009–2011 (initially outside the CU framework), in 2012 mutual trade experienced a 3% decline, and a further 12% decrease during the first half of 2014 (Popescu 2014: 13). In the first six months of 2015, Belarus trade with the EEU fell by $2.5 billion (or by one-third in relative terms) vis-à-vis trade during the first half of 2014.

Recent trade dynamics reinforce such divergent trends in bilateral flows. Growth in the Russia-Kazakhstan trade may be contrasted with a relative decrease in Russia-Belarus and Belarus-Kazakhstan bilateral trade flows. Data presented in Table 4.1. demonstrate that the trade creation effects of the EEU are not significant.

A plausible explanation for such trends lies with the hydrocarbons trade (historically accounting for around 40% of their mutual trade) that is exempted from tariff elimination, similarly to other primary products and strategic resources exported from Belarus and Kazakhstan. By comparison, intra-regional exports as a share of total EU exports have varied on average between 68.3% (in 2002) and 62.0% (in 2013). Intra-EU exports in 2013 ranging between 83.0%, (highest for Slovakia) and 42.6% (lowest for Malta) significantly exceeding the levels of interdependence in the EEU.[36]

Such comparisons suggest that the interests of the EEU partners are not mutually compatible and overlap in only limited areas. While all of them seek improvement of their bargaining position vis-à-vis the West, the sheer power asymmetry among them determines that all relationships, including in the CU, are systemically biased toward Russia's preferences and global ambitions. Both Belarus and Kazakhstan place more emphasis on the economic, rather than political, nature of the EEU as a source of investment and energy resources, short of requirements for economic reforms. At the time of the signature of the EEU agreement, Kazakhstan insisted on maintaining an economic designation in the title, in line with its original

Table 4.1 Trade within the Eurasian Economic Union (in million $)

Country	January 2014–June 2014	January 2015–June 2015	Year-on-year change (%)	2015	Year-on-year change (%)	Share EEU (%)	2016	Year-on-year change (%)	Share EEU (%)
Belarus	7,991.20	5,312.80	66.48	10,998.09	73.0	24.2	1,264.20	86.4	23.8
Russia	18,345.20	14,417.60	78.59	28,718.56	77.9	63.3	3,420.53	81.5	64.5
Kazakhstan	3,540.80	2,674.30	75.52	4,886.81	68.3	10.8	508.60	76.0	9.6
Armenia	141.10	92.90	65.83	236.60	73.0	0.5	41.05	197.1	0.8
Kyrgyzstan	226.50	162.90	71.92	539.76	84.7	1.2	66.45	84.7	1.3
EEU trade	30,245.00	22,660.50	74.92	45,379.82	75.0	100.0	5,300.89	82.9	100.0

Notes: Dotted line marks the distinction between trade within the EEU (2015–2016) and 2014 data based on the Customs Union between Belarus, Kazakhstan, and Russia
Source: Data in EuroBelarus, various dates (Eurobelarus.info), Eurasian Economic Commission (2015, 2016 quarterly data), and Popescu (2014)

idea, to the detriment of Russia's proposal for a Eurasian Union, apparently focused on politics. The very designation of the Eurasian Union as an economic entity paved the way for political disagreements to be resolved not through a transparent internal decision-making process but based on the asymmetry of power resources. The spillover effects of the lack of an institutionalized political dimension have resulted in significant differences in the area of trade policy. Although they allow the smaller member states to maintain their preferences, such premises make the EEU susceptible to Russia's direct influence.

In 2013, Russia failed to secure Belarus' and Kazakhstan's support in imposing restrictions on Ukrainian goods in the event that Ukraine signed an AA with the EU. At the early stages of the ensuing Ukrainian crisis, Belarus was able to isolate itself from the economic consequences of Russia's trade war with Ukraine and benefited from reexporting Western and Ukrainian goods to the Russian market. However, in November 2014 Russia imposed an embargo on imports from 23 Belarusian companies, specialized predominantly in meat and dairy products, followed by the reintroduction of customs checks at the border between Belarus and Russia. Russia made reference to Belarus not meeting sanitary standards

and to smuggling goods into Russia in defiance of Russian regulations.[37] Russia also prohibited the transit of Western food products for Kazakhstan through its border with Belarus.[38]

In contrast to the diverging interests of the partners and low levels of interdependence relative to trade patterns typical of the EU, the EEU has sought to build an institutional parallel with the European integration. The EEU in principle subsumes already-existing institutions under the CU and the Common Economic Space by granting them additional prerogatives. Its evolving institutional structure is directly modeled on the EU. The EEU has legal personality. Its institutions include the Supreme Eurasian Economic Council, Eurasian Intergovernmental Council (at the level of prime ministers), Eurasian Economic Commission (a permanent executive body), Court, and a proposed EEU Parliament.

Perhaps the most significant puzzle of the EEU as a project of regionalism is the contrast between its persistently stated integrationist purpose and lack of democratizing trends internally. The EEU is not based on liberal democratic values despite the principle of freedom of movement of production factors and its implications for domestic political pluralism. The process of economic integration is implemented by means of statist economic policies, resistance to reform, and authoritarian political systems. Such premises are at odds with theoretical expectations about the relevance of regional integration to domestic politics and democratization (Anderson 1999; Schmitter 1996; Haas and Schmitter 1964; among others).[39] According to Jarosiewicz and Fischer (2015), although Russia presents the EEU as the EU's Eurasian equivalent, the project is in reality "an imitation" of regional integration.[40] The authors argue that the reasons for such superficial imitation of regionalism are to be sought in the nature of the political systems in the participating states, which are authoritarian, plagued by systemic corruption and lack of the rule of law.

The pursuit of Eurasian integration despite an underdeveloped regional market may be explained as a transition from geoeconomic to geopolitical competition in the broader Europe-Eurasia region pursued through neomercantilist policies. Internal economic imbalances and political conflicts within the EEU may be contrasted with the EEU's external dimension. Although it formally established a regional integration club for the purpose of modernization and economic growth, the EEU has served mostly a geopolitical purpose; that of consolidating the economic and cultural distinctiveness of the post-Soviet space in response to regional challenges and the homogenizing pressures of globalization. Such premises

reflect a multipolar vision of global politics and an understanding that the major powers need to be able to rely on regional blocs reflective of their own norms and standards. Cadier (2014) has argued that the EEU's ambition is not only to create a supranational association capable of becoming one of the poles in the modern world but also a regional bloc that projects a different value system, an alternative path to modernization, and a model of state capitalism as a direct challenge to the neoliberal model of European regionalism. According to the author, these aspects of the EEU acquired salience and visibility in the context of the Ukrainian crisis. Such arguments explain why the project of closer Eurasian integration had not been actively pursued at the time of its inception in the 1990s but emerged as a response to the EU's initiative to redefine its neighborhood policy through the EaP.

By contrast, Duncan (2015), Sakwa (2015, 2016), and van der Togt et al. (2015) contend that the EEU was not necessarily designed as a competing project to Europe's Eurasian regionalism but rather as a complementary one. By extension, these authors view the EEU as a bridge to EU-Russia relations, a synthesis between the Eurocentric and Eurasian currents in Russia's foreign policy (Richardson 2015), and a transition of Russia's geopolitical thinking away from a "Greater Europe" to a "Greater Asia" concept focused on China (Trenin 2015: 11).

The EEU provides evidence of policies that project the image of a growing regional system and a source of attraction to nonmembers in a manner similar to the conceptualization of the early model of EU regionalism from the post-Cold War period. Regardless of its ambiguous relevance to processes of trade creation and economic opportunities for members, in October 2015 the Supreme Eurasian Economic Council adopted a decision to launch talks on a free trade zone with Israel. A free trade zone agreement was signed with Vietnam. A feasibility study has been launched toward signing a free trade area agreement with India. Pakistan has expressed an interest in a free trade agreement with the EEU as well. Russian Industry and Trade Minister Denis Manturov proposed to establish economic coordination between BRICS and the EEU. Negotiations on a free trade zone between the EEU and Egypt were approved in 2017. Expert-level talks on free trade with Iran are also considered.

In his address to the UN General Assembly in September 2015, Russian President Putin cited plans to connect the EEU with China's New Silk Road "One Belt, One Road" Project and harmonize policies with the EU, making reference to the tenets of open inclusionary regionalism:

> Contrary to the policy of exclusion, Russia advocates harmonizing regional economic projects. I am referring to the so-called "integration of integrations" based on the universal and transparent rules of international trade. As an example, I would like to cite our plans to interconnect the Eurasian Economic Union with China's initiative for creating a Silk Road economic belt. We continue to see great promise in harmonizing the integration vehicles between the Eurasian Economic Union and the European Union. [41]

The EEU obtained an observer status at the UN General Assembly in October 2015. In late October 2015, acting on behalf of the EEU, Russia proposed to open a dialogue on coordinating trade politics and merging the EEU and EU's economic spaces. The proposal for creating a Common Economic Space reemerged as a possible topic on the EU-Russia strategic cooperation agenda.[42] Jean-Claude Juncker, President of the European Commission, agreed "to draft new proposals on cooperation" with the EEU.[43] Van der Togt et al. (2015) have argued that the EU needs to formulate policies to heal the "shared neighborhood." Krastev and Leonard (2015: 6–7) similarly favor an EU-EEU relationship and suggest that the "coevolution" of the two projects is possible.

Although no major change in the EU-Russia strategic relationship may take place under the sanctions regime imposed on Russia in connection with the Ukrainian crisis, such developments are indicative of shifting geopolitical positions (Richardson 2015). In parallel with seeking EU-EEU economic coordination, the EEU's Supreme State Economic Council adopted a decision to coordinate member state policies toward the creation of an "interface" ("сопряжение") between the EEU and China's "One Belt, One Road" program.[44]

The main geopolitical challenge posed by Russia lies in its unwillingness to let the EU have an impact on the modernization of the economies and societies of states in the "shared neighborhood" by integrating them into the internal market (Dragneva and Wolczuk 2012; Barbashin 2015). As the case of Ukraine has shown, Russia is unwilling to accept the pro-European choice of post-Soviet states, unless it is in conformity with Russia's own relations with the EU. Instead of letting Russia act as a gatekeeper for the economic and political alignments of the countries of the post-Soviet space, Anton Barbashin (2015) has argued that the EU should propose an asymmetrical project based on European values. Similarly to the proposals for direct engagement with Russia and the EEU, these initiatives ultimately legitimize the EEU as a regional project and give a stake to Russia-dominated

multilateralism in the Europe-Eurasia region. From a regionalist perspective, the normative and systemic importance of such potential foreign policy actions largely exceeds their instrumental political impact. It implies a reordering of the long-established model of European regionalism.

Conclusion

This chapter has examined the geopolitical dimension of European regionalism reflected in the institutional evolution of the ENP and its outcomes in three related frameworks: the EaP and signature of the association agreements, the EU-Russia relationship, and the competing regionalism of the EEU.

As the chapter has demonstrated, it is analytically appropriate and empirically useful to examine the external dimension of EU-centered regionalism through a geopolitical lens. A geopolitical approach situates the comparison between European and Eurasian regionalisms with regard to their external environment and measures the success or failure of performance in terms of relative positioning and external impact. It would be too simplistic to compare a West-centric neoliberal internationalist paradigm and nearly 60 years of progressive institutionalization that underlies the EU's role in the broader regional system to Russia's neo-imperial ambitions for Eurasian regionalism that has yet to develop a working institutional architecture beyond institutional templates that formally mimic the EU. Furthermore, the institutional evolution of the EEU does not conform to traditional notions of regionalism, interdependence, or regional cooperation. Still, Russia-sponsored regional integration initiatives in Eurasia are a fact (and have been), regardless of their incompleteness, backwardness, and disguised revisionist and coercive nature, and represent a visible geopolitical entity. Developments in the "shared" EU/EEU neighborhood suggest that the two regionalist projects have positioned themselves as alternatives, despite apparent differences in their institutional depth and value systems.

The broader consequence of such nominally "competing regionalisms" has been an altered rationale of the EU's relationship with its outlying periphery to the East and changes to the normative foundation of its neighborhood policies as the substance of the EU-centered European regionalism. From a model of open regionalism, the EU has positioned itself as an exclusive trade arrangement for the wider Europe. It has redefined itself in geopolitical terms to reflect power competition and civilizational choice: from a neoliberal internationalist to a neorealist

project; and from a system open to neighbors with shared interests and values (seeking absolute gains) to one preventing competitors from increasing their influence (relative gains). From a project of "low politics" implemented through sectoral governance and market integration, the EaP has emerged as a "high politics" project.

By removing the possibility for overlapping membership in territorially defined regional blocs, the EU has diminished the significance of notions such as "shared" neighborhood and "common" spaces. Such developments have the potential to reverse long-standing conceptualizations of the wider Europe as a "nascent security community" (Adler 1998).

The principal conclusion that may be drawn from this research is that the EU is moving away from a model of open regionalism and a normative power that it has worked hard to establish for itself (Manners 2002, 2006). The implementation of a neighborhood policy has led to the restructuring of territorial space that brings EU-based regionalism closer to traditional notions of power distribution and structural interdependence.

As the scope of the EU-Eurasian regionalism remains uncertain due to geopolitical factors not amenable to short-term change, the corrective mechanism for maintaining a model of open European regionalism lies within its global embeddedness. The process leading to the creation of a Transatlantic Trade and Investment Partnership and cooperation on a transregional scale with influential global actors, such as China, Canada, and Japan, provides an opportunity to transcend the intransigence of geopolitics by creating new structural interdependencies with global relevance.

Notes

1. The lack of analytical depth in a potential EU/EEU comparison, while obvious, is not an exception. Comparative analyses of regional systems relative to the EU rarely reach meaningful conclusions as the level of regionalism in other regions displays significant differences in terms of depth and regional cohesiveness, although institutionally regional cooperation in a variety of regions bears important similarities to the EU model. See Börzel and Risse (2016a).
2. The European Neighborhood Policy governs the EU's relations with 16 neighboring countries located along its eastern and southern dimension. The Eastern partner countries are Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. Algeria, Egypt, Israel, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia belong to the southern dimension. Russia is not

part of the ENP but takes part in cross-border cooperation including ENP members.

3. The five members of the EEU, Russia, Kazakhstan, Belarus (founding members), Armenia, and Kyrgyzstan cover 86% of the territory of the former Soviet Union. See Eurasian Economic Commission (2015).
4. This section refers extensively to European Commission (2000).
5. The Partnership and Cooperation Agreement (PCA) between the EU and Russia was signed in 1994. The EU-Ukraine PCA was signed in 1998.
6. Such requirements were part of the Barcelona Process and the Mediterranean Partnership concluded with countries in North Africa and the Middle East.
7. The East-European partner countries under ENP are Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. Algeria, Egypt, Israel, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia belong to the southern dimension. Russia is not part of the ENP but takes part in cross-border cooperation including ENP members.
8. Zbigniew Brzezinski, Former National Security Advisor to President Carter address at the Riga Summit, June 7, 2002. http://www.rigasummit.lv/en/?id=6page=151
9. These countries are Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. Belarus has remained outside most of the ENP structures.
10. The Union for the Mediterranean promotes economic integration across 15 neighbors to the EU's south in North Africa, the Middle East, and the Balkans region. It relaunched the former Barcelona Process to operationalize a distinct regional approach to problem-solving and political reform as a mechanism of regional stability without specific claims to regional cohesiveness.
11. On the absolute versus relative gains structure of international cooperation, see Grieco (1988).
12. The EU implements The Partnership for Democracy and Shared Prosperity with the Southern Mediterranean Partners as a policy framework with regard to the southern tier of the ENP.
13. Such benefits include financial assistance, market access, visa-free travel, political legitimization of the ruling elite through dialogue with Europe, and regional stabilization, among others.
14. Trade diversion effects are due to the higher import tariffs in the Eurasian Customs Union than those applied by Ukraine under the WTO regime.
15. The EU began negotiating an Association Agreement (AA) with Ukraine in 2007, having concluded a Partnership and Cooperation Agreement in 1994 (in force since 1998). Ukraine, Georgia, and Moldova signed AAs, including DCFTAs, with the EU on June 27, 2014.
16. Moldova and Belarus are also members of CISFTA.

