

# Differential Europeanization in Eastern Europe: The Impact of Diverse EU Regulatory Governance Patterns

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**ABSTRACT** When analysing processes of domestic institutional and political change in Central and Eastern Europe, political scientists frequently refer to the concept of Europeanization. This article focuses the policy-analytical framework as one central Europeanization approach and addresses the question of whether this approach is applicable to explain domestic change beyond the core of EU member states. The policy-analytical approach systematically analyses the impact of different modes of EU governance on process and outcome of national institutional and policy change. The article demonstrates that in distinguishing the different potential of compliance, competition and communication to trigger domestic adjustments, the policy-analytical approach proves to be a useful tool for predicting domestic change in states outside the EU. It helps generate differentiated hypotheses about the potential impacts of EU policies in Central and Eastern European candidate countries that are likely to join the EU in the foreseeable future and in non-member states with only minimal or no accession prospects.

**KEY WORDS:** Central and Eastern Europe, Europeanization, regulatory policies, governance mechanisms, domestic change

## Introduction

In view of the enormous progress European integration has made over the last decades, scholarly attention has shifted from the emergence of supranational institutions to the impact of European integration on EU member

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states. Under the label of Europeanization, domestic institutional and policy change supposedly triggered by 'Europe' increasingly have become the focus of social science research. Recently, even explanations of the dynamics of the EU enlargement process base their arguments on such Europeanization approaches. The application of the concept of Europeanization is thus no longer restricted to political changes in 'official' member states of the European Union. Rather it is used to describe any processes of domestic change in candidate as well as in applicant or 'neighbour' countries (Bauer & Pitschel 2006; Schimmelfennig 2004). This raises concerns about the applicability of explanatory approaches developed within Europeanization research and their potential to cope with domestic changes in non-member states.

Within the field of Europeanization research, several frameworks have been developed to explain the varying impact of European integration on domestic structures. They are best distinguished by their analytical starting point. A number of studies regard the misfit between European and domestic institutional structures as a key catalyst for domestic change (Héritier *et al.* 1996; Duina 1997). Others emphasize European leverage on changed opportunity structures and the potential reorganization of actor constellations at the national level (Marks & McAdam 1996; Harmsen & Wilson 2000; Schneider 2001). A third explanatory approach combines issues of institutional compatibility and modifications of domestic opportunity structures (Börzel & Risse 2000, 2003; Cowles & Risse 2001; Knill 2001). Moreover, a constructivist-based explanatory framework attributes a pivotal role to the European discourse (Checkel 1999; Lavenex 2001; Jacquot & Woll 2003; Radaelli 2004; Risse 2004).

This article, however, focuses on the policy-analytical Europeanization model as an explanatory framework that synthesizes actor-centred and institutionalist elements (Knill & Lenschow 1998, 2005; Knill & Lehmkuhl 2002). The policy-analytical model acknowledges the central role of regulatory measures in the policy-making process and the key position of national administrations in the implementation of EU regulatory policy. It does not contravene other approaches, but specifies their scope conditions and clarifies in which cases interests, institutions or ideas unfold greatest explanatory power. Its central argument is that the potential for change at the domestic level varies with respect to the governance patterns — compliance, competition and communication — underlying EU regulatory policies (Knill & Lenschow 2005, 584).

Tackling the question of applicability of Europeanization approaches, it is argued that the policy-analytical framework is best suited to explain domestic institutional change also in states that are not formally members of the European Union. Indeed, with the help of the policy-analytical approach one can conceptualize EU impact as it reaches far beyond the borders of the Union (Smith 1996; Friis & Murphy 1999; Commission of the European Union 2003; Schimmelfennig 2004; Archer 2005; Schimmelfennig & Sedelmeier 2005a; Smith 2005). The European Union's neighbourhood policy, its involvement in post-communist transformation processes in

Central and Eastern Europe, the engagement in the initiative in a ‘wider Europe’<sup>1</sup> as well as its numerous political and economic cooperations with non-member states (e.g. in the European Free Trade Association), suggest that the EU is gradually expanding its sphere of influence beyond the circle of member states (Lavenex 2004). Hence, it is plausible to assume that the European Union’s policies also impact ‘abroad’ in one way or another.

