SUMMARY

The suspension of the signing of the agreement between Kiev and Brussels is a polarizing and late turnaround, with significant regional implications. The international credibility of the EU hinges on its relationship with its neighbours: the Eastern Partnership between the EU, Eastern Europe (Belarus, Moldova and Ukraine) and the Southern Caucasus (Armenia, Azerbaijan and Georgia) is aimed at stabilising Europe’s eastern borders by offering new opportunities. While these regions have become more diversified, political and socio-economic developments do not always take the turn Europe would prefer.

The biennial Eastern Partnership Summit to be held in Vilnius in 2013 will focus on three priorities:

• The signing of an association agreement to define future political relations between the EU and individual eastern partners (an agreement with Ukraine is ready for ratification, agreements with Georgia and Moldova are ready to be initialled and negotiations are underway with Azerbaijan. Belarus and Armenia have opted for the Eurasian Union and will sign nothing in Vilnius).

• The negotiation of a Deep and Comprehensive Free Trade Agreement which would extend the acquis communautaire to include eastern partners in the European production process (involves the same countries).

• The review of mobility and migration issues to simplify mobility in neighbouring countries in exchange for the adoption of EU-driven security measures and, in time, a possible non-visa travel agreement.

"THE EU MUST REALISE IT IS NOT THE ONLY ONE MAKING RULES IN THE REGION"

To be more effective, the EU must realise it is not the only one making rules in the region and adapt accordingly. It must also take care to work with the governments and state agencies of these countries and be demanding on a certain number of issues, while also seeking out civil society organisations.

Lastly, this report looks ahead to what eastern partner countries may look like in 2020 and identifies four possible scenarios: a transformation of the eastern neighbourhood, top-down modernisation, no-choice rotation and neo-authoritarianism.
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ON THE SAME THEMES
INTRODUCTION

Europe’s neighbourhood is the ultimate test of its foreign policy: if the European Union (EU) is incapable of shaping the future of its adjacent geographical environment, it need not aspire to be anything more than one simple regional power among others. Europe’s potential to be a model is one of the major issues at stake at the Vilnius Summit in November, focused on the six countries of the Eastern Partnership (EaP): Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

Economic, political and social differences abound, however, in the European neighbourhood, both in the former Soviet East and the Mediterranean South. Deep differences also exist within both those regions, and, in the priorities and interests of individual Member States (France and Germany, for example) towards the East and South, a source of frequent adjustments. In the 1990s, the Barcelona Declaration and creation of the Euro-Mediterranean Partnership in 1995 was France’s response to the enlargement policy driven by Berlin. Then, in the 2000s, the South-East balancing act drove creation of the European Neighbourhood Policy, which, originally intended for Eastern Europe, was extended to include the Southern Caucasus and, pointedly, the Mediterranean countries. Finally, Poland and Sweden initiated the creation of the Eastern Partnership in 2009 as a strategic response to the Union for the Mediterranean driven by France the previous year. In this context, the European institutions have clearly acted as a compass and referee to reconcile the differing perspectives of Member States.

Above all, the Eastern Partnership is an attempt by Europe to export its legislative and political model to a region seen as both unstable and as a potential source of destabilisation elsewhere. This goal is pursued in three ways: by fostering extensive political ties through association agreements; by enhancing economic integration through Deep and Comprehensive Free Trade Agreements (DCFTA); and by increasing mobility. This cooperation is both high-level, with the Eastern Partnership Summit, meetings of foreign affairs ministers and other ministers, as well as with working groups, the European Parliament (Euronest) and civil society.