17. Testimony by Dmitry Polyanskiy, Deputy Director, First Department of Commonwealth of Independent States (CIS) Countries, Russian Foreign Ministry in front of the UK House of Lords, European Integration Committee. See House of Lords (2015). The 2015 Sixth Report on EU-Russia Relations prepared by the UK House of Lords serves as a principal data source for tracing the Ukrainian crisis from a EU perspective. The stakeholder approach to data collection implemented by the report represents significant analytical advantages by documenting the testimony of policy experts, academics, diplomats, and parliamentarians from across Europe, including Russia, following a broadly based public consultation procedure. Evidence is published online at http://www.parliament.uk/eu-russia and available for inspection at the Parliamentary Archives (020 7219 3074).
18. Claims with regard to the potential surge of exports or dumping of products by Ukrainian companies on CIS markets are not justified. The terms of CISFTA permit the use of safeguarding measures and antidumping procedures. See House of Lords (2015, Chapter 5: Q 212).
19. The events of the Ukrainian crisis are not an object of this analysis. They have been examined at length elsewhere in the literature. For a chronology of the crisis, see "The Ukraine Crisis Timeline," Center for Strategic and International Studies website: http://csis.org/ukraine/index.htm (accessed September 24, 2015). Ukraine's distancing from Eurasian integration was facilitated by a no-confidence vote in the Ukrainian Parliament, whereupon President Yanukovych fled the country.
20. Data reported in *Financial Times* (online edition), December 22, 2015, http://www.ft.com/cms/s/0/d799d1a0-a8c8-11e5-9700-2b669a5aeb83.html#ixzz3vA3kuXEL and *TASS*, Business & Economy (online), December 30, 2015, http://tass.ru/en/economy/847889
21. See Geoffrey Berlin, "Can Ukraine Save Itself?," *The Globalist* (online), February 25, 2016. http://www.theglobalist.com/ukraine-economy-politics-uprising/
22. Quoted in *EUObserver*, EUObserver.com, September 3, 2013. https://euobserver.com/foreign/121304
23. The new agreement, negotiations for which were launched in December 2015, is supposed to replace the original EU-Armenia Partnership and Cooperation Agreement concluded in 1999.
24. *The Guardian*, "EU Eastern Partnership summit will highlight failure of plan to check Russia," (Online edition). June 3, 2015. http://www.theguardian.com/world/2015/may/20/eu-eastern-partnership-highlight-failure-plan-check-russia
25. Borderlex, "In Brief: Riga Summit—Fading Hopes of European Destiny for European Partners," May 20, 2015. http://www.borderlex.eu/tag/neighbourhood?print=pdf-page

26. Ibid. See also Euractiv, "EU Ends Belarus Sanctions," February 25, 2016. https://www.euractiv.com/section/europe-s-east/news/eu-ends-belarus-sanctions/
27. European External Action Service, "EU-Russia Common Spaces," available at: http://eeas.europa.eu/russia/ common_spaces/index_en.htm
28. "From the Atlantic to the Urals" was the French version of Europe's security order. In President Charles De Gaulle's words, the task of post-World War II Europe was to guarantee "the security of all nations between the Atlantic and the Urals." See Charles De Gaulle, "A Concert of European Nations," reprinted from "Europe," *Memoirs of Hope: Renewal and Endeavor* in Nelsen and Stubb (1998).
29. Sergey Karaganov is Dean of the School of World Economics and International Relations at the National Research University–Higher School of Economics and Honorary Chairman of the Presidium of the Council on Foreign and Defense Policy.
30. See commentary in *Der Spiegel*, November 26, 2010, "The World from Berlin," (online). http://www.spiegel.de/international/europe/the-world-from-berlin-putin-s-free-trade-proposal-is-just-a-smokescreen-a-731370.html
31. "*Russkiy Mir*," or "Russian World," is also a reinvented concept. Originally focused on reconnecting with Russia's historical origins, reconciliation, and defense of the Russian diaspora in the post-Soviet space, the concept moved to acquire a distinct political purpose of reestablishing Russia's civilizational identity in its "near abroad," regional, and global policies. It emerged as a means of public diplomacy and soft power for reengagement with the rest of the world (Laruelle 2015: 13). Eurasianism is an ideology that posits the greatness of Russia-Asia that can only exist as an empire (Laruelle 2008).
32. Testimony by Fyodor Lukyanov, Chairman of the Council on Foreign and Defense Policy and Editor-in-Chief of *Russia in Global Affairs*.
33. The integration project for a Eurasian Union, proposed by N. Nazarbayev in 1994, laid the foundation for the development of further integration in the post-Soviet space, such as the Eurasian Economic Community (EurAsEC), the Customs Union, and the Common Economic Space, all preceding the launch of the Eurasian Economic Union as of January 1, 2015.
34. On October 4, 2011, the then Prime Minister Putin published an influential article in *Izvestia* (a Russian Daily newspaper) on the launch of the Common Economic Space, followed by endorsements by Belarus' President Lukashenko and Kazakhstan's President Nazarbayev. These articles generated a new integrationist-regionalist discourse in the public space in the three countries. The text of President Putin's *Izvestia* article is available at http://www.europarl.europa.eu/meetdocs/2009_2014/documents/d-ru/dv/dru_2013_0320_06_/dru_2013_0320_06_en.pdf

35. The treaty establishing the Eurasian Economic Union was signed in Astana on May 29, 2014. It consists of four chapters: Establishment of the Eurasian Economic Union (I), Customs Union (II), Common Economic Space (III), and Final and transitory provisions (IV).
36. Eurostat. 2014. "Intra-EU trade in goods—recent trends" (online). http://ec.europa.eu/eurostat/statistics-explained/index.php/Intra-EU_trade_in_goods_-_recent_trends
37. Belarus and Russia de facto reinstated customs control at their common border. According to Belarusian President Lukashenko, Belarus lost nearly $ 3 billion from economic turmoil in Russia associated with the Ukrainian crisis, the annexation of Crimea, and Russian embargo on EU food imports that also resulted in a ban on certain Belarusian exports. See "Belarus Lost $3 Billion in Russia-West Sanctions Battle—Lukashenko," *The Moscow Times*, July 2, 2015 (online), http://www.themoscowtimes.com/business/article/belarus-lost-3-billion-in-russia-west-sanctions-battle---lukashenko/522883.html and 2014 reporting on the scope and consequences of the Russia-imposed embargo on food imports from the EU in Vadzim Smok, "Belarus Smuggles EU Food to Russia Despite Sanctions." Belarus Digest (online), http://belarusdigest.com/story/belarus-smuggles-eu-food-russia-despite-sanctions-19427
38. This brief trade war ended in December 2014 when Russia gradually recalled its import ban.
39. Liberal theories of interdependence and early integration theory (Russett 1993; Bliss and Russett 1998; Haas and Schmitter 1964; among others) point to stable and democratic domestic political order as a necessary condition to successful regional integration.
40. See also Dragneva and Wolczuk (2015).
41. Vladimir Putin, Speech to the Plenary Meeting of the 70th Session of the UN General Assembly, September 28, 2015 (transcript). http://en.kremlin.ru/events/president/news/50385
42. See "Евразийский союз предлагает ЕС начать диалог о создании общего экономического пространства" ("Eurasian Union proposes to the EU to open a dialogue on the creation of a common economic space"), ITAR-TASS, October 26, 2015. http://tass.ru/ekonomika/2380019
43. See Anton Barbashin, "Why the Eurasian Union keeps coming back," *Intersection Project* (online), http://intersectionproject.eu/article/russia-europe/why-eurasian-union-keeps-coming-back
44. See Sergey Karaganov, "Обещание Евразии" ("The Promise of Eurasia"). *Russian Journal*. (Federal edition, Issue 241). October 26. 2015. http://rg.ru/2015/10/26/karaganov.html

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CHAPTER 5

The Deterritorialization of European Regionalism: Global Perspectives

This chapter presents a reflection on the global dimension of European regionalism with a focus on the EU's broader trans-regional interactions with regional blocs and influential players, less amenable to the premises of institutional and geopolitical structuring. The principal objective is to present a conceptual extension to the conventional treatment of the EU's preferential trade agreements (PTAs) with third countries through the lens of interregionalism and open regionalism. The chapter builds on analytical claims and findings in the preceding chapters with regard to the changing dynamics of hitherto progressively expanding key regional projects and policies of the EU: its territorial expansion to include the majority of countries in Central and Eastern Europe and its neighborhood relations with a particular focus on the post-Soviet space. The normative question that looms large on the path of such developments is: Is the classical European model of regionalism embodied in the EU on the decline? Is this emerging flexible, poorly institutionalized, selective, and, at the same time, contagious "spaghetti bowl-"style regionalism a synonym of conventional regionalism in crisis?

The chapter examines the global dynamics of EU regionalism by applying the concept of deterritorialization. The analytical focus is on the gradual decoupling of space and trade flows due to changes in global competition and structural interdependence, as a result of which geoeconomic preferences gain priority vis-à-vis classical regionalist tenets of territorial clustering, economic cohesiveness, and deep institutionalization. In contrast to the logic of belonging, proximity, and club-based market liberalization

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(Viner 1950), the "new" open European regionalism is focused on global interconnectedness and competitiveness as a source of market efficiency, wealth maximization, and geopolitical gains. The chapter posits deterritorialization as the essence of such developments. It traces the sources of deterritorialization anchored in the design of European integration, the challenges of the EU's eastward enlargement, and the impact of globalization. The chapter illustrates the new deterritorialization dynamics in the case of the UK's withdrawal from EU membership (Brexit), the project for a Transatlantic Trade and Investment Partnership (TTIP), and European responses to China's "One Belt, One Road" (OBOR) initiative. It concludes that open regionalism does not guarantee the unproblematic embeddedness of regional integration in global rule structures. In the context of globalized regulatory frameworks and new patterns of interdependence, regionally clustered market integration is being decoupled from its territorial scale, resulting in increasingly deterritorialized forms of cross-regional market building through competitive liberalization, joint regulation, and trans-regionalism.

Introduction

Against global trends of rising protectionism and policy changes signaled by the US' withdrawal from the Trans-Pacific Partnership, EU Trade Commissioner Cecilia Malmström stated that she hoped to use her government's trade relationship with China to contain the wave of protectionism in the world trading system. How has the EU acted in order to curb protectionism? It actively pursued a policy of expanding free trade with Mexico, negotiating a Bilateral Investment Agreement (BIA) with China, concluding a Comprehensive Economic and Trade Agreement (CETA) with Canada, and upgrading free-trade areas with countries outside its immediate proximity. However, in parallel with such exemplary overtures to interregional and global interactions, ever since it completed its East-European enlargement to include Croatia in 2013, the EU placed a number of candidate countries in the waiting room and limited the opportunity of membership for other potential candidates through a network of neighborhood agreements. Turkey, a candidate for joining the EU since 1987,[1] has seen its relationship decline with no clear prospect for a successful completion of its membership objective in the medium term. The Western Balkans accession has stalled, with little interest on behalf of key EU member states to maintain a positive outlook on the accession

process, otherwise highly praised as the successful socialization of the EU's East-European neighbors (Schimmelfennig et al. 2006).

The allegedly emerging shared public and elite preference for broader, albeit less structured, interactions to the detriment of classical region-building relationships of deep integration constitutes a puzzle for the EU's model of regionalism. Since the 1990s, the EU has established itself as a system of growing centrality in the European regional system and is regarded as a global model of regionalism. According to diffusion theory (Börzel and Risse 2016b), the centrality of European integration should continue to grow. Similarly, regional agreements worldwide should emulate the EU's template of deep institutionalization, territorially distinct markets, and joint policymaking (Risse 2016). Such theoretical expectations regard regionalism as a stylized, ideal form of structured relationships without taking into account that such relationships and the interests that inform them are amenable to change. Following the premises of dynamic regionalism, we should expect the level of institutionalization and territorial scope of integration to change as well, including within the EU as the model regional system.

Politically, the EU is at crossroads. It has placed its enlargement policy on hold as it faces significant constraints with regard to the resources and desirability of ensuring the sustainability of the process. The fragmentation of the EU's neighborhood began with the Ukrainian crisis, as three out of the six EU Eastern Partnership (EaP) countries are now looking for alternative regional association relationships. And with the uncertain feasibility of structuring the Transatlantic marketplace under the TTIP along regionalist premises, the EU is turning toward agreements with China, Japan, and interregional cooperation, in part because the proposed institutions of Transatlantic trade are too rigid and not sufficiently transparent to comply with the criteria for democratic legitimacy.[2]

A preference shift toward the formats of a more loosely defined "open" EU-style regionalism is therefore in progress replacing more traditional forms of regionally clustered market integration and rule making. The purpose of this chapter is to present a theoretically informed assessment of the consequences of such shifting preferences for changing the conventional EU model of territorial expansion and neighborhood governance in the direction of selective nonterritorial tools for regional expansion, such as PTAs, free-trade associations, and global partnerships. The chapter posits these developments as a process of deterritorialization of European regionalism. The conventional definition of regionalism has a distinct territorial

meaning captured by proximity, geographic contiguity, and cross-border interactions. By weakening the territorial dimension of regionalism, deterritorialization is at odds with the latter's classical territorial frame.

The deterritorialization thesis is based on the understanding that besides a doctrine of political organization in world politics and a framework of territorially clustered interdependence, regionalism is also a policy preference reflecting the converging interests of nation-states (in this case, the EU members) to make use of the resources of global competitiveness and ensure the EU's global positioning often to the detriment of deeper integration within.

Regional integration, the public policy of regionalism, is a territorially defined process although the creation of governance structures beyond the territorial jurisdiction of the member states is an instance of post-territorial politics (Ruggie 1993; Cooper 2000). Key to European integration is cross-border cooperation (CBC) in a distinctly defined club of member states. While sovereignty is theorized to be on the decline—transcended, relocated, and dispersed as a result of the transnational movement of production factors and globalizing dynamics of markets, communication, and nonstate actors, the potential effects of such developments on territory and territoriality outside sovereignty have not been examined systematically. As an empirical claim, deterritorialization is not obvious and may not be assumed (but see Belanger 2015; Paunksnis 2015). On the contrary, the EU's territorial expansion is taken for granted, given that since the 1990s, the EU has emerged as the center of the European regional system and as the locus of attraction for an increasing number of countries from Eastern Europe.