On the basis of this assumption, the policy-analytical approach that focuses on various governance modes and was developed in view of the EU-15 to the EU of twenty-seven member states and beyond is extended. This is basically an explorative undertaking — as one cannot test, but only illustrate with examples taken from the literature, the hypotheses that are derived at. Thus, the prime aim is to generate theoretical propositions about the potential of regulatory EU policies to trigger domestic institutional and policy change in non-EU states. It is also expected that in non-member states the impact of regulatory policies will vary with different governance patterns inherent in EU policies. Additionally to the governance mode, a second factor is assumed to play a crucial role: namely the ambition of the country to become a member of the EU. In cases where countries have high ambitions to obtain membership status, the EU is in the position of being able to apply pressure by making use of the coercive tool of conditionality. Conditionality is based upon a logic of “... reinforcement by reward” (Schimmelfennig & Sedelmeier 2004, 662), i.e. the EU announces it will reward with EU membership (with all advantages bound to it) those states that implement its measures.

Hence, it is argued that the potential of the EU to exert influence on processes of domestic change can be expected to be different, i.e. usually higher in countries that have already reached candidate status and have good prospects for membership (‘likely members’)<sup>2</sup> than in non-member states that have little hope of joining in the foreseeable future (‘unlikely members’).<sup>3</sup>

The paper is structured as follows. It shortly introduces each governance pattern identifiable in EU regulatory policies (compliance, competition and communication). Focusing primarily on those aspects that are likely to determine the behaviour of domestic administrations, the article successively develops hypotheses about the potential impact of different policies on processes of domestic change in member states, candidate countries and third states with no or only minor membership prospects.

### **Impact of EU Governance Patterns on Bureaucratic Adaptation Processes: Compliance, Competition and Communication**

Regulation is the crucial tool to influence and, in a number of cases, even to authoritatively prescribe desired behaviour of public and private actors. The EU relies heavily on this steering device — not least in order to establish and to run the common market as the centre piece of European regional integration. However, the EU usually uses distinct modes of regulatory intervention. Three different steering mechanisms can be distinguished — compliance,

competition and communication — each of which is tied to particular institutional conditions and relies on different requirements or incentives for member states to adapt their policies and institutions. National administrations, which act as key players in the implementation process, tend to react towards these distinct stimuli according to certain logics which, in turn, impact on the occurrence and the scope of domestic institutional change (Knill & Lenschow 2005, 585).

### *Compliance*

Governance by compliance presupposes the existence of legally binding and common European rules that have to be implemented at the domestic level, conceding only marginal levels of discretion to national bureaucracies. Compliance-based regulations typically appear in policies of positive integration, i.e. they are aimed at establishing a sound environment for the participants of the European common market. They impose constraints on national actors in order to safeguard certain standards for the protection of workers, consumers and the environment, as well as cultural assets.

It may appear as paradoxical that member states are willing to hand over power to the EU that in turn creates coercive regulations, since those rules put them under enormous implementation pressure. Furthermore, in cases of non-compliance, they have to reckon to be imposed with sanctions. Compliance measures normally have a far-reaching impact on the national institutional system, its organization and its working practices. They can oblige bureaucracies to establish new regulatory instances, to centralize their regulatory procedures or to introduce structures of horizontal coordination. Legally binding European rules additionally challenge domestic bureaucratic styles, since they demand adjustments in modes of state intervention or administrative interest mediation.

Scrutinizing which rationality determines national administrations' response to compliance measures displays that they follow a persistence-driven logic. They aim at meeting the EU requirements formally but at the same time they attempt to minimize institutional adaptation costs. Even though they are obliged to adjust to the prescriptive rules by European law, they are free to decide how to implement the requirements in the domestic system. The mechanism of compliance sets its priorities on the formal implementation of EU rules in due time; matters concerning the improvement of bureaucratic efficiency, however, are of subordinated importance and are not explicitly demanded by the EU. Adjustment efforts of national administrations frequently follow patterns of administrative self-adaptation accompanied by gradual and successive modifications of working styles and routines (March & Olsen 1989). Taking into account that institutional persistence and continuity are of high importance for national bureaucracies, it is not astonishing that adaptation efforts are restricted to absolutely necessary measures that merely suffice to fulfil the requirements of the EU. *Hence, in member states, institutional and policy*

*change evoked by compliance measures is moderate and proceeds rather gradually* (Knill & Lenschow 1998; Knill 2001).