Four years after its launch and two years after political reform of the European Neighbourhood Policy (to include the “more for more” principle), and a few days after Ukraine’s defection, where does the Eastern Partnership stand? This question is explored through a first-time assessment of eastern partners. Further European integration depends on the current offer of the Partnership on the EU side. This paper identifies possible paths to making this policy more effective, and on the basis of these considerations, examines where the EaP may be in 2020.
1. Challenges of the Eastern Partnership

1.1. A diverse range of eastern partners

Far from forming a homogenous region, and though they share a tsarist and soviet past, the member countries of the EaP are highly diverse – and differences are growing. Among these countries, Ukraine is a key component: it represents around 60% of the surface area of the EaP and about as much of its population and overall wealth.

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>SURFACE AREA (IN THOUSANDS OF SQ.KM)</th>
<th>POPULATION (IN MILLIONS)</th>
<th>POPULATION DENSITY (PEOPLE PER SQ.KM)</th>
<th>PERCENTAGE OF MINORITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>29.7</td>
<td>3.0</td>
<td>100.0</td>
<td>2.1% (2001)</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>86.6</td>
<td>9.6</td>
<td>110.7</td>
<td>9.4% (1999)</td>
</tr>
<tr>
<td>Belarus</td>
<td>207.6</td>
<td>9.6</td>
<td>46.1</td>
<td>16.3% (2009)</td>
</tr>
<tr>
<td>Georgia</td>
<td>69.7</td>
<td>4.6</td>
<td>65.4</td>
<td>16.2% (2002)</td>
</tr>
<tr>
<td>Moldova</td>
<td>33.8</td>
<td>3.6</td>
<td>106.9</td>
<td>21.8% (2004)</td>
</tr>
<tr>
<td>Ukraine</td>
<td>4234.8</td>
<td>44.6</td>
<td>73.9</td>
<td>22.2% (2001)</td>
</tr>
</tbody>
</table>

Source: CIA World Factbook 2013

Diversity in the region can be briefly summarised in the following four points:

- Geography: EaP countries form two distinct geographical areas: Eastern Europe, with some countries bordering EU Member States (Latvia, Lithuania and Poland in the case of Belarus; Poland, Slovakia, Hungary and Romania in the case of Ukraine, and Romania in the case of Moldova) and the Southern Caucasus (Azerbaijan, Armenia and Georgia), which do not border any of the 28 EU countries.

- Security: separatist conflicts, which emerged with the fall of the Soviet Union, are ongoing in three countries: Azerbaijan (in Nagorno-Karabakh), Georgia (South Ossetia and Abkhazia) and Moldova (Transnistria). A stubborn status quo seems to apply to these unresolved conflicts, which are used by Russia to assert its influence in the countries concerned. On the ground, each conflict has evolved differently. Of the remaining three countries, Armenia is directly involved in the Nagorno-Karabakh conflict, while Ukraine has successfully quelled separatist unrest despite the country’s strong regional identities (in Crimea, Odessa and Transcarpathia). Belarus is not the site of any regional conflict.

- Geostrategy: three states have demonstrated an interest in enhancing ties with the EU, and stated their wish to go so far as to join it: Georgia, Ukraine and Moldova. Progress in this direction has varied, however, depending on changes in governments and how successful ambitious domestic reform efforts have been. Armenia has launched certain reforms negotiated with the EU, but has announced a preference to join the Eurasian Union. Belarus and Azerbaijan essentially use European partners to obtain further independence from Moscow.

- Minorities: Armenia, and to a lesser degree, Azerbaijan, are very homogenous states, in contrast to the other countries, where between 16 and 22% of the population is a minority. A Russian minority community, based primarily in the north, Kiev, Crimea and Odessa, makes up approximately 17% of Ukraine’s total population. This minority group is relatively smaller in the other countries.

The same diversity is observed in the political and socio-economic transformations occurring in these countries.
1.2. More authoritarian regimes

The 2011 review of the European Neighbourhood Policy advanced the notion of “deep and sustainable democracy”, thus breaking with a heavily procedural approach based on seven criteria: elections, freedom of the press, freedom of association and assembly, human rights and non-discrimination, judiciary independence, quality of public administration, levels of corruption and political accountability. Europe’s push to export democracy runs up against tough local conditions, however.