According to Belanger (2015: 1), such territorial dynamics were not an option but an expectation. However, in the context of the stalled EU enlargement and neighborhood policies, the question of territorial growth, as well as the projected policy stability with regard to the EU's territorially clustered politics and geopolitical consolidation, has acquired a new meaning. As this chapter will argue, due to the increasing decoupling of politics from territory, the EU is in the process of establishing different patterns of interregional interdependence. A focus on the EU's global interactions, ranging from relative retrenchment to expansion, and from policy stability to disengagement captured in the concept of deterritorialization represents an alternative measure of the coherence and direction of change of EU regionalism.

Furthermore, deterritorialization adds a dynamic perspective to the institutionalist tenets of regionalism. While internally, the institution of EU membership has been weakened as a result of the economic, financial, and migrant crises and Brexit, a parallel process of functional rationalization of the territorial scale of European integration is under way with the potential to affect both its internal cohesion and global relevance. Understanding the evolving external dimension of European regionalism as a process of deterritorialization is analytically appropriate also because of the inadequacy of institutionalist theories to account for variation in the depth of regional integration (advancement and retrenchment, push–pull dynamics of enlargement and exit from the club, stalled policies of socialization of the European neighborhood, and shifting preferences toward interregional cooperation and nonterritorial instruments).

The chapter proceeds as follows. The next section examines the changing nature of European regionalism. Analysis then introduces the concept of deterritorialization at the intersection of state preferences, changes in the pattern of regional interdependence, and system-level globalizing dynamics. The sections that follow apply deterritorialization to the model of European regionalism in three case studies: Brexit, the TTIP, and China's New Silk Road initiative (OBOR). The conclusion summarizes the findings and maps out the normative implications of deterritorialization.

The Puzzle of Europe's Open Regionalism

As the preceding chapters have demonstrated, regions are of special importance to world politics. They are multilayered and multidimensional, defined according to geographic contiguity, structural interdependence, institutions, common threats and responses, functionalist expediencies, and cultural identities. This cross-cutting scope suggests that regions are not encapsulated and isolated from either domestic or international dynamics.

The question about the territorial configuration of regionalism is essential to the EU. It is a widely share proposition that regional integration in Europe mitigates the conditions of Westphalian sovereignty by pooling together state resources and creating supranational institutions and territorial structures of rule that collectively modify the type of interactions by means of which sovereignty is implemented. Their territorial, functional, and cultural boundaries do not necessarily overlap, converging into a postnational political system in the making.

The issue of transformed territoriality in EU regionalism has an internal and an external dimension. Internally, the cohesiveness of regionalism (or "region-ness" according to Hettne 2002) has been achieved by means of institutions (Moravcsik 1998; Sandholtz and Sweet 1998) and the system of multilevel governance (Marks et al. 1996; Hooghe and Marks 2009). Instead of the centralization of authority, the process is one of pluralization of territorial and functional interests through nonconstitutional means. Externally, it has been implemented through less institutionalized forms pursuing objectives economic efficiency, welfare maximization, and geopolitical advances beyond the established policy templates of enlargement, neighborhood, and representation in the global institutions of trade and economic governance.

Internal Dynamics

International relations theory contends that the EU has altered nation-state territoriality by establishing a post-territorial political order and a multiperspectival polity (Ruggie 1993). Borders in the EU are in the process of transition and diversification (Smith and Wistrich 2007) as internal borders disappear, external borders reorganize, and an increasing number of territories gravitate toward EU membership. The evolution of sovereignty and territory takes place both in terms of delegation of competences to the supranational level in the process of pooling of sovereignty and in the direction of devolution of tasks to the subnational and regional level according to the principle of subsidiarity. A changed conception of territory and sovereignty affects the principles of organization of the polity, as individual groups cross functional and territorial lines and receive public goods not directly supplied by the state (Tarrow 2004).

The mechanism of action of such shifting territorial frames, however, is not unequivocally defined, nor is the outcome of the process. There is no unidirectional movement toward strengthening a particular level of political authority, the regional scale of jurisdiction, and the distribution of political loyalties. How does the EU's post-territorial order look like?

Several theoretical propositions explain the effects of regional integration on the European nation-state system. Constructivism evokes the social foundations of defining territorial spaces and identities. It argues that the EU's post-national order strengthens local and regional identities to the detriment of national ones, altering the territorial boundaries of allegiances and transcending the unifying nature of state sovereignty. The liberal

perspective on Euroregionalism holds that as a result of multilevel governance, a "Europe of the regions" has replaced the strictly state-centric territorial organization in the EU (Cole and Palmer 2007). The EU's distributional policies implemented by means of regional governance, cohesion policies, market regulation, and competition have a territorial impact. As demonstrated in Chap. 3, regional policy is specifically focused on territories, peripheries, and regional convergence. The greater the territorial congruence of the distributional effect, the more one can expect domestic political actors to line up along the same boundaries (Marks 2004: 248), and those boundaries do not necessarily coincide with the territorial boundaries of the nation-state (Solingen and Malnight 2016).

At the same time, liberalism accepts that sovereignty maintains its constitutional validity under regionalist arrangements. The EU's regional policies do not require constitutional territorial restructuring through formal devolution. "Europe of the regions" does not exist in a constitutionalized form. These policies seek rather pragmatic effects: economic efficiency, convergence, and redistribution. The organizing perspective is that of governance and not the creation of a new legal-territorial order per se. Although a single administrative framework of territorial classification was introduced for the implementation of the structural funds,[3] the EU does not require substantive decentralization and effective transfer of political authority to the regional level (Allen 2005). The multilevel governance thesis posits heightened regional mobility and interactions that contribute to convergence and functional efficiency.

The multifaceted processes of regional restructuring as a result of European integration have been more pronounced in Western Europe (Keating 1993, 1998; Loughlin 2007; Pasquier and Perron 2008, among others). While potentially significant, its direct effects on territorial politics in Eastern Europe in the context of the EU's 2004–2007 eastward expansion have been weak (Turnock 2002; Nikolova 2008; Pasquier and Perron 2008). State sensibilities and resistance to decentralization in the East have remained significant. There is therefore a possibility that processes of dispersion, pooling, and delegation of sovereignty are not a common phenomenon and/or a product of European regionalism alone. The organizing perspective is that of governance and not the creation of a new legal-territorial order.

Governance, however, is not apolitical (Marcou 2002). It increases the sophistication of economic, political, and social networks at the regional level, thus empowering local communities (Scott 2005: 90) and mitigating

the monopoly of the state over distributive policies. The process has a transnational dimension (Hooghe 1995). Participation in European governance and the implementation of EU structural policies affects the relationships between actors and institutions (Pasquier and Perron 2008). Such relationships are the essence of regionalism: the process of changing functionality of territorial institutions that promotes a given territory by granting more control to the local government. Ansell (2004: 13) has argued that, as a result of the interests and demands of social forces, territorial restructuring takes place in the direction of a retreat of the state (Young 1997). New layers of public claims over authority emerge. EU governance therefore affects the constitutive (albeit not constitutional) features of the European state system. Furthermore, the Euroregional context increases the permeability of borders and regional openness. As a mechanism of regional policy, CBC most directly challenges state centrism by altering the concept of peripherality. The argument is that, through CBC, formerly peripheral regions become a part of European regionalism. A process of rebundling of territory is under way. Territoriality in the context of European regionalism is modified, also because EU regionalism provides public goods, some of which share the jurisdiction of the nation-state: regional policies, trade, investment, welfare maximization.

Political opportunity structure approaches point to the multilevel and cross-border functioning of networks of decisions-making, economic transactions, and policy implementation resulting in shifting territorial scales of political action (Laffan and Payne 2003). Following such premises, the macropolitical view on territorial structuring in Europe regards European integration as a consecutive stage of state building (Bartolini 2004, 2005). As a result of processes of internationalization and regional integration tasks, activities, expectations, and values become more diverse (Bartolini 2005: 40). Individuals, firms, and communities enter different jurisdictions, as cross-border functional regimes develop and induce the territorial differentiation of regulatory orders (Bartolini 2004: 23). Although not directly imposing a constitutional requirement for devolution, regionalization and the empowerment of the subnational level of governance associated with the EU's structural policies create incentives for regions to seek access to resources, decision-making, and external representation (Bartolini 2004: 24). According to Bartolini, territorial spaces with higher institutional autonomy and participation in administrative networks for the management of functional areas, such as cross-border cooperation or EU functional regimes, acquire diverse exit options transcending the national jurisdiction.

The proposition that the EU adds a layer of territorial structures beyond the nation-state suggests that political space is organized according to not only historical, cultural, and ethnic identities but also according to institutional choice and international negotiation. Furthermore, it reveals more directly the comparative advantage of pursuing regionally clustered trade and investment.

It follows that EU regionalism allows for the decoupling of territorial and legal-constitutional frames. In the process of European integration and policymaking, the territorial application of political action and governance is shifting across local, national, and macroregional scales without a parallel process of constitutional change, suggesting an unequivocally redefined or weakened sovereignty (a condition that, if observed, would be coterminous with the unidirectional empowerment of either the supranational or the subnational level). The proposition that territorial dynamics may be autonomous from the evolution of nation-state sovereignty – while territory remains a core attribute of sovereignty – is at the origin of the expanding territorial frames of EU-centered regionalism beyond the institutions of enlargement, proximity relations, and interregional cooperation.

Territoriality and the Globalization of Regionalism

While the internal dimension of regionalism, reflected in the level of institutionalization of regional interdependence, multilevel governance, and macropolitical structuring, has maintained its significance as a measure of the cohesiveness of regions, new regionalism (a concept introduced in Chap. 2) holds that inward-focused processes of community building and policy communitarization within regions are not privileged to the detriment of broader interactions. Hettne (2002) has argued that new regionalism does not distinguish between regional integration and regional cooperation. This model of managing regional interdependence blurs the distinction between regionalism as a doctrine positing that world politics are best organized within regions and multilateralism as the underlying principle of international cooperation, defined according to Ruggie (1993).

Spanning the transition from "old" to "new" regionalism, post-Cold War multilateralism has remained anchored in classical multilateral institutional forms, manifest in a multitude of international organizations and regimes created after World War II (WWII). According to Herrmann-Pillath (2006: 298), regionalism and multilateralism represent concomitant patterns of international interactions. This form of continuity and increasing

overlap between global and regional multilateralism is based on their common premises of trade (as well as security) interdependence across levels of analysis. This view posits markets as networks and favors multilateral liberalization through regionalism versus unilateral liberalization prescribed as an efficiency tool by classical trade theory.[4] Regionalism, defined as a type of club-based multilateralism embodied in regional agreements, and classical multilateralism evoke compatible and converging dynamics based on comparative advantage and multilateral liberalization, whose framework is determined by the World Trade Organization (WTO). In fact, multilateralism is conducive to the fragmentation of regionally clustered trade relationships and the possibility to adopt a transactionalist, short-term view of the benefits acquired through international trade. Herrmann-Pillath (2006: 306) considers comparative advantage as a path-dependent concept sustained by proximity and the similarity of trading partners, both of which are features of regionalism. However, changes in the configuration of networks also make it possible for liberalization to generate efficiencies and develop trading patterns outside path-dependent regionalist clusters. While markets are networks, more coherent in territorially cohesive regions comprised of countries with similar cultural and economic characteristics and a high level of cross-border flows, the network-type activities of transnational corporations that now have a global reach to allocate production and generate efficiency, expand these networks in less territorially coherent patterns. In may be concluded that the territorial and nonterritorial (global) frames of regionalism coexist. The globalization of trade and investment flows does not necessarily displace regionalism but it alters the rationale of regional blocs as a barrier to global pressures and a mechanism of sustaining a path-dependent comparative advantage. In the EU's case, corporations both deepen regional integration through investment and intra-industry networks and create opportunities to transform established patterns of regional trade. Historically persistent high levels of intra-EU investment stocks and flows suggest that the region—through territorial expansion and regionalist policies of market building—has consolidated as the source of efficiency and economic growth. The EU represents an organizing market for between 50% and 75% of all foreign direct investment (FDI) of European firms. Eurostat data quoted in Murray (2008: 71) suggest that such levels have remained high throughout the EU's eastward enlargement, the economic and financial crisis, and the planned UK withdrawal from the EU. According to Vetter (2014), although the share of investments coming from non-EU countries has

been on the increase (from around 33% in 2004 to 37% in 2012), historically more than 60% of total inward FDI flows into European countries represent intra-EU investments. The author further suggests that the majority of regionally recorded FDI does not constitute genuinely new investment from abroad, but rather a shift of capital between EU member states. At the same time, both inward and outward FDI stocks (extra-EU) grew in 2015 at a faster pace than in 2014. Between the end of 2014 and the end of 2015, EU-28 outward stocks grew 14.9% and inward stocks grew 20.7%, compared with 10.0% and 15.2% between the end of 2013 and the end of 2014.[5] While Herrmann-Pillath (2006: 308) rightfully concludes that regionalism is a natural feature of the global economy, it should be acknowledged that regionalism is not necessarily a more effective strategy of creating comparative advantage.

As both the long-term, regionalist thinking and short-term, transactionalist approach are based on reciprocity and communication—fundamental premises of multilateralism—regionalism no longer appears to be an indispensable strategy to secure long-term comparative advantage. New "regional" multilateralism, otherwise known to display certain autonomy due to the specifics of the region as an intermediate level of structures and interactions, is nowadays often distorted by the organizing principles of governance in the international system. Patterns of regional relations and coalitions are shifted, modified, and reformulated. There is a certain deficiency in the analytical capacity of regionalism to distinguish itself from multilateralism as a principle of open cooperation, mutual advantage, and diffuse reciprocity. It exists as a type of a nested game (Tsebelis 1990).

Regionalism therefore involves the interplay of group interests across the domestic, regional, and global spheres of politics. As the sources of global stability are weakened in the decline of hegemonic stability in the post-Cold War era (Ohanyan 2015: 3), the regional level is confronted with resolving issues associated with domestic power struggles and the increasing vulnerability of regions to the influence of neighboring and influential outside powers. As a result, regions have become less cohesive and more outward-looking. On the other hand, this trend is associated with a regional "revival" (Ohanyan 2015: 3). As a form of economic, political, and social integration, regionalism needs to resolve a large variety of tasks. In that process, delegation of problem-solving skills and institutional forms takes place both laterally and vertically.

The process of EU integration supports the claim that the relative autonomy of multilateralism at the regional level is considerably modified

by new global principles of interaction. While the early manifestations of broader multilateralist (intergovernmental) trends within the EU—the debate around the "old" versus "new" Europe, the failed referenda on the EU Constitutional Treaty, and the stalled EU enlargement—have been examined in the literature (Bindi and Angelescu 2011; Laursen 2013), the EU's declining territorial cohesiveness and growing cross-regional interactions have yet to be explored.

The EU has established a level of deep institutionalization unparalleled in other regional systems. The coherence of regulatory systems, the scope of rights of the EU citizens and the progressive inclusion of more functional areas into Europeanized policymaking (economic governance, banking union, energy union) are at odds with trends of fragmentation and the lack of new "grand bargains" of EU regionalism, which had progressively reshaped it from a common market of trade and investment into an emerging political system of regional representation.

Europe's Open Regionalism: The End of Conventional EU Regionalism?