This point can be illustrated with reference to numerous empirical examples from the field of environmental policy. The environmental impact assessment (EIA) directive, for instance, obliges persons or agencies in charge of specified kinds of public or private projects to inform the designated public about the environmental impact of their projects (Council of the European Communities 1985). The EIA has to be taken into consideration by those public authorities that decide on the approval of the respective project. The adequate implementation of the EIA directive would entail the concentration of horizontal integration of administrative control responsibilities. Considering that the assessment includes the impact of the respective project on water, air and soil as well as its potential threats to the flora, fauna and human health, the designated public authority should be capable of evaluating the impacts comprehensively. The study of the implementation efforts of this directive in several countries has revealed that national bureaucracies unambiguously act according to a persistence-driven logic. The German case, for example, demonstrated that the national administration resisted the adoption of the integrated approach. In order to secure existing administrative structures, they confined themselves to the implementation of the EIA in existing authorization procedures and continue to base the authorization practice on a single media approach (Knill & Lenschow 2005, 592).

Analysing the potential impact of compliance-based policies on non-EU states, the obligatory nature of the respective policy is a decisive aspect. In order to ensure that regulatory policies have an effect, it is crucial that the EU has legislative authority in the respective country, i.e. it must be able to enforce its rules and should have tools at its disposal to sanction non-compliance. With the candidate countries this precondition is given. The EU asks for the implementation of the *acquis communautaire*, a compilation of about 80,000 pages of legislation, as a condition for EU membership. The candidate countries have to adopt all existing EU laws and norms — thus, as regards legal obligations, they are on a par with member states and face the same compliance pressures (Grabbe 2003, 312).<sup>4</sup> However, it is suggested that the rationality underlying candidates' reactions to compliance will — conditioned by their applicant status and the power asymmetry between the EU and the applicants — deviate from that of member states. Rather than being orientated towards securing domestic institutional models, they are driven by “*acquis conditionality*” (Schimmelfennig & Sedelmeier 2004, 669), i.e. their ambition to achieve full EU membership. The EU, however, grants this reward only if the applicant fully complies with its rules; in cases of non-compliance the gain of membership can be either deferred or completely denied. Insofar the respective countries are under considerable strain to adhere to the regulations set out by the EU. In order not to put their membership prospects at stake, national administrations demonstrate their willingness to adhere to EU rules and even implement unpopular measures (Lavenex 2004, 694). In this context it has to be emphasized that eventually

their implementation capacity is largely dependent on the bureaucratic effectiveness of domestic administrations (Hille & Knill 2006).

However, in this context one has to consider that within the phase of candidacy the responses of states to compliance measures may vary due to the status of their application. At the very beginning of the application process applicants normally make great efforts to demonstrate their maturity to become full members and adhere to even very restrictive EU measures (Grabbe 1999). As soon as the accession negotiations proceed and their fear of exclusion diminishes — or outright rejection of membership as an option becomes unlikely — national bureaucracies may exhibit indications of fatigue or even resistance in reference to the implementation of EU-based rules, especially when the adjustment of EU norms comes along with high costs (Schimmelfennig & Sedelmeier 2005b, 216). This trend could be observed in Bulgaria and Romania shortly before the EU finally decided about their membership. Although their accession was scheduled for January 2007, a monitoring report by the European Commission published in early 2006 revealed that efforts in both countries to enforce law reforms and to combat corruption are insufficient and do not meet European standards (Kommission der Europäischen Gemeinschaften 2006). Despite the still existing shortcomings, the final decision to accept both countries as EU members was made in October 2006.

A credible membership perspective<sup>5</sup> and the benefits expected from membership remain, however, the major driving forces determining candidate countries' response to EU compliance measures. They outweigh concerns of national bureaucracies on potential adaptation costs and its immanent reflex to preserve existing domestic institutional structures and policies (Schimmelfennig & Sedelmeier 2005b, 215). For example, these tendencies can be observed with regard to the adaptation of the EU's equal opportunity legislation in the Czech Republic and Poland. Whereas in those countries this policy field virtually played no role before the accession process "... the European Union's offer of EU membership joined to its well-developed gender equity legislation brought about dramatic change in legislation dealing with gender equity in ECE" (Seppanen Anderson 2006, 109). Both the Czech Republic and Poland adapted their national legislation to the eight directives of chapter 13 of the *acquis communautaire* in the late 1990s and early 2000s since the EU unmistakably made clear that accession amongst other aspects is also bound to the enforcement of equal rights for women and men (*ibid.*). Furthermore, Czech Republic, Hungary and Poland comprehensively adapted their (secondary) legislation in the field of social policy (health, safety in the workplace, social protection programmes) to European standards irrespective of high adaptation costs (Sissenich 2005; Kaufman 2007). *Taking those aspects into consideration, it is hypothesized that EU regulatory policies based on the governance modus of compliance have a high potential to stimulate political and institutional adaptation processes within the candidate countries.*

In the third group of states that have either no membership ambition or a medium-term perspective to be admitted, the situation is completely different.