Three countries have outpaced others on progress in democratic pluralism: Georgia, Ukraine and Moldova. All have been the stage of “colour revolutions”: the Rose Revolution in Georgia in 2003, the Orange Revolution in Ukraine in 2004 and the 2009 Twitter Revolution in Moldova. In each case, the prospect of securing reform based on the European model appeared to confirm itself, but results have actually been fairly disappointing.

Efforts to modernise Georgia led by Mikheil Saakashvili and the political elite who accompanied him are undeniable on several fronts, but have come up against external conflict, with Russia, in 2008, and an authoritarian clampdown inside the country. A reformer and democrat for some, an autocrat for others, Saakashvili is a controversial figure. His defeat in the October 2012 elections, which forced him into a difficult cohabitation with prime minister Bidzina Ivanishvili until the end of their term, demonstrates that public opinion on him is divided.

Viktor Yushchenko’s triumph in 2004 brought a higher degree of pluralism to Ukraine, but discord among winning elites helped return Viktor Yanukovych to power as Prime Minister (2006-2007) and, later, President (since January 2010). Since then, the country has been criticized for its treatment of the opposition (e.g. the conviction of Yulia Tymoshenko in October 2011), and racketeering, particularly in connection with the Yanukovych family.

The election of the Alliance for European Integration in 2009 made Moldova the “model country” of the Eastern Partnership, but shortcomings in the coalition and in what it achieved became apparent in the political crisis from January to July 2013. As a further hitch, a new round of unpredictable elections is scheduled in November 2014.

Table 2: Democracy score indicators (Freedom House)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>5.39</td>
<td>5.39</td>
<td>5.43</td>
<td>5.39</td>
<td>5.36</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>6.25</td>
<td>6.39</td>
<td>6.46</td>
<td>6.57</td>
<td>6.64</td>
</tr>
<tr>
<td>Belarus</td>
<td>6.57</td>
<td>6.50</td>
<td>6.57</td>
<td>6.68</td>
<td>6.71</td>
</tr>
<tr>
<td>Georgia</td>
<td>4.93</td>
<td>4.93</td>
<td>4.86</td>
<td>4.82</td>
<td>4.75</td>
</tr>
<tr>
<td>Moldova</td>
<td>5.07</td>
<td>5.14</td>
<td>4.96</td>
<td>4.89</td>
<td>4.82</td>
</tr>
<tr>
<td>Ukraine</td>
<td>4.39</td>
<td>4.39</td>
<td>4.61</td>
<td>4.82</td>
<td>4.89</td>
</tr>
</tbody>
</table>

Source: Freedom House, Nations in Transit 2013
Note: Democracy levels are rated on a scale of 1 to 7, one being the highest, 7 the lowest.

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Two points can be made concerning political developments in eastern partner countries:

• A look at the Freedom House democracy score indicators shows two categories of countries, with those closest to the EU obtaining the highest scores. Between 2009 and 2013, conditions worsened in Ukraine, Belarus and Azerbaijan, and those in Armenia languished. Conditions improved in Moldova and Georgia, albeit gradually. Similarly, according to the European Integration Index\(^2\), Moldova has, so far, gone the furthest in the reform process, followed by Georgia. While Armenia trails closely, the other countries have fallen behind, with conditions in Ukraine getting considerably worse.

• European politics have not avoided the two-tier trap: the obvious ostracism levelled against the autocratic Lukashenko did not apply to oil-rich Azerbaijan. If Europe does not adopt appropriate policies to deal with the latter, it will be in the same position it found itself in relation to the southern Mediterranean – viewed as favourable to the region’s dictatorships.

### 1.3. Unequal socio-economic change

Eastern partner countries are consistently less developed than those of the EU, and follow different development models.