Regionalism can be as varied as the issues and problems at hand (Börzel and Risse 2016a; Solioz and Stubbs 2009: 1). According to the WTO, there are presently 427 regional trade agreements (RTA) in enforcement. As a type of open regionalism, new regionalism challenges both classical Westphalian notions of territoriality and more recent understandings of "region-ness." It captures the effort to make the best of the benefits of regional liberalization without jeopardizing the continued vitality of the multilateral system. While countries in close geographic proximity have the advantage of lowering transaction costs, there are greater rewards derived from seeking out new markets and forming new extraregional alliances detached from the concept of territoriality.

According to Bergsten (1997), the focus of open regionalism is on the global system: its embeddedness in and impact on international trade and investment. Open regionalism blurs the distinction between members and partners. It represents a strategy allowing the member states of a territorially based RTA to include countries not contiguous to the trade area by means of flexible arrangements granting them the benefits of preferential trade while eschewing the traditional treaty negotiation process. This method of flexible regionalism avoids the overly bureaucratic modalities of regional membership and has emerged as a novel aspect of the globalization. Open regionalism challenges the preconceived notions of territorial politics

of trade. The fact that there are no "natural regions" offers the opportunity to open markets that have been either previously inaccessible or otherwise constrained by traditional, territory-bound thinking. In the EU's case, the model of territorial expansion and proximity relations have followed the foundational premises of its internal market and customs union.

In theory, open regionalism allows the EU and interested parties to develop flexible forms of interaction based on a new type of comparative advantage associated with minimal bureaucracy (thus offsetting the rising costs of deep integration). The globalization of the incentive structure of regionalism is at the origin of its transformation from a territorially clustered project into a system of flexible cross-regional arrangements. This process may be conceptualized as the deterritorialization of regionalism.

Globalization and the Challenge of Deterritorialization

The attachment to territory is a historical given. Early ideas of identity, politics, language, and economic interaction have been traditionally tied to a distinct location of space. The modern treatment of territory as an attribute of the Westphalian nation-state has made it indispensable to international security, cooperation, and conflict resolution. However, being a sovereignty marker is not the only function of territory. The concept is "as polymorphous as we want it to be" (Chenevel 2013: 90). According to Chalmers (2007: 330), territoriality represents the assertion of control over a geographical area. Territory provides the jurisdiction for the application of sovereignty through the coercive power of the state as well as the creation of regulatory regimes, welfare systems, rights of access, and institutions as a form of rule-based behavior. Just like identity, territory is also a social concept. And just like identity and politics, territory is subject to change, being torn down and rebuilt to suit historical developments (Chenevel 2013: 84). In the post-Cold War era, such changes have been associated with the acceptance of globalization as the emerging foundation of world politics.

Deterritorialization: Defining the Term

Coined by French post-structuralist thinkers Gilles Deleuze and Félix Guattari (2002; see also Deleuze 1972) as a cultural theory of globalization, "deterritorialization" is defined as the movement by which one leaves a territory. Deterritorialization is a form of disjuncture between culture and

space. In historical terms, human evolution is a synthesis of processes of deterritorialization and reterritorialization. The (international) division of labor occupies a central place among them. Historically, the formation of guilds, collectivities, and later international regimes represents a form of reterritorialization. According to Giddens (1990), deterritorialization is a post-modern concept, applied with regard to globalization as a post-sovereignty stage of international politics (Giddens 1990). In that view, globalization constitutes the logical next step in the expansion of individual skills, pluralization dynamics within human collectivities, and movement across borders. The globalization challenge to sovereignty affects territoriality as well. Deterritorialization takes place as a result of the global diffusion of skills, competences, and governance away from the state along two paths: transnationalism and supranational governance. By transcending borders and establishing cross-border functional regimes, transnationalism is at the origin of the bottom-up process of deterritorialization. Supranationalism, associated with the transfer of competences to international institutions, provides its top-down dimension. As a mechanism of ensuring compliance, limited supranationalism is a regionalist strategy of deep integration.[6] All these processes are intertwined with various ideological and institutional strands (Sluga and Clavin 2017: 132). The organizing perspective is that of globalization and the implementation of global interactions through the concepts of transnationalism and multilateralism.

Theoretically, deterritorialization does not make the nation-state, whose territorial scale is the essence of Westphalian sovereignty, redundant. Theoretical perspectives differ with regard to the extent of retreat, weakening, or relocation of state sovereignty in the context of deterritorialization.

The globalist view problematizes state sovereignty as contingent upon the scope and intensity of transnational processes and flows. Transnationalism directly challenges territory as an attribute of sovereignty. Buzan and Wæver (2003: 7) posit deterritorialization, or the retreat of territory, as "the clearest guiding theme of globalization." The decline of sovereignty is to be assumed also because the globalist perspective challenges the state-centric view of global interactions. System structure is accordingly defined in nonterritorial terms: through market capitalism and a global civil society but most significantly, according to Buzan and Wæver (2003: 7), without privileging the nation-state. A more narrow view, similarly challenging state-centrism, is the proposition of inequality in the global distribution of power and opportunity to the benefit of the core. This hegemonic view of international cooperation is applicable to regionalist theorizing through

the concepts of cooperative hegemony, world regions, and regional leaders (Pedersen 2002; Buzan and Wæver 2003; Katzenstein 2005), all of which are instrumental in defining regions beyond proximity, cross-border transactions, and territorially structured interdependence toward broader power constructs and dependencies that transcend territoriality.

An alternative to the globalization perspective is the diffusion hypothesis. It is one of push–pull dynamics whereby cross-border transactions, communication, and the deterritorialization of loyalties are interrelated processes. The diffusion thesis posits a simultaneous movement in the direction of globalizing nonterritorial authority structures and empowering the subnational level. According to the diffusion hypothesis, deterritorialization is not an end game. There is no unequivocal linear shift of authority. Deterritorialization is embedded in communication with other systems. Globalization converts such interactions into interdependencies. It corresponds to a network society based on the outsourcing of the functions of the state, notably through the privatization of security, devolution of power, and governance by supranational institutions. The diffusion of governance over former exclusively state jurisdictions evolves toward the creation of a new geography of the system of rule. A process of reterritorialization takes place. The type of control that the state exercises changes as well. The state emerges as a gatekeeper for other rule systems applied in a territorial setting; for example, data, financial flows, and functional regimes.

From the perspective of global governance, the globalization of social interaction and empowerment of the individual transcends nation-state sovereignty not only in a functional way. Such processes represent a different ontology, that of a bifurcated world (Rosenau 1997). The latter reflects an understanding of transcended, diminished, and downgraded sovereignty. As Robert Cox has argued, relocation of power in the international system occurs toward individual actors, communities, institutions, and markets. Such assertions imply that the international system continues to be defined by power, however relocated. As a result, classical realist premises are adjusted in a global-governance perspective to a "new realism" (Cox 1997). New multilateralism of this kind is based on a global society approach, understood not as a pluralist inter-civilizational dialogue but rather as a post-Westphalian geopolitical system (Dussouy 2002: 65).

From an international political economy perspective, the increased mobility of production factors represents a key aspect of the deterritorialization of governance and state sovereignty (Cohen 2007). The

deterritorialization of production factors is associated with changes in transactions costs, separation of the functional domains of application of factors from their territorial jurisdiction (e.g., in the area of migration, cross-border flows, international circulation of currency, and capital movements). These processes impose losses for the state from seigniorage, employment, national application of investment, and policy autonomy necessary to isolate the national economy from external shocks (Cohen 2007: 228). One of the main questions, according to the author, is: how much loss of sovereignty due to deterritorialization are states willing to accept?

Cohen (2007: 229) identifies a number of strategies states adopt to compensate for the potential loss of sovereignty: they may pursue unilateral policies of aggressive leadership, join or create market alliances, or adapt by means of market following. Collectively, such options represent a continuum of strategies to internalize positive and negative externalities. Leadership seeks to maximize the benefits globalization unilaterally. Another unilateral position is that of market preservation whereby states seek to preserve the status quo of a previously acquired position, either as part of a club or unilaterally. Market alliances are an instance of multilateralism embodied in RTAs and integration agreements. States participate in regional organizations by pooling and sharing sovereignty. Market followers cede sovereignty to a supranational authority or a leading state.

The factors that determine these choices are economic and political in nature. Economic factors are related to objectives of macroeconomic stabilization and efficiency gains, such as lowering transaction costs and realizing economies of scale. These strategies, however, may not be permanently deployed. Increasing the membership base and complexity of regional clubs raises the costs of maintaining the institutions of integration. Inequality among the member states increases as well. The marginal benefits diminish in parallel with the deepening of integration (Cohen 2007: 236). The loss of autonomy is significant. Regionalism is therefore a second-best strategy. It contributes to efficiency gains up to a certain level of multilateral trade liberalization. A regionalist market strategy is affected also by political considerations, such as the opportunity for geopolitical gains and social symbolism reflected in identity and power discourses. Market network effects contribute to lowering overall transaction costs compensating for the rising costs of multilateral preferential agreements. States are thus likely to adopt a regionalist strategy of market alliances replacing market preservation. The role of domestic groups, as liberal intergovernmentalism has argued, also affects state choices for more integration.

Deterritorialization Dynamics at the Regional Level: The Case of Europe

Regionalism is a perspective that transcends territoriality. The region represents the level of analysis distancing the principal attributes of sovereignty from the defining features of politics. At the regional level, deterritorialization constitutes not only a post-modern concept. It creates opportunities for exit from established geopolitical realities created as a result of great power politics, or "overlay" on regional relations in Europe (Buzan and Wæver 2003). The Iron Curtain discourse is an example of the forced division of territory and displacement of relationships. According to Best (2007: 37), this process represents the construction of new space. Similarly, the evolution of European integration is an example of the redefinition of sovereignty and territorial boundaries for interest- and identity formation in a "multiperspectival polity" (Ruggie 1993).

In the context of EU-centered regionalism, a broadened understanding of territoriality is foundational to the creation of governance systems. Rosamond (2000: 69) has argued that early regionalist theorizing represented by functionalism explored the sources and outcomes of post-territorial governance. The creation of agencies was seen as a way to transcend state sovereignty.

The Schuman Declaration (1950) that bound together the German and French coal and steel industries is the earliest attempt at delinking politics from territory through a process of regional integration. The European Coal and Steel Community and regional integration configurations of the European Economic Community (EEC) through the EU all represent radical approaches redefining territory and the weakening of sovereignty as a shared and pooled means of dictating politics (Belanger 2015: 2). At the same time, the Schuman Declaration reterritorialized Europe within a structure inspiring a common European identity (Belanger 2015: 2).

These shifting territorial frames of European regionalism reflect the unresolved tensions between a functionalist (and therefore deterritorialized) premise of designing problem-solving tools embedded within a quasi-federalist logic of "an ever closer union." The functionalist approach to international organization explains the creation of agencies for the management of international issues by the ability of international institutions to transcend sovereignty in a functional way and attract loyalties. Functionalism is only broadly relevant to integration—inasmuch as it is concerned with transnational processes responding to objective societal needs. Its founder David Mitrany was himself against regional integration. "The need to unite

is not obvious," he argued. Mitrany posited the functional replacement of sovereignty and movement of international politics "away from the system of enclosed [that is, territorial] armed units" toward a (functional) system of "beneficial common action" as the principal task of international organization (Mitrany 1975: 228).

In reality, the EU has consolidated into a multimodal system. Certain decisions represent a form of supranationalism and are implemented through the supremacy of EU law (Sandholtz 1999); others remain the national competence of the member states. According to Chalmers (2007: 330), there is no clear constituent power that can be ascribed to confer sovereignty to EU law. The latter's supremacy relative to national law is enshrined in the EU treaties. That principle modifies the meaning of nation-state sovereignty. From absolute, supranational governance makes sovereignty sector- and domain specific, shared and pooled, and applicable in a jurisdiction whose boundaries do not coincide with state territory. The creation of systems of rules at the EU level by pooling the sovereignty of the member states alters the territorial frame for the application of state power.

The proposition of shifting territorial referents for European regionalism is generally compatible with all theoretical perspectives on regionalism across levels of analysis and explanatory factors: the international system, the region, and unit-level actor-based approaches.

Rational choice posits regionalism as a policy tool for pursuing state interests in internalizing positive externalities emerging as a result of regionally determined structural interdependence. From this perspective territorial cohesiveness depends on the available resources to resolve distributional conflicts. For constructivism, territory is a social construct, reflected in the concept of an "imagined region" (Adler 1998). The cohesiveness of the state and the shape of the region are a product of shared norms and identities, framing and discourse, and democratic legitimacy.

For liberal intergovernmentalism the territorial definition of a regional club—and therefore the configuration of a region through institutional membership—is the product of the preferences of key stakeholders at the domestic level) (Moravcsik 1998). The cohesion of the region is sustained through the mechanisms for resolution of institutional conflicts between the supranational institutions and the member states.

European governance similarly recasts regionalism in a functional perspective through apolitical networks. Governance is a territorially defined interactive process between institutions and actors, identities, and

opportunity structures of building political capacity to address policy challenges in the context of environmental constraints (Cole 2004: 354–355). Governance is characterized by patterns of rule creation and transfer that bind together actors and values into institutional processes of issue framing, decision-making, implementation through links to the domestic level of politics, and feedback loops. The system of EU law decenters the territorial jurisdictions implemented by the nation-state by creating legal subjects that operate across borders within a regional market, regulatory systems, and control over public power. According to Chalmers (2007: 329), the relocation of power in the process of governance does not directly remove or limit the territorial power of the nation-state. The effect of supranational governance through the pooling of policymaking at the EU level rather undermines the claim of nation-state territoriality as the "central source of political and legal authority in the European Union" (Chalmers 2007: 329). This dispersion of authority as a result of the cross-border application of regulatory regimes redefines the structural foundation of EU politics. Authority is power that has public acceptance and commands loyalty. This was the central premise of integration theory, neofunctionalism, with regard to the gradual transfer of policymaking and public loyalties to the regional level as a result of the progressive spillover of integration (Haas 1968). The experience of EU-centered regionalism shows that the unbundling of territory does not necessarily remove the nation-state but makes it harder to differentiate between territorial and extraterritorial jurisdictions (Chalmers 2007: 329). Regional integration also deterritorializes stakeholders by creating collective actors at the regional level: labor unions, employers, and territorial interests organized around the provision of regional public and semi-private goods (Chalmers 2007: 334).

Similarly, enlargement has been a factor of reterritorialization for EU regionalism. The first round of enlargement as a result of which the UK, Denmark, and Ireland became EU member states reconciled Atlanticism with a Gaullist conception of "Europe from the Atlantic to the Urals."[7] The East-European enlargement was conceptualized as a process of reunification of the Europe's east and west, and "a return to Europe" that transformed the geopolitical realities of European regionalism (Bort 2005). Enlargement places membership in a territorial frame through the supremacy of EU law that expands its territorial jurisdiction, the rule structure of the EU internal market, the freedom of movement of production factors, and the boundaries of EU citizenship. The EU legal order therefore reshapes the meaning of territoriality through the creation of regulatory systems. Not all sectoral

rule structures, however, overlap to strengthen the cohesiveness (or "region-ness") of the EU's territorial order. The changing territorial frames of the Eurozone, the Schengen area, and the EU cohesion policy that exclude certain actors and jurisdictions while involving others represent a process of still-incomplete reterritorialization of European regionalism into spheres of sectoral governance that do not coincide with the territorial borders of its membership base (Börzel 2010). As EU regionalism continues to institutionalize its external domain, it is likely to create broader multidimensional frameworks of proximity relations and interregional cooperation conducive to the further deterritorialization of its regulatory framework and creation of flexible shared jurisdictions of rule application with the participation of nonmembers.