Due to their status as neither members nor candidates they are not part of the common regulatory system of the EU. The EU has no legal claim to impose obligatory regulations on them and to prescribe certain institutional models and procedures, neither is the EU capable of using conditionality as a coercive tool. Consequently, non-members with no interest or little realistic chance to join the EU in the foreseeable future have no reason to initiate any adjustment processes. Instead, they will preserve their existing institutional structures. *Hence, it is expected that compliance-driven EU regulatory policies will have no effect on processes and outcomes of domestic change in those countries.* If those countries voluntarily decide to comply with restrictive EU measures, internal factors or potential benefits, e.g. the hope to achieve candidate status in the long term, are supposed to play the decisive role. Referring to the example of EU gender equity legislation, Russia or the Ukraine have no inducement to adapt respective laws as long as they are not rewarded with the advantages that EU membership or the credible prospect of membership brings about.

### *Competition*

The second major governance pattern applied in EU regulatory policy is competition between national administrative systems to achieve EU requirements. Competition-based regulations aim at ensuring the functioning of the common market by gradually abolishing distorting factors as national regulatory barriers ('negative integration'). Member states are asked to adjust certain institutional arrangements within the domestic arena in order to achieve particular policy goals, e.g. the improvement of the quotas of foreign direct investment, and to raise member states' competitiveness, more effectively (Oates & Schwab 1988; Vogel 1995; Murphy 2004).

Regulatory EU policies operating with the competition modus are only partially binding for national implementers. They restrict themselves to the formulation of the so-called 'rules of the game' that are obligatory for the member states, yet, they abstain from providing concrete models prescribing how member states have to adjust their institutional design but leave them broad discretion in accomplishing the common aim (Knill & Lehmkuhl 2002). Therefore, their impact on domestic institutional structures is less direct than is the case with compliance measures. Nevertheless, measures of negative integration imply a number of challenges to national institutions.

The rationale behind institutional change in the context of competitive measures differs fundamentally from the compliance logic: not the self-preserving interests of bureaucracies, but rather market competition that constitutes the driving mechanism. Institutional change is thus stimulated by the need to improve the functional effectiveness of member states' institutional arrangements in comparison to those of other participants within the common market. The institutional reflex to conserve existing structures is repelled, unless the preservation of existing arrangements would strengthen the domestic position in market competition. Instead, effects such as the impact of certain regulatory domestic measures on the competitive position

of national economies within the common market are the central aspect under consideration. The performance-governed logic of institutional change is based on system competition. It is the nature of competition that member states turn out to be winners or losers of the competitive arrangement, depending on their performance in regard to national regulatory institutions and practices. This aspect becomes obvious, for example, when examining the effects different taxation systems of member states have on the movement of capital and national economic performance.

Adapting domestic institutional structures to competitive requirements, national administrations are in most cases not able to act on their own authority. Given that the consequences of national competitive performance have a decisive impact on the domestic political and economic system as a whole, it becomes more likely that societal and political actors intervene and promote institutional change. In those situations, the preserving self-interests of administrations are of secondary importance, depending on the power of societal and political groups and their ability to enforce their preferences. Under those prevailing circumstances, national administrations play an instrumental role; their potential of being transformed 'from outside', however, increases (Knight 1992; Knill 2001).

*In consideration of those aspects, it can be stated that regulatory EU policies stimulating competition between national systems have the potential to trigger off comprehensive institutional changes within member states.* Bureaucracies can only push through their persistence-driven approach when the competitive performance of existing institutional structures is considered as being at a satisfactory level. Only in those cases will one find periods of institutional persistence or incremental forms of bureaucratic self-adaptation. However, if the discussion about potential advantages or disadvantages for the national economy enters the political agenda, decisions about the form and scope of institutional adjustment are opened up for the interference of all kinds of societal and political actors.