Belarus is unquestionably the richest of the six, with a GDP equivalent to 45.3% of the European average. This is less than neighbouring Poland (60.9%) but more than Romania (37%) and Bulgaria (41.3%), both of which are EU Member States. In contrast, per capita GDP in Moldova is only 10% of the EU average. A real economic divide thus exists, even if there is definite potential for these countries to catch up.

The region’s economies present several weaknesses: high-level corruption, (particularly in Ukraine, and, notably not in Georgia), lack of access to financing, inefficient national bureaucracies, poor transportation infrastructure (with the exception of rail networks) and inconsistencies in certain tax policies are among the problems to be resolved for a better business climate in these countries.

It is important to note that, despite sharing similar pasts, EaP countries have followed different paths of development. Their assets, in terms of raw materials, political trends (privatisation policies, for example) or their technological capacities differ. Belarus is a regional leader in information technologies\(^3\) whereas the others are clearly behind. Azerbaijan possesses a wealth of natural resources, such as offshore oil (Azeri-Chirag-Guneshli complex) and gas fields (e.g. Shah Deniz). Georgia has adopted an energetic reform strategy to attract foreign investments.

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>PER CAPITA GDP (IN $, PPP RATE, 2012 ESTIMATE)</th>
<th>WEALTH INDEX (EU = 100 = €35,100)</th>
<th>DOING BUSINESS 2013 (185 COUNTRIES)</th>
<th>GLOBAL COMPETITIVENESS INDEX (144 COUNTRIES)</th>
<th>CORRUPTION (TRANSPARENCY INTERNATIONAL) (176 COUNTRIES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>5,900</td>
<td>16.8</td>
<td>32(^{nd})</td>
<td>82</td>
<td>105(^{th})</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>10,700</td>
<td>30.5</td>
<td>67(^{th})</td>
<td>46</td>
<td>139(^{th})</td>
</tr>
<tr>
<td>Belarus</td>
<td>15,900</td>
<td>45.3</td>
<td>58(^{th})</td>
<td>Not assessed</td>
<td>123(^{rd})</td>
</tr>
<tr>
<td>Georgia</td>
<td>6,000</td>
<td>17.1</td>
<td>9(^{th})</td>
<td>77</td>
<td>51(^{st})</td>
</tr>
<tr>
<td>Moldova</td>
<td>3,500</td>
<td>10</td>
<td>83(^{rd})</td>
<td>87</td>
<td>94(^{th})</td>
</tr>
<tr>
<td>Ukraine</td>
<td>7,500</td>
<td>21.4</td>
<td>137(^{th})</td>
<td>73</td>
<td>144(^{th})</td>
</tr>
</tbody>
</table>


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Eastern Partnership countries also have low fertility rates (with the exception of Azerbaijan, where replacement level rates are nearly reached), substantially higher infant mortality rates than in the EU (except in Belarus) and life expectancies ranging from 68 to 74 years. Sizeable differences also exist in Human Development Index (HDI) rankings, levels of inequality (see the Gini coefficient) and urbanisation rates (which range from 47% in Moldova to 75% in Belarus).

Table 4  Social and demographic indicators

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>HDI 2013 (RANKING)</th>
<th>GINI COEFFICIENT</th>
<th>URBANISATION (2010)</th>
<th>FERTILITY RATE</th>
<th>LIFE EXPECTANCY AT BIRTH</th>
<th>INFANT MORTALITY RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>0.729 (87)</td>
<td>30.9 (2008)</td>
<td>64%</td>
<td>1.39</td>
<td>74.4</td>
<td>17.6</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>0.734 (82)</td>
<td>33.7 (2008)</td>
<td>52%</td>
<td>1.92</td>
<td>70.9</td>
<td>27.7</td>
</tr>
<tr>
<td>Belarus</td>
<td>0.793 (50)</td>
<td>27.2 (2008)</td>
<td>75%</td>
<td>1.46</td>
<td>70.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Georgia</td>
<td>0.745 (72)</td>
<td>44 (2011)</td>
<td>53%</td>
<td>1.46</td>
<td>73.9</td>
<td>14.2</td>
</tr>
<tr>
<td>Moldova</td>
<td>0.640 (113)</td>
<td>30 (2008)</td>
<td>47%</td>
<td>1.55</td>
<td>69.6</td>
<td>13.3</td>
</tr>
<tr>
<td>Ukraine</td>
<td>0.760 (78)</td>
<td>28.2 (2009)</td>
<td>69%</td>
<td>1.29</td>
<td>68.8</td>
<td>8.2</td>
</tr>
</tbody>
</table>