A Deterritorialized Perspective on Open Regionalism

The external positioning of European regionalism has been examined from the perspective of the security and strategic consequences of its territorial expansion (Crafts 2016; Vachudova 2005), its socialization and democratization effects for the candidate countries and the wider neighborhood (Schimmelfennig et al. 2006, Tocci 2008), and the institutionalization of interregional relations (Murray 2008; Télo 2007, 2013). The trade creation effects for members of the club and trade diversion effects on third parties create push–pull dynamics whereby a large number of countries have sought to either build a closer relationship with the EU or join a club that provides similar benefits without the costs of political and economic adjustment associated with EU membership. The EU has created a vast number of free-trade areas, partnerships, and strategic interactions with other trading entities and regional clubs. These strategies, subsumed under the premises of open regionalism, have been coterminous with the EU's stalled territorial expansion and geopolitical shifts in the Eurasian system. It may be argued that such trends constitute an aspect of the deterritorialization of EU regionalism. From a globalization perspective, they reflect a process of rescaling of regions (Paasi 2009: 136). Furthermore, they problematize the assumption that new regionalism is a model of open regional interactions replacing prior inward-looking trading blocs by ensuring their embeddedness in and compatibility with the world trading system (Bergsten 1997; Hettne 2002; among others).

Regionalism and Multilateralism as Pillars of Global Economic Governance

It is a widely shared understanding that one of the problems with the post-Cold War world has been that it carried forward an outdated system of global cooperation enshrined in Cold War–style international institutions. The globalist perspective of a multicentric world is not readily accommodated by a state-centric model of international governance. New sites of authority have emerged (Rosenau 1997). The post-Cold War world, however, has continued to evolve. As analysis so far has demonstrated, the institutions and processes that established EU-centered regionalism of the 1990s as a successful and desirable project, have been changing as well. An argument can be made that the concept of open regionalism—a construct designed to reconcile the surge of regional agreements in the post-Cold War era with the global trade regime (Bergsten 1997)—now reflects a more complex relationship between regionalism and multilateralism. State strategies of pursuing unilateral versus multilateral approaches to obtaining the benefits of globalization while minimizing the costs of adjustment have become more diverse and less predictable. The deterritorialization of European regionalism is indicative of the changing patterns of structural interdependence that prioritize global competition to the detriment of regionally clustered trade and the contradictory dynamics of the geopolitics and geoeconomics of international trade. Several developments pertaining to EU-centered regionalism challenge the premises of the established territorial model of regional integration in Europe based on structural interdependence, shared values, and preferences in the direction of increasingly deterritorialized coalition-building and flexible-geometry interactions. The question arises: Is classical neoliberal regionalism a sustainable organizational structure of multilateralism?

The Continued Deterritorialization of European Regionalism

The Brexit Vote

The UK's decision to leave the EU, referred to as "Brexit," is an important case illustrating the decoupling of functional and territorial politics as a result of state strategies to cope with globalization. The case provides evidence of the deterritorialization of European regionalism. It also

demonstrates the tension between international institutions and state interests, as well as between the emergence of more cohesive clusters of regional cooperation, such as the EU, and the loosely defined concepts of multilateralism and open regionalism associated with the world trading system.

Ever since its 1973 accession to the then EEC, the UK has acted as a reluctant EU member state. It has supported market integration but opted out of political major political initiatives and budgetary commitments. Geddes (2013: 11) contends that the UK's engagement with the European project has been conditional and differential: conditional because it is based on interests, and not on identities; and differential because Britain's participation in common policies has been selective (Geddes 2013: 11). British public opinion has been predominantly critical of the EU, although there has been majority support for European integration at critical junctures of the UK's EU agenda. Notably, over 67% of UK voters supported the country's continued membership in the EEC in the 1975 referendum.[8]

Reflecting domestic concerns over increasing immigration, loss of British sovereignty to EU bureaucratic decision-making, and the EU's lack of democratic legitimacy, on June 23, 2016, the UK held a referendum on its potential exit from the EU. The "Leave" vote won by 51.9–48.1% support for "Remain."[9] On March 29, 2017, the UK government invoked Article 50 of the Lisbon Treaty (TfEU) allowing member states to withdraw from EU membership. As much as the referendum outcome was based on voter fears of excessive EU-based immigration and bureaucracy, it ultimately represented converging elite and public perceptions of the changing global patterns of structural interdependence as well as preferences to transcend the territorial confines of membership and seek direct benefits from global competition.

The UK's position and objectives in the Brexit negotiations were outlined in the *White Paper* of the UK government.[10] The document tends to emphasize the global dimension of Brexit as the aspirations of a globalist British public opinion at the expense of the EU's strictly territorially defined regionalist project. Brexit was accordingly framed as a cosmopolitan action transcending the narrow territorial confines of an insufficiently democratic, too bureaucratic, resource-consuming and wasteful EU that had failed to generate sufficient opportunities for growth and had constrained global interaction. The ongoing Brexit debate is centered on the proposition of the UK's deterritorialized sovereignty in a regionalist setting versus a reterritorialized version of economic nationalism linked to a

globalist worldview. In this process of value substitution, the UK's leaving the territorial boundaries of EU governance aspires to bypass the intermediate level of EU regionalism that has sought to reconcile the two principles by moving toward a system of multilateral relationships in order to "build a truly global Britain."[11]

Such a broad dichotomous agenda allowed for the rebranding of a broad and diverse anti-regionalist coalition of old-fashioned nationalists, British democrats, and Euroskeptics into a globalist movement. A reinvented global perspective makes European integration, formerly defined as the rescue of the European welfare state[12] and a device for harnessing globalization, redundant. The elite view of Brexit is anchored in classical British concepts of the permanent national interest, according to Lord Palmerston's definition,[13] and of Britain's special place in European integration that Winston Churchill explained in terms of Britain being "with" but not "of" Europe.[14] The bottom-up perspective on Brexit attributes it to a generally Euroskeptic British public opinion and contradictory attitudes toward sovereignty. This attitude, however, is not a mere preference for policy autonomy. It also reflects an attempt to make EU membership a power multiplier for the UK (Vincze 2015: 241).

In practice, Brexit represents a simultaneous withdrawal from EU internal market, the customs union, and the jurisdiction of the European Court of Justice. A new relationship will emerge along all these dimensions. It will avoid a grand bargain and instead establishing a cluster of functional regimes.[15] If no agreement is reached, the WTO global trading system will serve as a default framework of the relationship. The UK-EU border, currently defined by the Schengen agreement and the EU single market (represented by a customs union in international trade), will be redefined according to WTO rules. Furthermore, the UK is examining the possibility of correcting its economic governance system and social model, and developing the features of a highly competitive global hub, not unlike the city-state model of Singapore as a financial center: a tax haven with minimal corporate taxation and a flexible labor market. The adoption of such a model would require the complete deterritorialization of regional relations in the UK with increasing economic inequality, deepening of cultural divides, and aggravating the productivity gap between the services and manufacturing industries. Opposition leader Jeremy Corbyn described that option as "a sort of bargain basement economy."[16]

The Swiss and Norwegian models of nonmember cooperation with the EU in pursuit of access to the internal market are under consideration as

well.[17] The adoption of the Switzerland-EU model of market-based cooperation without the signature of an association agreement would mean that political dialogue and participation in joint decision-making would be less institutionalized and limited to individual sectoral agreements. This model is similar to the European Neighborhood Policy as a model of "everything but institutions" (Vahl and Grolimund 2006: 112) suggesting that the tools of political dialogue will play a limited role in sustaining a future UK-EU relationship.[18]

Brexit therefore represents a rejection of the elite commitment to the institutions of a regional community and a public preference for transactionalism and loosely institutionalized globalism, labeled as public trust in the national democracy. Viewed through the analytical lens of deterritorialization, it conforms to the type of unilateral state response under the leader-state model (Cohen 2007).

The Transatlantic Trade and Investment Partnership: Open Regionalism as a Substitute for Global Trade Governance

The outcome of the Brexit referendum had a profound negative impact on the proposed TTIP. TTIP negotiations started in June 2013, and the first round was completed in July 8–12, 2013. In the wake of the Brexit decision and as a result of a growing number of outstanding differences over sectoral regulations and market access, the end of the Obama Presidency, and Donald Trump's election as the next U.S. president, the TTIP agenda stalled after ten rounds of negotiations. The broader significance of the process, otherwise anchored in evolving long-term patterns of structural interdependence in the Transatlantic marketplace, largely exceeds such political developments. It is based on the new dynamics that it represents in terms of the meaning of open regionalism and its embeddedness in the global trading system, the evolving foundations of regionalism as a territorially coherent phenomenon, and the unresolved issue of state centrism under new regionalism, the concept that by definition accommodates the role of nonstate actors in the politics of regionalism (Fawcett 1995; Hettne 2002).

TTIP emerged against the background of a stalemate in the global trade liberalization agenda embodied in the WTO and the cross-regional dynamics of the Transatlantic marketplace. The WTO represents the broadest measure of trade creation across regions and trading partners based on comprehensive trade rules. It covers trade in goods and services, trade-

related investment measures and intellectual property rights. The three pillars of global trade governance are liberalization implemented through the principle of *most favored nation* (MFN), r*eciprocity* permitting members to unilaterally impose countervailing duties in order to match trade restrictions they are subjected to by a partner country, and a forum of *multilateral trade negotiations* for continued trade liberalization based on transparency, nondiscrimination, and predictability. WTO has endorsed regionalism on the basis of its broadest template, PTAs, as a project of open regionalism. The inability of the parties to the WTO regime to advance the global trade agenda under the Doha Round (2001)[19] has led to the proliferation of PTAs. With time, comprehensive trade liberalization among selected partners has revealed the uneven structure of regionally clustered comparative advantage reflected in trade disbalances (Steffenson 2005). The economic and financial crisis further distorted regional trade flows and intensified the appeal of protectionist trade policies.

Besides lack of progress in the global trade agenda, the rationale for TTIP is based on the structure of the Transatlantic economy. The intensity of trade and investment flows is amenable to the premises of positive measures of regulation through harmonization and rule making well beyond the WTO regime of trade liberalization. Hamilton and Quilan (2010: 20) note that the interplay of FDI and creation of foreign affiliates in the USA and the EU have constructed "a formidable infrastructure" over the second half of the twentieth century. FDI is a key strength of the Transatlantic area, providing around three-quarters of the world FDI outward stock and around 70% of global mergers and acquisitions (M&A) sales. Data from the precrisis period show that the Transatlantic economy accounted for 43.6% of world GDP, 27.1% of global exports, 61.7% of world FDI inward stock, and 74.9% of world FDI outward stock. While those shares have since declined, the level of interdependence in the Transatlantic marketplace represents a long-term pattern due to the extent of FDI flows and stock and the significance of both M&A and greenfield investment. The extent of interdependence, at the origin of TTIP's regulatory agenda, creates an alternative virtual regionalist project of a cross-regional market that competes with the EU's internal market. The extent of "deep integration" is demonstrated by eight indices that historically have grown in measure and importance (Fig. 5.1).

As proposed, the benefits from a future TTIP in terms of lowered customs duties are minimal. Tariffs, however, belong to a territorial model of international trade. TTIP should be regarded instead as a form of

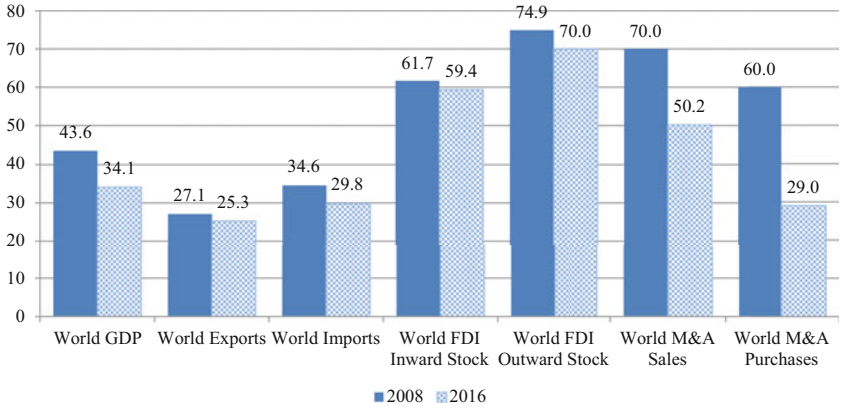

Fig. 5.1 The growth of the Transatlantic economy (2010–2016) (Data source: Hamilton and Quinlan (2010: 20, 2016: 14))

deterritorialization of European regionalism because it lowers protectionist (nontariff) barriers making policies of economic nationalism and the territorial protection of trade redundant. Another aspect of understanding TTIP as an instance of the deterritorialization of regionalism is related to its definition primarily as a rule system. The Transatlantic market is not a coherently defined territorial space; in fact, it redefines the boundaries of European regionalism due to the scope of the economic relationship.

Key contention of the proposed agreement is not the type or distribution of "territorial" benefits that it grants the parties but rather the deterritorialized system of rule that transcends state sovereignty and limits the power of the state to legislate, determine, and, in particular, change the rules of the game. At the center of TTIP is the redefinition of state jurisdiction vis-à-vis transnational actors through the Investor-State Dispute Settlement (ISDS), allegedly altering the distribution of power between states and corporations in the regulation of international trade.

ISDS provides investors with guarantees that host governments will not unilaterally alter their open investment regime to their detriment, and that if they do, corporations may seek protection by suing the state. ISDS is based on neoliberal principles, imposing a market-friendly behavior on governments providing and maintaining similar treatment to domestic and foreign investors. As an instrument of free trade, ISDS is therefore warranted. The WTO system provides for a similar dispute settlement clause. The latter is

implemented at the state-level governing interstate disputes. By contrast, ISDS clauses of free-trade agreements and bilateral investment treaties (BITs) allow investors (nonstate actors) to challenge states directly and while states are able to determine the scope of claims they can address. While the net balance is not predetermined, the opportunity for nonstate actors to challenge states is seen as a loss of sovereignty, and that strengthens the analytical claim of an evolving deterritorialization of regional governance (Farell and Newman 2015). The trade agenda of President Trump evokes such territorial principles in the implementation of nation-state sovereignty over the determination of policies and outcomes. "Ever since the United States won its independence, it has been a basic principle of our country that American citizens are subject only to laws and regulations made by the US government—not rulings made by foreign governments or international bodies," a 2017 White House policy statement reads. "Accordingly, the Trump administration will aggressively defend American sovereignty over matters of trade policy."[20] The goal of such processes is to circumvent WTO's key functioning principles, embodied in the dispute settlement mechanism and the ability of outside actors—in this case, other states—to constrain the decisions of the national government in the regulation of trade.

Similarly, although the ISDS clause in TTIP does not prioritize either governments or corporations, the incentive structure it creates for public and private actors is not directly comparable. As an aspect of free trade, investor protection creates opportunities for market growth. At the same time, it affects the ability of the state to regulate investment through policy, making economic actors dependent on unpredictable or biased policy changes. By allowing corporations to protect their investment against the policy autonomy of the host government, ISDS allegedly infringes upon sovereignty and restricts the territorial implementation of state jurisdiction. Furthermore, it makes it possible for corporations to exploit legislative loopholes and pressure governments not to adopt legislation that raises environmental standards and protects workers' rights.[21] The clause therefore limits the executive competences of host governments. In practice, it thus exceeds its stated purpose of providing access to "settlement." It further makes the protection of investor interests less predictable due to the separation of executive and legislative powers whereby the legislative branch may pass laws that do not take into account the responsibility of the executive branch under BITs, making governments vulnerable to corporate claims.