Reactions to competition-stimulating measures in EU member states are well demonstrated with reference to the example of road haulage policy governing the operation of non-resident hauliers in domestic markets. This policy is aimed at the creation of a deregulated transport market within the community. It has established legally binding guidelines for the abolition of national regulations protecting their domestic transport markets. Member states have to follow these general principles; how they implement them into the national system is at their own discretion. Road haulage policy had a challenging impact on domestic institutional regulations. It opened up new opportunities, especially for users of hauliers' services, whereas it restricted the available options for other groups of actors, e.g. domestic transport companies. Furthermore, member states were exposed to the pressures of international regulatory competition to abolish the regulatory obstacles of a free market. Evaluating the processes triggered by EU's policy within distinct member states, it turns out that adjustment measures were clearly performance-driven and led by the claim to support the competitiveness of the domestic transport industry (Héritier *et al.* 2001). In particular, the German

and Italian examples demonstrate that existing regulation patterns were subject to far-reaching adjustments liberalizing the transport market and abolishing protecting regulations as price controls or licensing schemes (Kerwer 2001; Teutsch 2001).

Considering the obligatory character of regulations based on a competitive approach, their potential impact on domestic change in non-member states first and foremost depends on the EU's capability to enforce its regulation on those states. Apart from that, a second factor is considered to be of major importance: the interest of the non-member state in participating in the common market and the potential gains they expect from their participation.

Candidate countries are (at least partly) involved in the common market long before they accede to the EU. On the one hand, they are subject to market-related conditionality. They have to ensure that their institutional structures fit the requirements of the market system of the EU and that they adopt the provisions set up for the Single European market. In this context it seems likely that candidates far from actual accession will increase their efforts in order to improve their accession prospects. On the other hand, they have to prove their competitiveness to other market participants (Schimmelfennig 2004). Striving to improve their competitive position in the common market, they can make use of their special status as candidates. By accepting the conditions set out in the *acquis*, they are obliged to implement market-regulatory rules set out by the EU in the long run. However, they have broad discretion to develop their own approaches in converting to the legal guidelines. They have negotiated transitional periods for the implementation of certain rules, which enable them to focus on the adoption of regulations that are prioritized by the EU or that are most profitable for them. This aspect is depicted with reference to EU structural policy, in particular with the required introduction of the statistical territorial units (NUTS II). All former Central and Eastern European candidate states that have gained full membership during the last accession rounds hurried to establish NUTS II units. The expectation of large-scale funding from the EU and profit for the economic and social development of the country substantially determined the decentralization efforts, for example, in Hungary, Poland or the Czech Republic (Ferry & McMaster 2005; Pogátsa 2005). Another example refers to the candidates' obligation to ensure the free movement of persons in the single market that also includes competition-based measures. A recent study demonstrated that candidates adapted respective regulations comprehensively and without delay because they were in line with their own interests, i.e. that their own citizens have the possibility to move freely in the whole EU and that wages would be driven up with incoming foreign workers (Grabbe 2006). The implementation of rules that are of subordinated importance or that are less attractive to them, however, is likely to be postponed. Hence, it is assumed that in adapting their domestic institutional structures to the common market, candidate countries are mainly driven by a performance-orientated rationality. Yet, it is also acknowledged that conditionality considerations are at work. *In*

*consideration of those aspects, it is hypothesized that in the medium term competitive measures set up by the EU are likely to foster gradual change in candidate countries.*

The EU lacks the competence to issue market regulations with regard to states with no accession prospects or ambitions. Notwithstanding, some 'third countries' presumably are highly interested in participating in the common market. This ambition is likely to be conditioned by economic considerations: for instance, they might be interested in an expansion of the trade relations with EU member states or see potential profits in the free movement of workers and goods. The adoption of EU market regulation rules may thus take place on a voluntary basis. Hence, the countries are free to selectively adopt those regulations that are most useful for them with regard to achieving their economic objectives. Rules that may restrict them in their economic activities or that have a negative impact on their economic competitiveness are likely to be rejected. Such tendencies can be observed with regard to the creation of a common economic space — one major goal codified in the Roadmap commonly agreed on by the EU and Russia (Commission of the European Union 2005). Although Russia expressed its willingness to cooperate with the EU in principle, it does not accept measures that would impair its economic freedom. Emphasizing its status as an equal partner it does not agree to change its protectionist policy in regard to its 'flagship industries', metallurgy and chemicals, or to negotiate about free trade since its exports of gas and oil to the EU are mainly tariff-free (Emerson 2005). *Consequently, competitive EU policies can be expected to induce less significant change of domestic structures in third countries in the long run.*

### *Communication*

This mode of governance refers to the communication among national regulatory agents grouped together in EU legal or institutional networks. Applying the governance approach of communication, the EU stimulates information exchange and mutual learning between national policy makers. Furthermore, it aims to promote the development of innovative forms and models of problem solution that can be integrated in the member states' regulatory systems. Communication-based measures abstain from setting legally binding rules. Instead they are designed to support national policy makers looking for regulatory models and concepts to tackle policy problems (Knill & Lehmkuhl 2002).