Sources: 2013 Human Development Report; CIA World Factbook, June 2013

Certain categories of the population are generally subject to vulnerable living conditions: rural populations, youth and women are more exposed to high levels of underemployment, deskilling and the spread of seasonal work. High levels of soil erosion in EaP countries, along with negligible forest resources, poor waste management, energy inefficiency and water pollution are major environmental problems in the region.

2. The Eastern Partnership: objectives and factors to consider

2.1. Development of the partnership

A shift in European policy towards Eastern Europe and the Southern Caucasus has occurred since the early 1990s. Initially viewed by Europeans as a post-soviet sphere under the tight control of Russia, these countries later became “neighbours” – an area which, under the aegis of the European Neighbourhood Policy (ENP) launched in 2004, could be reshaped to fit a European model. This new perspective was confirmed in 2009 with the creation of the Eastern Partnership specifically for these countries (the ENP also includes Mediterranean states). The 2011 review of the ENP prior to Poland’s EU presidency and the second EaP Summit promised more to those who reformed more (“more for more”), thus reflecting a higher consideration of civil society’s role and of democracy issues. There are risks to this approach, however: it may result in “less for less”, whereby both parties lose interest in the partnership; the weakened credibility of the EU if means are insufficient, or a need to impose sanctions, which the EU is often reluctant to do.

Overall, modernisation and reform efforts within the Eastern Partnership have been largely disappointing over the last four years. Some primarily view the EaP as a politically unrewarding bureaucratic policy measure; a means of securing dialogue between parties rather than a programme for regional transformation. Economic and business ties between the EU and its eastern partners remain fundamentally unchanged and are shaped more by the vicissitudes of the current crisis than by economic integration. The financial and political costs of reform are high, given that the end result – EU membership or
economic integration – is unknown. European stakeholders have incoherent long-term goals and major objectives for the EaP at a time when the EU is more focused on its own problems. This sometimes wavering commitment contrasts with to Russia’s clear push for economic integration within a Eurasian Union using all means possible (energy prices, business hurdles, threats to withdraw military support and change the security balance, etc.). Armenia’s decision to join the Eurasian Union in September 2013, to the detriment of closer ties with the EU, is a clear illustration of Russian inclinations.

For organisers, the main objective of the Vilnius Summit is to firmly establish a political partnership between the EU and its eastern neighbours which will lead to closer economic ties and greater mobility.

2.2. Seeking a political partnership

The Association Agreement (AA) is a new generation of bilateral agreement aimed at deepening political and economic ties between the EU and its eastern partners in several areas including trade liberalisation. The signature of such an agreement should be the principal challenge of the Vilnius Summit, before President Ianoukovitch’s renouncement. Conversely, the agreement is ready to be initialed for two other partners, but the latter are indisputably weakened by the Ukrainian position.

Less than a promise of EU membership, which disagreeing EU Member States are not ready to offer, an AA is no doubt Europe’s most effective political asset in its eastern neighbourhood. The EU rarely imposes sanctions; it did, on Belarus, following the 2010 elections, but displayed a relative indifference to the fate of Azerbaijani, whose government respects democracy as little as Belarusian leaders but in whose country Europe’s energy interests are greater. Signing an AA would introduce a certain degree of differentiation between dissimilar partners in line with the “more for more” principle established following the ENP review. The EU tried, in the perspective of the Vilnius Summit, to demand the release by the Ukrainian authorities of the former Prime minister Ioulia Timochenko, symbol of a selective justice condemned by Brussels. The fear to see Mrs Timochenko back in the political game, the Russian economic and political pressures, and the late interrogations from part of the business community about the profits of an agreement with the EU have constrained the Ukrainian power not to sign the association agreement, contrary to what was expected in Vilnius. Nothing indicates that the Ukrainian position won’t evolve after the 2015 presidential elections.