ISDS is not the only aspect of the deterritorialization of state jurisdiction under the proposed TTIP. The Transatlantic trade and investment relationship is characterized by the variability of policy boundaries. TTIP selectively addresses areas in need of regulatory governance creating a different density of trade integration. The inclusion of certain issue areas, such as energy, is contested. TTIP thus extends a process of deterritorialization of European regionalism, a process reinforced in the context of the EU enlargement and neighborhood relationships and a progressive dedifferentiation of the nation-state (Schmidt 2008: 79–80).

Reterritorialization

This aspect of the evolution of regionalism constitutes a process of recreation of spaces of interaction and contiguity beyond conventional regionalist premises. Similarly to new regionalism, reterritorialization is the result of the political choices and strategies of states and nonstate actors. It is reflected in new configurations of regions built through connectivity, regulatory systems, and economic transactions. Reterritorialization is associated with the deterritorialization of long-standing regional integration projects. The EU is an example of such evolving trends, at odds with the premises of regionalist theorizing due to the evolving referents for defining regions and regional integration. At the same time, processes of growing interconnectedness and concentration of investment and trade, mimicking the features of regionalism, have nontrivial implications for the institutional and political preferences of states and the configuration of regions. The EU's extended neighborhood and interregional relations are part of a novel process of region building replacing existing patterns of interdependence with significant implications for the EU's geopolitical position.

Since its original formulation in 2013, China's OBOR initiative represents an example of such developments. OBOR, also known as "The New Silk Road," blends together infrastructural, developmental, transactional, and geoeconomic projects. Its focus is on building much-needed infrastructure across Eurasia by linking China's western regions to Europe. Improving connectivity by providing development opportunities is expected to boost economic growth especially in Central Asia, Pakistan, the Middle East, the EU, and Russia. OBOR consists of two components, a land-based Silk Road and maritime belt connecting ports from South Asia through the Middle East to the Mediterranean.[22]

Although OBOR has been defined as a project of China's global leadership, it has a distinct geopolitical meaning for Eurasia and especially Central Asia, due to its strategic importance for a number of EU policy sectors. On a macropolitical level, OBOR is an unconventional geopolitical and region-building project. As such, it undermines the premises of European-style regionalism as a neoliberal project and China's established model of state capitalism based on attraction of investment and innovation. China's unconventional regionalist strategy is reflected in the cascade of initiatives binding together developmental regional projects on several levels: its own western regions, cross-regional interactions with Central Asia, and Europe, and key geopolitical points in South Asia and the Middle East.

From the perspective of European regionalism, the principal significance of OBOR is that it demonstrates that the traditional bilateralism of the strategic EU-China relationship is being increasingly subsumed under regionalist premises. A broadened regional understanding of the diversity of relations binding together the EU and China in the OBOR project is embedded into the common challenges that Europe and Asia face as a result of globalization: controlling the effects of trade liberalization, securing sustainable patterns of development, managing migration, dealing with pandemics, and addressing terrorist threats (Balme and Bridges 2008: 5). The growth of trade and investment between the EU and China can no longer be accommodated within a traditional bilateral relationship. Furthermore, the broad multilateral frameworks of Asia-Europe Meeting and ASEAN in which both China and the EU participate reveal the limitations of loose horizontal institutionalization as an organizational form of interregionalism. The premises of open regionalism are of limited utility to account for the evolution of such nontraditional forms of cross-regional interactions based on interdependence but precluding deep integration. Balme and Bridges (2008: 16–17) define such forms in terms of fragmented multilateralism and selective bilateralism.

China's selective presence in the regional fora of the East Asia states and unilateral initiatives aimed at the creation of new China-centered regionalist projects, such as the Regional Comprehensive Economic Partnership (RCEP)[23] and OBOR, have emerged as a factor affecting the EU's own project of interregionalism in Asia.

During the 1990s, the EU was focused on a traditional regionalist framework, privileging a self-centered model of regionalism. In the wake of the 1992 Maastricht Treaty, the EU prioritized ensuring the EU internal market and, subsequently, the eastward enlargement (Godement 2008: 33).

Regional dynamics in Asia were centered on an ASEAN-led model of growth and a path to regionalism (Godement 2008: 35). Coterminous with the post-2008 economic and financial crisis, however, was a process of repositioning of the sources of economic growth in Asia toward a China-centered model of global trade and investment. The role of Hong Kong, Taiwan, and Singapore as regional centers of economic growth and trade was in relative decline. The model of trade creation through export-led liberalization shifted toward establishing a statist, centralized economic model based on state-owned enterprises (SOEs) as primary economic agents. Accordingly, the EU-China trade outperformed established regionalist premises for trade liberalization and growth. EU-China relations experienced a trend toward normalization, separating the political from the trade agenda. EU trade policy focused on securing the continued growth of bilateral relations with China, lowering transaction costs, increasing the predictability of trade creation, whereby the bilateral relationship reached a stage of maturity (Balme 2008: 129). The lack of deep institutionalization of the EU-China relationship significantly limited the opportunities for bringing in a human rights-informed agenda or a high-profile agreement, outside the EU-China Summits, EU input into China's admission into the WTO, and early rounds of negotiation of an EU-China BIA(since 2013).[24]

It is against the background of such conventional forms of bilateral and multilateral relations that the OBOR initiative has ushered in new cross-regional dynamics in the broader Eurasian region.

OBOR is based on a distinctly China-based outward engagement strategy that combines regional geopolitical and geoeconomic priorities with global strategy. According to Norris (2016: 55), although conventionally understood as a project of connectivity and infrastructure, OBOR is informed by a regionalist logic. At first glance, China's approach follows a unilateral liberalization strategy (according to Cohen 2007) of trade and growth creation. However, relative to regionalist trends and regional patterns of interdependence, China's strategy has evolved significantly to acquire a territorially focused dimension replacing its prior almost anonymous approach to participation in global trade. As a combination of networks and geoeconomic and geopolitical considerations, China's approach demonstrates the essential features of regionalism. The model is centered on the provision of regional public goods—the common premise that unites these perspectives. Nominally, the strategy is aimed at creating new territorial structures and networks that provide opportunities to local communities for transnational transactions and communication networks. The model

thus conforms to the background processes that define regional integration as a politically guided process of managing interdependence (Nye 1971) based on regional leadership (Mattli 1999; Katzenstein 2005), although it may also be interpreted as a state-centered leadership strategy for managing global competitiveness (Cohen 2007).

Furthermore, OBOR represents an instrument of region building with significant trade creation and trade diversion effects. The benefits from the project are asymmetrically distributed due to their dynamic nature derived from anticipated agglomeration and network effects. Such effects are consequential for the structuring of territory. They provide cross-border regions with resources that are not based on nation-state territoriality or the quasi-monopoly of the state in the provision of public goods and equal governance effects at the center and the periphery (Bartolini 2005). By focusing on infrastructure, regional development, and networks, it has a pronounced territorial dimension likely to generate macropolitical effects. OBOR has the potential to redefine the geopolitical and institutional position of the countries that it encompasses without the attributes of a regional integration project, namely participation. It is not readily explained either as a unilateral export promotion strategy or by conventional regionalist premises, multilateralism, or cooperative hegemony (Cruz de Castro 2006; Pedersen 2002). OBOR represents China's a unilateral strategy of trade creation and an outward investment project, a new stage in its export liberalization strategy that seeks to obtain market access for its excess production by building investment and trade opportunities in distinct geopolitical settings. It does not offer participation or institutionalization in a multilateral regional project. OBOR may be conceptualized as a form of reterritorialization of previously autonomous regional clusters, key among which is Central Asia. The EU, the Eurasian Economic Union, and the strategic relationships of the USA with the countries in the region will be affected by developing connectivity and providing asymmetric benefits.[25] Is Eurasia emerging as a meeting place of China's regional hegemony, European regionalism, and Russia-dominated Eurasian integration? Theoretical propositions suggest that such a relationship will remain closer to great power politics than to a regionalist framework. Theories of interregionalism may be applicable to the multiple stakeholders' relationship in Eurasia, emerging as a result of institutionalized cooperation between regional blocs and influential actors. However, due to its low level of institutionalization, interregionalism has yet to generate significant outcomes relative to performance expectations (Doidge 2012).

Interregionalism in Eurasia is likely to be highly asymmetrical process due to the lack of common themes, values, and interests of the regional states. The theory of cooperative hegemony (Cruz de Castro 2006; Pedersen 2002), widely applied to explain China's involvement in Central Asia, may offer a partial explanation of the emergence of such complex regional relationships. Cooperative hegemony points to the geopolitical implications of great power politics and the stretching out of concepts of regionalism, great-power relationships, and rising powers (Cruz de Castro 2006). The core of this proposition is based on the acceptance of dual hegemonies. Can a dual EU-China hegemony emerge in Eurasia? It may be argued that a dual hegemony is unlikely due to the fact that China's OBOR initiative was formulated as a unilateral strategy, at odds with the principles of European regionalism. Cooperative hegemony implies the imbalance of power between powerful states in the hegemonic core (Cruz de Castro 2006).

In contrast to the increasing deterritorialization of the EU's external relationships through institutions, market building, and regulatory governance, China's trans-regional expansion redesigns geopolitical space by attempting to link together critical territorial points, develop economic interdependencies, and increase cultural exchange. China's position as a regional hegemon has strengthened as a result of its engineering new regionalist dynamics in Central Asia. Such behavior is at odds with the dominant benevolent hegemony thesis. OBOR may not be expected to foster multilateralism in Eurasia. On the contrary, it is likely to increase competition and rivalry among the regional states.

That this model of region building in Eurasia runs contrary to the EU's approach to regionalism is reflected in the latter's refusal to support the Conclusions of the 2017 Beijing Summit on OBOR due to the apparent lack of guarantees on the sustainability, transparency, and fair tendering procedures of the project.[26] While the EU is considered a strategic partner in the initiative, significant regulatory barriers and restrictions to market access limit the EU's exports to and investment in China. The lack of reciprocity in the commitment to openness and trade creation in the EU-China relationship is obvious. The data show that Chinese investment in Europe in 2015 exceeded EU investment in China by a factor of four while Chinese exports to the EU exceeded EU exports to China by a factor of two.[27]

Concluding Discussion: Whither the Deterritorialization of European Regionalism?

This chapter has revisited the proposition of shifting territorial dynamics in the post-enlargement stage of European regionalism. If during its early stages of European integration the EU developed as an inward-looking regional system that problematized territoriality as a result of the pooling of resources and policymaking, in the wake of the East-European enlargement it increasingly adopted a model of open regionalism focused on expanding its cross-regional and global interactions. The chapter presented an argument that such processes may be conceptualized as the relative deterritorialization of European regionalism reflected in the push–pull dynamics of shifting the territorial scales of central EU tenets: the European internal market, freedom of movement, enlargement, and interregional relations. In parallel with the decoupling of governance from established territorial jurisdictions, a process of creating new territorial clusters of structural interdependence is in place. The case of Brexit, the early negotiations of TTIP, and new regionalist dynamics in the context of China's OBOR demonstrate the significance of the twin processes of deterritorialization and reterritorialization for the politics of European regionalism and the EU's internal cohesion. Exploring these cases through the lens of territory, sovereignty, and political choice provides a novel, updated perspective on the EU's conceptualization as a multiperspectival polity (Ruggie 1993) and an international state of overlapping Westphalian, post-modern, and regulatory features (Caporaso 1996). Through the concept of deterritorialization, the chapter presented an argument that the territorial, regulatory, and political boundaries of EU-centered regionalism do not necessarily coincide. The EU increasing participates in trans-regional and global regulation, interacts with regional institutions and influential actors beyond the tenets of interregionalism, alters its territorial cohesiveness, and is subject to increasing competitive and geopolitical pressures (Acharya 2016).

The normative question that further research needs to address is: Is the EU strengthened or weakened as a result of changes to its integration model? Is its increasing openness to global interactions a part of the race for strengthening its global competitive position or is it going to consolidate itself as a norm-setting institution? What is the underlying common value foundation for the shifting nature of EU regionalism oscillating between

territorial retrenchment, geopolitical repositioning in the neighborhood, and global openness?

Notes

1. Turkey negotiated a customs union in 1995 and entered into accession negotiations with the EU in 2005.
2. Reference is made in particular to the Investor-State Dispute Settlement mechanism of TTIP, discussed later in this chapter. See Sect. "A Deterritorialized Perspective on Open Regionalism."
3. The NUTS system.
4. Herrmann-Pillath (2006: 298) regards liberalization, both unilateral and multilateral, as an institution.
5. See Eurostat, Foreign direct investment statistics, Data from April 2017. http://ec.europa.eu/eurostat/statistics-explained/index.php/Foreign_direct_investment_statistics (accessed May 3, 2017). FDI flows record the value of cross-border transactions related to direct investment during a given period of time. Financial flows consist of equity transactions, reinvestment of earnings, and intercompany debt transactions. FDI stocks measure total direct investment at a given point in time. The outward FDI stock is the value of the resident investors' equity in and net loans to enterprises in foreign economies. The inward FDI stock is the value of foreign investors' equity in and net loans to enterprises resident in the reporting economy (Eurostat).
6. On the strategy of generating compliance in deep integration, see Chap. 2, theories of regionalism. See also Moravcsik (1998).
7. Reference is made to De Gaulle' concept of European security "of all nations between the Atlantic and the Urals." The quote is from De Gaulle, "A Concert of European Nations," reprinted from "Europe," *Memoirs of Hope: Renewal and Endeavor* (Simon and Schuster, 1971) in Nelsen and Stubb (1998).
8. The UK membership referendum was announced by Prime Minster Harold Wilson on January 23, 1975. The referendum took place on June 6, 1975.
9. Voter turnout rate was 71.8%. There were wide disparities in the regional vote. England and Wales voted for Brexit, 53.4% to 46.6% and 52.5% to 47.5%, respectively. Northern Ireland and Scotland voted to remain in the EU. The "Remain" vote won 62% to 38% in Scotland and 55.8% to 44.2% in Northern Ireland. See BBC, "EU Referendum Results," http://www.bbc.com/news/politics/eu_referendum/results (accessed May 2, 2017).
10. See "The United Kingdom's exit from and new partnership with the European Union White Paper," Policy paper of the UK Government, Department for Exiting the European union (originally published on

February 2, 2017) https://www.gov.uk/government/publications/the-united-kingdoms-exit-from-and-new-partnership-with-the-european-union-white-paper (accessed May 15, 2017).