Originally, such a kind of a communication approach was practised in international organizations, such as the Organization for Economic Cooperation and Development (OECD), before it was taken over by the EU. It is marked by its openness and its emphasis on the principle of voluntary participation. Communication-based measures give national actors broad discretion to interpret suggestions from the EU and to decide how to adjust domestic conditions adequately. Concepts that are successfully applied in certain countries are promoted via policy transfer rather than competitive

selection (Dolowitz & Marsh 2000). The basic idea is to encourage domestic actors to draw lessons from the evaluation of their own approaches to certain policy problems in comparison with other concepts (Rose 1991; Tews 2002).

The rationality behind the communicative approach is to secure and increase the legitimacy of particular institutional models within European discourse. National actors aspire to demonstrate that they were involved in the development of a broadly accepted policy model or they at least adhere to this common model in order to legitimize its existence. Emphasizing the aspect of legitimacy, the rationality underlying this approach diverges both from the persistence-driven logic as well as from the logic of competition since it is primarily focused on the response to European discourse rather than on minimizing domestic institutional change. Rapid changes and comprehensive reforms of domestic institutional structures are accepted by national bureaucracies as long as they serve the goal of protecting a legitimate institution (Knill & Lenschow 2005, 589).

Explanations of the legitimacy-based reasoning are to be found in the specific characteristics of European network structures that integrate national political actors and administrators. In those networks, actors mutually observe each other. That implies that they do not only have the opportunity to observe how others solve similar problems and learn from their example; rather they have to convince their counterparts of the quality and legitimacy of their concepts. Hence, institutional change evoked by communication measures is a product of legitimizing requirements that national administrations are confronted with. Additionally, factors such as time pressures (Bennett 1991, 223), considerations to save costs (Tews 2002, 180) or constellations of high uncertainty (DiMaggio & Powell 1991, 70) put national bureaucracies under pressure to adjust their institutions to commonly accepted models. Therefore, *institutional change in member states induced by communication-based EU policies is moderate or even high, especially in those cases where a certain policy model has proved to be a kind of leading model.*

An illustrative example of governance by communication from the literature on member states is the open method of coordination (OMC). It is applied in policy areas such as education, employment, research and development and flanks measures for building the economic union. The OMC involves the fixation of guidelines for the Union and timetables for the achievement of common goals, the development of indicators and benchmarks as tools for identifying best practice, the translation of European guidelines into national reform plans as well as monitoring, evaluation and peer review. The concrete measures taken vary between different policy fields. The OMC is directed to move national administrations from a persistence-driven to a responsive mode of behaviour. Committing national administrations to develop national action plans, they are compelled to adjust intra- and inter-departmental structures to this procedure. Cross-national peer review demands that bureaucracies justify domestic institutional structures and standard working procedures and demonstrate that they are communicable and attractive to peers (Knill & Lenschow 2005,

599). The considerable impact of communication-based measures can be observed in the field of labour policy. The EU's focus on the employment rate of women and active labour market policies confronted member states of southern welfare state types or with a corporatist background with the challenge to modify their models (de la Porte 2002).

As pointed out above, the EU aims to promote mutual learning and information exchange in EU legal or institutional frameworks by applying a communicative governance approach. However, to fully grasp the impact of communication-driven EU policies on non-member states, one should consider that member states communicate with third states within the framework of numerous associations, partnership agreements and other platforms. Within those structures the EU does not exert pressure on national actors to comply with certain standards, rather, as suggested above, it is the legitimacy-driven response of the network participants that fosters domestic institutional adaptation processes. Since both candidate countries and other non-members are involved in network relationships with the EU, regulatory EU policy based on a communication approach is likely to have impacts on both groups of states.