The European project is an ambitious one. It entails the adoption of a Deep and Comprehensive Free Trade Agreement and increased mobility for its neighbours. Realistically, however; an appropriate legal framework is not enough; success hinges on reform being implemented by governments whose interests are best served without transparency or real change. The adoption and implementation of the EU’s third climate and energy package, for example, has encountered fierce opposition in eastern countries.

2.3. Economic convergence through the Deep and Comprehensive Free Trade Agreement (DCFTA)

"THE DCFTA, CORNERSTONE OF THE PARTNERSHIP, AIM AT ALIGNING NEIGHBOURING STATES’ STANDARDS AND REGULATIONS WITH EUROPEAN ONES"

A cornerstone of the Eastern Partnership, the Deep and Comprehensive Free Trade Agreement, or DCFTA, is aimed at aligning neighbouring states’ standards and regulations with European ones. In other words, European stakeholders seek to export the acquis communautaire to political, economic and administrative contexts in the east in order to incorporate these areas into Europe’s geo-economic sphere. This objective specifically targets Georgia, Moldova and Ukraine; Azerbaijan, not a WTO member (which is a pre-requisite) cannot take part; Belarus opted for the Eurasian Union from the beginning; and the president of Armenia, in a dramatic about-face in early September, has turned to Russia, nixing any plans to sign a DCFTA.

The establishment of a DCFTA must give eastern countries better access to Europe’s internal market, a role in the European division of labour, and to the industrial, agricultural and service sectors. This involves
considerable adaptation efforts and significant spending. Contrary to appearances, the DCFTA is more political than economic in nature: a still very low percentage of European trade is with eastern countries. As an example, approximately 1.5% of European exports go to Ukraine (Europe’s biggest EaP trading partner), but nearly a quarter of Ukrainian exports are sent to Europe.

Two crucial challenges remain:

- Sanitary and Phyto-sanitary (SPS) standards aim to protect public health and ensure consumer food safety. EaP countries use the same historical system of standards, known as GOST (‘gosudarstvenni standard’, meaning ‘state standard’), which is very different to the one used by the WTO. Convergence in this area requires extensive and costly administrative reform, particularly concerning health. Due to current certification requirements, for example, access to European markets is severely limited for meat produced in EaP countries.
- Effective competition policy, particularly with regard to state aid, requires an adequate regulatory framework and well-functioning institutions. Quite often, though, the appearance of strong institutions attracts hostility from the local business community, which is often close to the government and whose profit margins depend on market opacity.

2.4. Mobility and migration

Naturally, mobility is a crucial issue for eastern partners, who could not leave the Soviet Union less than a quarter of a century ago. Since the fall of the USSR, former soviet societies and states, like the European Union, have had to adapt to this challenge.

Discussions have focused primarily on visa liberalisation for EaP citizens - in exchange for stricter control over migration, for example – but several factors are at play. Migration has important political implications and can shape a country’s electorate: in Armenia and Georgia, one in four people are migrants. The ruling elite in these countries study abroad in some cases. One interesting example of migration is Georgia’s former prime minister Bidzina Ivanishvili, who was able to run for office without being a citizen of the country he wished to lead. Migration also has economic repercussions of varying importance - on remittances, for example. These account for 23.1% of Moldova’s GDP, nearly ten times the amount of foreign direct investment the country receives (2010). This inflow of funds can have a limited impact on development, however, or even be counterproductive if they are not used within the framework of a production-based development policy, a problem known as ‘Dutch disease’. In contrast, the impact of remittances is limited in Belarus and relatively modest in the other countries.