11. UK Prime Minster Theresa May, quoted in Joe Lynam, "Brexit: UK 'could change economic model' if single market access denied." BBC (online) http://www.bbc.com/news/uk-politics-38628428 (accessed February 4, 2017).
12. Reference is made to Milward (1992) and the principle of embedded liberalism in post-WWII European political economy (Ruggie 1982).
13. See Lord Palmerston's famous statement on Britain's interests: "We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow." Speech to the House of Commons, HC Deb 01 March 1848 vol. 97 cc 66–123.
14. Winston Churchill's quote "We are with Europe, but not of it" first appeared in a statement on united Europe in the *Saturday Evening Post*, Philadelphia, February 15, 1930.
15. For example, observers note that the relationship for the auto industry could be similar to the Canada-US auto pact.
16. Ibid.
17. On the model of integration without membership, see Vahl and Grolimund (2006).
18. On the impact of Brexit on the EU system of governance, see Emerson et al. (2017).
19. The trade agenda of the Doha Round addressed the liberalization of an increasing number of sectors in the area of services and agricultural trade.
20. Shawn Donnan, "Trump has WTO rulings in sights, leaked report shows." *Financial Times*, March 1, 2017, (online). https://www.ft.com/content/60b30712-fe0f-11e6-96f8-3700c5664d30 (accessed March 20, 2017).
21. See Sergey Popov. 2017. "TTIP: Investor-State Dispute Settlement," *DPol*, (Blog) http://qpol.qub.ac.uk/ttip-investor-state-dispute-settlement/ (accessed February 3, 2017).
22. See a political map of the One Belt, One Road Initiative here: https://upload.wikimedia.org/wikipedia/commons/thumb/c/cb/One-belt-one-road.svg/2000px-One-belt-one-road.svg.png
23. RCEP was designed as an alternative to the Trans-Pacific Partnership (TPP), now stalled after the United States withdrew from the agreement. RCEP is centered on ASEAN and includes the membership of China and India, countries that have remained outside TPP. RCEP is driven partly by the ambition to withstand the neocolonial ambitions of the United States in the East Asia region.
24. It should be noted that the EU-China trade agenda continues to bear the limitations of the long-standing arms embargo, human rights concerns, and

the controversy over accepting China as a fully fledged market economy under the WTO regime, as well as advancing sector-based trade agreements, and especially intellectual property rights commitments.

25. The asymmetric distribution of gains and losses through regionalism is related to the creation of agglomeration effects, whereby industry tends to leave the smaller and poorer members and agglomerate in the more developed ones once trade barriers between them are removed.
26. "Charles Clover and Sherry Fei Ju in Beijing," "China seeks to ease Belt and Road strategy concerns." *Financial Times*, May 17, 2017 (online edition), https://www.ft.com/content/ff13af84-395f-11e7-821a-6027b8a20f23?emailId=591a529b6f4ace0004529b1e&segmentId=22011ee7-896a-8c4c-22a0-7603348b7f22 (accessed May 17, 2017).
27. Ibid. On the evolution of Chinese investment in the EU, see Hanemann and Huotari (2016).

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CHAPTER 6

No Cheers for European Regionalism: EU-Centered Regionalism as a Driver for Global Governance

This chapter presents concluding remarks on the economics and geopolitics of European regionalism. The chapter summarizes the findings of the individual chapters and advances an argument as to the sustainability of the EU-centered model of European regionalism. It argues that the global relevance of regionalism is embedded in a new understanding of openness captured by the ability to implement innovative designs for trade creation and market regulation. In the EU's case, the enmeshing of geopolitics and global competition has redefined state preferences for further integration away from traditional loss-of-sovereignty concerns, adding yet another aspect to the discussion of why states participate in regional integration in an era of globalization. The principal conclusion drawn from this research is that the sustainability of EU regionalism depends on its ability to manage the external environment and influence the choices of nonmembers to

The title represents a response to the concluding chapter in *Handbook on Comparative Regionalism* (Börzel and Risse 2016a) titled "Three Cheers for Comparative Regionalism," in which Börzel and Risse (2016c) examine the contributions of comparative regionalism to the theory of regionalism. While the welfare-creating effects of regional trade regimes are not predetermined, the authors note the positive effects of regionalism on democracy, human rights, and peace and security, but acknowledge that the "dark sides of regionalism," associated with boosting authoritarian and rent-seeking regimes have not received sufficient attention. They conclude with some methodological challenges of studying regions in a comparative way and with observations for future research.

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create cooperative frameworks. The final section outlines avenues for future research, placing particular emphasis on the need to better integrate insights from political economy and international security in the study of regionalism.

Introduction

This book proceeded from the assumption that the EU is a shorthand and principal unit of analysis for European regionalism. The research objective has been to shed new light on the diverse and often adverse trends in the EU's contemporary evolution. Most of these trends have replaced the euphoria around the unification of Europe in the context of the East-European accession of the 1990s. On the one hand, the unprecedented complexity of the EU enlargement, uncertain geopolitical evolution of the EU's neighborhood policy, and varying intensity of the pursuit of mega-regional trading arrangements have emerged as highly contested arenas and a threat to the sustainability of the long-standing model of progressive expansion of European regionalism. On the other hand, shifting trends of global competition, demands for global regulation, and opportunities for trade creation beyond the classical model of territorially clustered cross-border free trade have established themselves as policy priorities for a growing number of influential political and social actors across the EU.

The complexity of European regionalism is due to its dual nature. It combines structural features, reflected in propositions of interdependence and geographic proximity, with political values and preferences, motivations, strategies, and contradictions. While the theme of enlargement as a process of institutional growth and territorial expansion has been extensively studied as one of the positive systemic outcomes of European integration, the reemergence of borders and differences in values and preferences in the context of the EU's neighborhood policies, cross-regional partnerships, and mega-regional agreements challenges established understandings of the classic model of EU regionalism as an open ever-growing regional system. Still, these issues have not been systematically examined through a common analytical lens and with regard to the impact they have on the *modus operandi* of European integration, regional cooperation, and global governance.

The first question that such contradictory developments pose refers to the progressive territorial expansion of EU-centered regionalism that since

1957 has undergone five successive rounds of enlargement, increasing the number of the EU member states from 6 to 28. Is the EU's policy of continued enlargement sustainable? the book asked. The second question addressed the geopolitical lens of European regionalism: How stable is the order-creation effect of EU-centered regionalism for the wider Europe, a meeting place of European and Eurasian regionalism? The third question explored the emerging deterritorialization of European regionalism as a result of trans-regional relations. Are mega-regional agreements a replacement for the cross-border, proximity variety of EU-based regionalism? Is classical regionalism on the decline?

As the individual research questions suggest, the political sustainability of European regionalism is the principal concern addressed by this analysis. The argument is that although the EU represents the most advanced form of regionalism, often considered a model of regionalist dynamics in global governance, it is neither a static nor an ideal type. EU-centered regionalism no longer represents a coherent entity defined in terms of territorial clustering, economic cohesiveness, and deep institutionalization but rather a diverse multilayered and multidimensional process with varying depth and impact.

One of the objectives of the book has been to demonstrate that Europe's case of regionalism—in many aspects unique—is not simply a *sui generis* case of a regional system, as the literature conventionally tends to describe it, but a leading example of a new process of transformation of regionalism both conceptually and analytically. Regionalist studies have moved away from examining the internal dynamics of more or less closed integrated areas, captured in the concept of "regional integration" to adopt the tenets of "new regionalism," defining regions as systems of open interaction compatible with and advancing the governance of the global trading system. In line with such premises, this analysis shows that European regionalism is no longer confined between the dilemma of deepening versus widening of the EU and that of the pooled, shared, or restricted sovereignty of the EU member states (Preston 1997). While such issues remain important for the internal dimension of EU-centered regionalism, the latter's interaction with the broader regional system, the Eurasian geopolitical space, and global regulatory governance change the very meaning of regional integration, its territorial and substantive features, as well as its geopolitical and welfare objectives.

By conducting an in-depth empirical study of the three interconnected arenas of EU-centered regionalism—territorial expansion, proximity policy, and global repositioning—the book outlined the main dimensions of change of the established model of European regionalism. It demonstrated that the

latter has become less cohesive and inward-looking. Institutional, economic, and territorial boundaries have become more fluid. As they are socially constructed, they are also more contested. Prior analyses of the systemic features of EU-centered regionalism were based on an understanding that it represented progress toward a closer and ever-expanding union, an outcome of locked-in effects that tended to consolidate the EU. It gradually evolved into a center of attraction for tiers of adjacent cooperative systems and built a model to let them share its democratic values and the benefits of its internal market. Together with the socialization experience of the west-centered European institutions since the 1990s and the conditionality tools of the East-European enlargement, this type of regionalism emerged as a paradigm of political and economic development for the wider Europe. Any deviation from such a unidirectional trajectory was seen as the result of the push–pull dynamics of deepening versus widening dilemma in European integration (Nugent 2006; Sandler and Hartley 1999). The book has presented an argument that this model of European regionalism is in the process of change.

The Unsettled Nature of European Regionalism

It is a widely held assumption that the concept of "regional integration" was the negine of both the progressive regionalist agenda of the 1990s and of global trade governance.

In Europe, it took place through the eastward expansion of the EU's west-centered European security community. However, in the process of the eastward enlargement, significant questions emerged as to the sustainability of this agenda. The protracted and contested process of Turkey's accession negotiations, the slow progress toward membership of the Western Balkans, and Iceland's withdrawal from membership negotiations all point to the fact that the progressive growth of the EU cannot be taken for granted.

The creation of free trade areas as preferential trade agreements (PTAs) between and among countries without geographic contiguity has led to the decoupling of regionalism from territory and proximity. Such new nonterritorial forms of regionalism based on an open model, compatible with the world trading system, tend to distance the EU's conventional model of "new" regionalism (Hettne 2003; Hettne and Söderbaum 2000, 2012) toward an open globalized regionalist model. Such relationships are not necessarily conducive to strengthening the solidarity bonds among regional partners. Economic crises, the need for global security

governance, and weaknesses in democratic performance have undermined the legitimacy of regionalism as a paradigm of post-Cold War political development.

The literature has yet to examine such trends, especially in the case of Europe. EU studies have remained anchored in the theoretical premises of regional integration in its post-functionalist, governance, post-territorial (Caposaro 1996; Hooghe and Marks 2009), and new institutionalist varieties (Jupille et al. 2003). Certain assumptions, as Hettne (2003) has argued, remain unquestioned. Theoretical perspectives need to be adapted not only to ensure the comparative treatment of regionalism in a global aspect. The literature on comparative regionalism has advanced the study of the main explanatory variables, the principal drivers and dimensions of regionalism, as well as the causal mechanisms that generate regionalist outcomes (Börzel and Risse 2016a; Warleigh-Lack et al. 2011). While regionalism remains close to international theory, it also needs to adopt specific analytical constructs to conceptualize growth, retreat, new forms of regional clustering, and the rise of transregionalism which neither neorealist and other structuralist perspectives nor liberal or constructivist theorizing can directly account for. As a result, the theoretical field of regionalism remains fragmented. Closa (2015) contends that regionalism has failed to generate its own research program. We need medium-tier theorizing that focuses on process of outcome creation—not simply emergence, as early new regionalism posits (Hettne 2003)—with a capacity to address the uneven nature of openness, exclusivity, and legitimacy of regionalism as a political project.

The EU economic and financial crisis that started in 2008 has exacerbated the complexity of challenges of the unsettled nature of governance and regional development. According to Strange (2011), part of the EU problem has been the fact that it is always in a state of renegotiation, whereby constant political challenge and reform is undermining the larger EU mission. There is no clear line of demarcation of authority or competence within the EU, which has led to a kind of "institutional fuzziness" (Strange 2011: 3). The latter is a product of the still incomplete work of its functional domains, especially the Economic and Monetary Union, and their extreme asymmetry relative to territorial expansion and the depth of ITS external trade relations. As the book demonstrates, the principal systems of the EU's external relationships forged through processes of territorial expansion, neighborhood relations, and global interactions have contributed little to the consolidation of its structural power and actorness profile. Its mega-regional agreements have also lost in coherence as they are

not fully comprehensive and have moved away from the tenets of trade theory—a premise of European regionalism since its inception as a project of regional reconciliation in Western Europe. The lack of congruence between the definition of domains of policymaking along territorial and functional lines, for example between immigration policy and movement of production factors, has undermined the EU's credibility as an institution and a project of deep integration. The book thus problematizes institutionalism as an analytical lens in the study of European regionalism.

The Issues

In contrast to theoretical insight from comparative and evolutionary perspectives that points to "global scripts" for the workings of contemporary regionalism (Katzenstein 2005; Börzel and Risse 2016b), European regionalism has long been considered a model regional system whose genesis is embedded in the unique circumstances of post-WWII Western Europe. Despite its *sui generis* nature, the EU's global relevance has been measured in terms of its own imprint on the theory and practice of regionalism. European regionalism represents a template of political principles for trade creation and region building and an exemplar projected through the EU's normative global posture (Börzel and Risse 2016a; Warleigh-Lack et al. 2011). The comparative regionalism perspective has "mainstreamed" European regionalism as a case explored relative to others in terms of drivers, institutional evolution, and outcomes (Börzel et al. 2012), thus removing some of the complexity of its contemporary dimensions. The dynamics of EU-centered regionalism since the 1990s have moved away from the model of a political system in the making (Hix 1998) and a driver of interregionalism (De Lombaerde 2006; Doidge 2011). While internally, the indispensable nature of intergovernmental frameworks within the EU sustain its features as an international institution and an arena in international negotiation, externally, global developments have modified the established channels of the EU's relationships with other regions and influential players conventionally subsumed under the tenets of interregionalism.

Without claims to interdisciplinarity, regionalism lends itself to a more complex investigation, one based on explicitly mobilized insights and methods from political inquiry, social theory, political economy, institutionalist economics, and economic theory. While prioritizing political analysis through concepts of power, capabilities, institutions, and governance, the region as a unit of analysis needs to remain open to insight from history, law,

sociology, and economics. By exploring global shifts, geopolitical restructuring, and reform of the global trading order, such an approach allows us to focus on developments that elucidate not only genesis and outcomes (typical of comparative regionalism) but also transformation and the direction of change. As the book demonstrates, the direction of movement is from introspection to externalization captured through relationships of interdependence, cooperation, and competition.

Although comparative regionalism offers a wealth of opportunities for policy relevant study and theory development, it remains static with regard to the institutional varieties of regionalism and their evolution, changes in economic competitiveness, and geopolitical positioning. The impact of such factors may be demonstrated on the example of the two versions of Eurasian integration—the EU and the Eurasian Economic Union (EEU)—a prominent case of the comparative perspective on regionalism. Although the EEU, discussed in Chap. 4 of the book, closely mimics the EU's institutional setup (Averre 2009), the mechanism of emulation tells us little about the otherwise expansive nature of Eurasian regionalism, the shifting dynamics of geopolitical competition within which it is embedded, and the constraints it imposes on EU regionalism.

The book has argued that the emerging new global interactions of European regionalism represent a process of value substitution. The core principles of regionalism, those of regionally structured interdependence, cross-border and transnational transactions, communication, and empathy (Deutsch et al. 1957) define the "new" generation of regionalism as a neoliberal project. These premises have little in common with regional PTAs based on a statist model of capitalism. The latter is implemented through state intervention in the economy and flexible regional frameworks with minimal institutionalization that reconcile neomercantilist trade policies with multilateralism and separate the governance of trade in goods from international investment. Most of these systems pursue distinct combinations of geoeconomic and geopolitical objectives.