Through accession negotiations, candidate countries are embedded tightly in the European network. Due to conditionality they are subject to consistent demands to review and to legitimize their policy approaches. The European Commission sets up benchmarks in particular policy areas and provides examples of best practice (Hodson & Maher 2001, 725; Grabbe 2003, 314 *et seq.*). Consequently, the indirect pressure to adjust their approaches to commonly accepted models is tangible. *Hence, it is expected that EU regulatory policies based on the communication approach will evoke moderate domestic institutional change in applicant countries in the medium term.* An illustrative example of the impact of communication-based measures on candidate countries is the twinning project launched by the EU. Although there are no binding EU regulations prescribing a certain model for public administrations systems, the EU set up a benchmarking system expressing EU values and principles in public administration (see Capacity Assessment Framework and Administrative Capacity Assessments) (Verheijen 2004). The twinning project was designed to meet those benchmarks and to support candidate countries establishing an efficient administration capable of applying the *acquis* (Papadimitriou & Phinnemore 2004, 624). With this programme being carried out by experienced administration experts from member states, the EU hopes to make unwieldy centralistic Central and Eastern European bureaucracies compatible with modern Western European standards. The German Federal Environmental Office, for example, is one of the most active twinning partners in the environmental sector and has been involved in sixty-three projects in Bulgaria, Estonia, Lithuania, Poland, Romania, Serbia, Slovakia, Czech Republic, Turkey and Hungary developing common work planes and supporting the establishment of modern and effective administrative structures (Umweltbundesamt 2007).

Also with regard to communication-orientated measures, the impact on countries far away from membership is supposedly bigger. Unlike the so-called

**Table 1.** EU regulatory policies and domestic institutional change

	Member states	Candidate countries (likely members)	Other non-members (unlikely members)
Compliance	Moderate change (persistence driven)	Significant change (conditionality driven)	No effect (persistence driven)
Competition	Significant change (performance driven)	Moderate change in medium term (performance driven)	Slight change in long term (performance driven)
Communication	Moderate to significant change in medium term (legitimacy driven)	Moderate change in medium term (legitimacy driven)	Slight change in long term (legitimacy driven)

‘front-runners’, these countries feel compelled to prove their trustworthiness as future members of the Union and therefore demonstrate their openness to EU measures and models. Furthermore, especially states that are in a transitional phase and still lack a stable institutional structure appreciate the guidelines, benchmarks and evaluation schemes set out by the EU to structure their domestic adaptation processes (Grabbe 1999).

Another example, however, demonstrates that the impact of ‘soft measures’ of the EU remains limited. The recent initiatives by the EU to promote common standards in the field of working environment improvements not subject to European legislation in the former candidate states of Central and Eastern Europe by means of ‘soft law’ failed. A recent study demonstrated that due to insufficient internal and external support, as well as the weakness of trade unions and social dialogue, it is questionable if ‘soft law’ solutions adapting benchmarking system and voluntary learning models are an appropriate strategy for working environment improvements (Woolfson 2006).

Responding to increasing interdependence with its neighbour states to tackle common policy problems, including issues of defence, justice and home affairs, as well as issues of environmental protection and energy supply, the EU seeks to establish communicative networks with the respective countries (Lavenex 2004). However, the installation of such networks requires that neighbours perceive a need to cooperate. Only if this cooperation is achieved, do the respective counterparts face the need to legitimize their approaches and, if necessary, adhere to a common set of values and harmonize their policies. So far, the EU has established a number of communication platforms involving actors from third countries, for instance the energy dialogue with Russia which probes the possibilities of cooperation in the energy sector (Commission of the European Union 2000). Within the initiative to establish a Common Space of Research, Education and Culture, which is one of the projects fixed in the road map, the EU and Russia agreed to work on Russia’s

adjustment to European educational standards. However, it is recognized that this project demands a broad time frame since “[i]t will doubtless take a generation or two for Russia and the EU to genuinely converge in terms of mindsets and political values perceived across society as a whole” (Emerson 2005). *Taking those developments into consideration, it is supposed that within those structures EU policies based on the communication approach might have a limited impact on domestic institutional change in non-member states in the long term.*

### Conclusion and Perspectives for Empirical Research

Recently, Europeanization has been used — sometimes analytically disciplined operationalized, more often in a rather unspecific way — as an explanatory concept for domestic change in states that are not formal members of the EU. This raises questions about the applicability and the explanatory power of existing analytical frameworks within the non-member state context. This paper has investigated the potential of the policy-analytical approach in this respect. It has been demonstrated that the policy-analytical toolkit can indeed serve for hypotheses development and thus constitutes a sound basis for a structured analysis of the impact of Europeanization on domestic change beyond the circle of present EU member states.

By distinguishing different modes of EU governance, the policy-analytical approach systematically uncovers patterns of distinct national political and institutional change. Compliance, communication and competition each have a specific potential to trigger national adjustments, depending on the rationality underlying domestic actors’ behaviour (Table 1). Applying the governance approach to non-member states, it is assumed that two aspects are of major importance. First, it is hypothesized that varying impacts of different modes of governance can be observed in non-member states. Secondly, a country’s ambition to receive membership status is regarded as a decisive factor determining the potential effects of EU regulatory policy. Therefore, two categories of third states are distinguished analytically: candidate countries with accession prospects and other non-member states with little or no membership prospects in the foreseeable future. Based on these assumptions and differentiation, hypotheses are developed about EU-induced change in member states, candidate countries and other non-member states and a framework is established for systematic empirical analysis.

After having developed a policy-analytical approach to the study of EU-induced change in third countries in an explorative way, a number of remaining challenges have been highlighted. For example, scholars who want to apply this approach as the basis for their empirical analysis need to keep in mind that the policy-analytical approach operates with stylized governance modes in an ideal typical manner. In political reality it might turn out to be challenging to assign certain policy measures to precisely one specific form of governance and to formulate unambiguous expectations about its potential to trigger domestic change. However, the existence of ‘hybrid

forms' does not contradict the general argument. It rather points to the need for careful analysis of the complexities behind EU policies.

Furthermore, it will be necessary to clarify which changes of domestic institutional structures are induced by European policies and which are conditioned by other intervening factors. Domestic change can be stimulated by a wide range of internal or external factors, many of which are not related to Europeanization pressures. Domestic change may be, for example, attributed to globalization and the increasing internationalization of finances and markets or to party political struggles in the national arena (Treib, 2003; Lenschow 2006, 60). In order to tackle this problem, several methodological strategies can be applied. At first, Europeanization studies would benefit from increasing variation with regard to the used independent variable. By including 'control groups', i.e. comparing the effects of interest in non-EU contexts, thus excluding the EU as causal factor, it appears feasible to control the differential effects of Europeanization on domestic institutional arrangements (Haverland 2006). Furthermore, Europeanization studies could extend their explanatory power by applying more rigorously qualitative methods of process tracing to uncover complex causal relationships (Lenschow 2006). It makes sense to precisely track the chronology of distinct stimuli and domestic change in order to ensure that European policies are actually the causal factor for domestic change.

Finally, one should be aware that the outlined model constitutes but a first step towards improving the analytical basis for tackling these thorny methodological and conceptual issues. However, it gives researchers, who are primarily interested in empirical research, a tool to better orientate and fit their individual work into the joint endeavour of accumulating knowledge and producing candidate explanations that can be used to advance the necessary debate. In particular, the model will help to systematically derive competing hypotheses to inform empirical research, thereby encouraging scholars to engage, first and foremost, in careful comparative investigation (George 1979; George & Bennett 2005) — a research strategy that, as has been argued throughout this article, bears by far the greatest potential as regards the issue of identifying and explaining EU-induced change in third countries.

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### Notes

1. With this initiative, the European Commission reacted on the increasing interdependencies with its neighbouring states in the south and east. It aims to promote transnational economic relations, common shared values and cooperation combating security threats. The initiative refers to Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine Territories, Syria and Tunisia, as well as Belarus, Moldova, Russia and Ukraine (Commission of the European Union 2003).
2. Illustrating the arguments concerning 'likely members', the article refers to empirical examples from the latest candidate states Poland, Czech Republic, Hungary, Slovakia, Slovenia and the three Baltic

States, as well as Romania and Bulgaria that, in the meantime, have become regular EU members. However, the argumentation can be transferred easily to future candidate states, such as Turkey, Croatia and Montenegro.

3. 'Unlikely members' in Central and Eastern Europe are taken to be states such as Belarus or Russia, with no credible accession prospects for the next years.
4. It has to be considered that the candidate countries do not have to transpose all EU regulations immediately. Transitional periods have been conceded to them, leaving them room to implement the regulations within a certain negotiated time frame.
5. According to Schimmelfennig (2004, 254 *et seq.*), credible membership prospects require a credible assurance of accession (candidates must be sure to be affiliated when they fulfil the conditions), a credible threat of exclusion (candidates must be sure that they will not be accepted if they fail to comply with the conditions), as well as a concrete definition of the accession conditions and the existing deficits.

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