China's geoeconomic strategies are implemented partly by the state-owned enterprises (SOEs) that fulfill not only economic efficiency objectives. Such frameworks obscure the intensity of state control over economic agents (Norris 2016: 21). SOEs are tools not only of state capitalism as an economic system but also a power resource with geopolitical relevance. The geoeconomics model similarly obscures the security relevance of economic factors to the geopolitical and security rationale of China's international trade policies. Norris (2016) has argued that economics is a component of

China's grand strategy. In the case of Central Asia, a periphery for the application of the EU-centered regionalist model, increasingly dense economic interactions with China create incentives that allow the regional states to associate their own economic success to China's economic growth (Norris 2016: 20). The system of economic growth thus creates regionally clustered dependencies without a parallel institutional creation. It may be argued that state control over the external economic activities of Chinese SOEs through the structure of incentives (Norris 2016: 21) is the essence of the regionalist perspective on state capitalism. It results in an economic system of newly defined regional interdependencies, the core tenet of regionalism. Similarly, Dobson (2012: 272) has argued that China's WTO membership marked the culmination of its commitment to the global trade agenda. Having adapted to the requirements of WTO membership, China moved on to create trade-friendly initiatives, such as the One Belt, One Road (OBOR) project with subsets of actors. China's model of PTA building has few participatory features and direct region-building impact. This model of fragmented regionalism, however, has emerged as yet another alternative model of regionalism, in contrast to the normative, open, and deeply institutionalized model of regionalism embedded in the EU.

The cases of EU enlargement, the EU's neighborhood policies, and global interactions discussed in the book collectively demonstrate such dynamics. It may be inferred that with the shifting sources of global growth and competitiveness and new approaches to managing regionalism in a way opposite to the deep institutionalization dynamics typical of European integration, the capacity of the EU-centered model of neoliberal regionalism to serve as a model system has declined. Such developments raise a different question: How does the EU's template of regionalism relate to its environment if it may no longer be considered as a script to follow?

From a combined comparative/global perspective, conventional regionalist theorizing has no analytical framework outside the concept of open regionalism to examine new and evolving cross-regional relationships of competition, contestation, and rivalry. As Chap. 5 has demonstrated, the political approach to the study of EU-centered regionalism is not directly compatible with the analytical apparatus of multilateralism and regionalization associated with the world trading system. The book has addressed such limitations by upgrading a static comparative framework through the proposition of interrelated and contested regional and global arenas.

The Approach

The book's focus was on providing a novel perspective on key questions that the literature on European regionalism has been deeply engaged in studying but has yet to develop into an integrated perspective, especially with regard to understanding regionalism as an arena of contestation and competition. This analysis builds on the proposition that the EU's enlargement and neighborhood policies, coterminous with new directions of participation in the global economy, alter the EU's external positioning and redefine the meaning of European regionalism. On the one hand, they represent governance mechanisms with significant impact on the system itself. On the other hand, they affect the EU's position in the broader regional system and in global governance. Viewed through the lens of multidimensionality, territorial expansion, proximity relations, and global interactions constitute interconnected policy arenas that reflect shifts in global competitiveness and structural interdependence. Following such premises, the main research task has been to explore the patterns of regionalism not as an integral system but as a diverse multilayered and multidimensional process with varying density and impact.

The book uncovers new dimensions of EU-centered European regionalism by tracing change at several levels: a deconstructed enlargement policy at the level of institutions, public feedback, and economic growth; geopolitical shifts associated with the EU's neighborhood policy; and the push–pull dynamics resulting from the diverse interests of EU member states and influential global actors.

This research is conducive to generalizable findings as it is well positioned within broader perspectives of international relations theory that tend to "mainstream" regionalism as a category of analysis. The international relations theory of regionalism is a meeting place of institutionalist, liberal, and neorealist perspectives. The dynamic analysis of regional integration and regionalism more broadly is amenable to such a treatment. General theories tend to be better positioned to provide the parsimony needed to explain the case, as they apply basic principles, common concepts, and causal mechanisms that transcend the Eurocentric analysis of European regionalism and make it more directly comparable and relevant to other cases of regional cooperation and global governance.

The research design of this analysis was implemented by means of methodological tools beyond a "variable-oriented" approach (Ragin 1987). The latter explains outcomes by the additive and/or interactive effects of

independent variables. Because the main objective is to uncover and map out change over time, the research design is not one of direct hypothesis testing. The book advanced the epistemological position that causal relations are more complex than unidirectional influences and interaction effects. There are also feedback loops, path dependence effects, and sequential interactions. Led by an understanding of the lack of uniform and unidirectional causality, the book relies methodologically on process tracing and case study analysis as a means of examining complexity (George and Bennett 2005: 13).

In order to understand the process of change and adaptation of European regionalism, the empirical chapters applied a series of analytical tools designed to uncover its underlying logic of action. Although nominally the book conducted a single-case exploration focused on the EU as a center of European regionalism, the ability to disaggregate the case into three separate case studies was conducive to addressing different research questions in a comparative perspective across multiple territorial scales. The implementation of a mulitdimensional research strategy was instrumental in recasting the analysis of continuity and change in the study of European regionalism into a new analytical lens, that of sustainability. The question of sustainability was addressed from multiple angles in the study of the EU's enlargement policy by exploring institutions, feedback, and efficiency outcomes. Sustainability was then examined through a geopolitical lens in the case of the European Neighborhood Policy. A third dimension was introduced through the case of the disruptive dynamics of Brexit, the need for new institutional foundations in the negotiations of a Transatlantic Trade and Investment Partnership (TTIP), and emerging trans-regional interactions in the context of China's OBOR initiative. The multiple dimensions made it possible for the analysis, while nominally centered on European regionalism as a single-case study exploration, to gain a significant level of comparability (De Lombaerde et al. 2010).

The book applied international relations perspectives to policy analysis through the concept of "situated agents" typical of policy and governance studies. This approach avoids privileging either regional structures or individual agency. While intentional explanations are not excluded, agents are decentered to account for learning, adaptation, and the optimization of policy paradigms (Kay 2006: 58). The meeting place between the level of the macro-regional structure (exemplified by the EU) and the unit level of actor behavior (determined by interests, strategies, and value systems) is the system of EU governance that "implements" the workings of European

regionalism. Analysis thus contextualizes systemic pressures, such as structural interdependence understood as a pattern of the dominant regional security complex, trade flows, and the overarching institutional structures, such as regional treaties or multilateral agreements, as a determinant of the outcomes of European regionalism. Conversely, while regionalism is a political process, it is not the result of the distribution of power or the aggregation of the preferences of the regional states. As agents, they are "situated" within institutional structures, norms, worldviews, and the underlying distribution of producer interests. Thus, while individual actors (EU member states and institutions) are the unit of analysis, their collective behavior is implemented through the governance processes they participate in and the constraints imposed by the established EU rule structure and the patterns of regional interdependence. The book shows that the meeting place of the two levels is determined by the prevalent institutional order, the strength of coalitions, and the nature of incentives for maintaining a regional order. This analytical framework is used to explain variation in the ways in which the EU pursues its enlargement policy, its neighborhood relations between inclusion, exclusion, and competition, as well as its global outreach, reflected in new developments in the Transatlantic relationship and regional cooperation in Eurasia.

A focus on situated agents examines several causal mechanisms for the implementation of regionalism as a political process and a policy response. First, it is shaped by the resilience of the institutional structure; second, by a set of incentives, rewards, ideas, and practices that determine actors' preferences and the stability of coalitions in support of a particular model of regionalism; and, third, by the underlying structure of interdependence, relative prices, and comparative advantage at the origins of market efficiency and welfare gains. Such factors determine the decisions actors make in the pursuit of regional cooperation versus individual strategies. Across-level interactions may pose ontological and methodological issues in terms of identifying the level of analysis with causal significance and the unifying theoretical perspective that explains the causal flow between them. The research strategy of disaggregation of cases and territorial scales, pursued through process tracing, limits such concerns.

Findings

The principal benefits from this approach may be linked to the innovative treatment of regionalism beyond the dominant analytical framework of comparative regionalism (Breslin et al. 2002; Van Langenhove 2011, 2012). It examines the EU's evolution as a regionalist project through the lens of new developments in contemporary global politics: the return to geopolitics in the post-Cold War era, the changing role of institutions for maintaining order and solving collective action problems, and the unsettled relationship between multilateralism and regionalism in global trade governance. Its second major contribution is that it does so by transcending the analytical limitations of conventional frameworks that separate the internal dynamics of regional integration from its external impact through diffusion, emulation, and geopolitical competition. The book covers all of these areas by positing institutional depth and expansion, geopolitical reordering, and cross-regional interaction as interdependent, coevolving arenas of global competition. Interaction represents the core of the dynamic approach to the study of EU regionalism. By focusing on impact and change, this approach presents an alternative to conventional frameworks centered on the concept of open regionalism. It uncovers new relationships between multilateralism, embedded in the global trade regime, and regional trading schemes.

The relationship between globalization and the nation-state is not unidirectional. The model of open regionalism was established in the context of increasingly globalizing dynamics and the more or less unconditional adjustment of the nation-state. Open regionalism has come to represent not only the building block of globalization and protective layer of governance designed to internalize the externalities related to globalization—a renewed version of the "rescue of the nation state" of the original European integration project (Milward 1992). This book has argued that the proposition of a regional filter and protective layer is not unproblematic. According to King (2017), the potential trade-off between the global and the local involves a complex relationship between conflict, coercion, and cooperation. Regionalism therefore is an arena of competition and contestation besides being an agent of and a filter for globalization. Analysis suggests that changes in the model of regionalism are likely to affect its multidimensional function as a bridge between globalization and the nation-state.

The institutionalization of regional blocs another major constitutes another major area of exploration in the book. This analysis is based on

the understanding that the resilience of international institutions and, more broadly, patterns of international life is captured through the lens of outward-focused relationships: the adaptation to and interaction of institutional structures with the outlying environment. Such processes arguably offer an analytical advantage by presenting a dynamic, interactive perspective on regionalism and are better positioned to account for change. Inward-looking approaches are inherently more limited in their understanding of change. They tend to measure it in terms of success or failure, actor behavior, or simply the "deepening" or widening of European integration. Deepening remains an underdeveloped concept, loosely based on the systemic objective of building "an ever closer union" among the EU member states (Dinan 2010) without an adequate understanding of the end game, as the prospect of the EU's constitutionalization remains politically unfeasible. Instead, the EU has been consolidating its system of governance by extending its normative and policy templates toward the broader regional system and global interactions.

In parallel with the EU's stalled territorial expansion, the meaning of neighborhood, association, and proximity to the EU is redefined. Other categories beyond those of acceding, member, or candidate countries gain importance. Analysis needs to examine relationships and impact in terms of measures of structural interdependence, trade and investment, and governance—all of which point to the relevance of the tenets of regionalism, the doctrine that regards the structuring of relations of proximity as an appropriate model of global politics. In that sense, an exploration of the links between territorial expansion, neighborhood relations, regional clustering, and the EU's global positioning constitutes a valid framework for studying regionalism in motion.

Following such premises, the book has updated key regionalist concepts to fit the realities of contemporary regionalism in the context of globalization. The principal focus of the empirical chapters has been to trace change from the perspective of sustainability with respect to broader regional and global realities, rather than to remain focused on inward-looking dynamics as the majority of research informed by comparative regionalism and interregionalism has done.

Chapter 3 examined the EU's enlargement policy through the lens of political sustainability. This approach represents an analytical refinement for policy studies. In contrast to policy stability, sustainability requires reconfigured political dynamics, strengthened institutions, positive feedback on behalf of major stakeholders, and efficiency gains. Based on such

criteria, the chapter finds that the EU's enlargement policy is inadequate to the objectives for which it has been designed and is at risk of reversal. Although enlargement has produced some institutional innovation and early positive feedback effects, it has failed to replace the model of compensation that rewards particularistic interests within the old EU member states to the detriment of achieving a combination of institutional transformation. The chapter concludes that the slowing down of territorial expansion has been coterminous with the EU's positioning within the wider-Europe region as the meeting place between EU-centered regionalism and Eurasian geopolitics.

Chapter 4, devoted to the EU's neighborhood relations, demonstrates that it is analytically appropriate and empirically useful to examine the external dimension of EU-centered regionalism through a geopolitical lens. The chapter integrates insights from international relations theory and foreign policy analysis in order to explore the interaction between the EU and its neighbors to the east with a special focus on Russia's competing model of Eurasian regionalism, embedded in the EEU. A geopolitical approach situates the comparison of European and Eurasian regionalism with regard to their relative positioning and external impact. The chapter explores the differences in values and interests that underlie Russia's and the EU's relationships with their overlapping common neighborhoods and concludes that such developments have reoriented the EU-centered conceptualization of European regionalism away from a hierarchically ordered and expanding regional system into a form of retrenched regionalism.

Chapter 5 has revisited the proposition of shifting territorial dynamics in the post-enlargement stage of European regionalism. The chapter shows that in the wake of the East-European enlargement, the EU increasingly adopted a model of open regionalism focused on expanding its cross-regional and global interactions. It conceptualizes such processes as the relative deterritorialization of European regionalism reflected in the push–pull dynamics of shifting the territorial scales of central EU tenets: the Single European market, freedom of movement, enlargement, and interregional relations. Based on the concept of deterritorialization, the chapter presents an argument that the territorial, regulatory, and political boundaries of EU-centered regionalism no longer coincide. The EU increasingly participates in trans-regional and global regulation, interacts with regional institutions and influential actors beyond the tenets of interregionalism, alters its territorial cohesiveness, and is subject to competitive and geopolitical pressures.

The chapter shows that in parallel with the decoupling of regional governance from established territorial jurisdictions, a process of creating new territorial clusters of structural interdependence is in progress. The case of Brexit, the early negotiations of TTIP, and new structural dynamics in the context of China's OBOR initiative demonstrate the significance of the twin processes of deterritorialization and reterritorialization of the politics of European regionalism and the EU's internal cohesion.

The findings of the empirical chapters contribute a better understanding of the value foundation of the changing nature of EU regionalism, oscillating between territorial retrenchment, geopolitical repositioning in the neighborhood, and global openness. It may be concluded that the EU's increasing involvement in global interaction is a viable strategy for strengthening its global position in the context of declining structural interdependence in the wider-Europe region. The ability to pursue diverse strategies is anchored in the EU's multidimensional structure as a regulatory state. It simultaneously engages consumers and firms with regulatory measures that correct for market failure and ensure trade liberalization. The sustainability of EU regionalism depends on its ability to manage the external environment and influence the choices of nonmembers to create cooperative frameworks. The global positioning of EU regionalism depends on its flexibility with regard to the sources of comparative advantage. In that sense, the book provides further evidence to validate the analytical claim that regionalism represents an approach alterative to institutionalization (Fawcett and Serrano 2005: xxv).

This analysis has demonstrated that multilateralism, regionalism, and unilateralism form a continuum of responses to global pressures. Regionalism is therefore neither a necessary nor a sufficient condition for the efficient global allocation of resources, or a building block for the global trading system (De Lombaerde 2006). From a dynamic perspective, the EU's relationship with the periphery may not be reduced to that of progressive expansion, socialization, and externalization of governance. It is subject to competition, pluralization of interests, and geopolitical shifts. Furthermore, as the EU engages in cross-regional free trade agreements and interregional cooperation, it affects traditional models of region building in the direction of flexible institutional forms with limited governance capacity.

Considerable work remains to be done in order to broaden our understanding of the wider implications of the EU's external relations and cross-regional nonterritorial (globalized) integrative policies.

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