Table 5 - Mobility and migration

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>870</td>
<td>28.2%</td>
<td>9%</td>
<td>11.2</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>1,432</td>
<td>16%</td>
<td>3%</td>
<td>4.5</td>
</tr>
<tr>
<td>Belarus</td>
<td>1,778</td>
<td>18.6%</td>
<td>0.6%</td>
<td>61</td>
</tr>
<tr>
<td>Georgia</td>
<td>1,057</td>
<td>25.1%</td>
<td>6.4%</td>
<td>13.2</td>
</tr>
<tr>
<td>Moldova</td>
<td>770</td>
<td>21%</td>
<td>23.1%</td>
<td>14</td>
</tr>
<tr>
<td>Ukraine</td>
<td>6,543</td>
<td>14.4%</td>
<td>2%</td>
<td>24.2</td>
</tr>
</tbody>
</table>


5. He had a French passport at the time and was unable to regain Georgian citizenship.
7. Dutch disease occurs when a currency becomes overvalued due to an inflow of foreign funds and contributes to a decline in price competitiveness.
The EU is addressing this situation by facilitating legal migration, including circular migration, provided that measures are taken – including a crackdown on organised crime and corruption, and readmission agreements – to prevent and fight illegal immigration. Establishing a visa-free travel regime is at the heart of discussions on visa issues launched in October 2009 with Ukraine, in June 2010 with Moldova and in June 2012 with Georgia. As such, eastern partners must work with Europol and Eurojust to enhance police and judicial cooperation, and with Frontex to ensure the security of Europe’s external borders. In addition to security, European policy is also aimed at improving student mobility. A look at EU-bound migration data shows there is no correlation between migratory movement and cooperation with Europe however. Judging from the number of Schengen visas granted per 1,000 inhabitants, Belarus has received the most, despite the limited influence of the EU on this country. In comparison, twelve times fewer visas per capita were granted to Azerbaijan, the country least interested in the EU, and nearly three times fewer were granted to Ukraine, which ranks second in this category.

3. Recommendations for the Eastern Partnership

3.1. Recognise the multipolar nature of the neighbourhood

Ukraine’s about-face only days before the scheduled signing of the association agreement seriously calls into question the Eastern Partnership’s entire future. Unlike during the era of enlargements in 2004 and 2007, the EU is no longer the only player setting the rules of the game today and the enlargement of NATO has no longer been on the agenda of the countries involved since at least August 2008, while the resources committed are a far cry from those committed during the enlargement era.

Thus it is hardly surprising to see Russia playing a more important role in today’s debates. Moscow, of course, still occupies a privileged position in an area which it considers to be an area of priority interest for it, as we can see from its pro-active diplomacy. For a long time its influence was held to boil down either to the purely military, in various unresolved conflicts, or to its aggressive energy diplomacy. But that was underestimating Russia’s capacity for wielding influence, its soft power resting on a given image, on freedom of movement, on culture and on language. In that regard, Russia is not much different from any other traditional regional power seeking to mould its own neighbourhood. Its proposal to set up a “Eurasian Union” designed to promote economic and political integration among those countries in a supranational union is being given serious consideration today, and it is bolstered by economic and political pressure from Moscow. And the recent about-face both in Armenia and in Ukraine is bound to have an impact on the other eastern partners.

In addition to Russia, Turkey, too, is wielding greater influence than it ever has in the past, Ankara having forged close ties with Azerbaijan and with Georgia, although attempts to revive good relations with Armenia, which officially got under way in 2008-9, have failed. Its presence in Eastern Europe, however, while by no means incidental, is less of a priority. But having said that, the wave of protest that rocked Turkey in June 2013 has in no way undermined the new clout that the country has begun to wield in the region, and in future its interests may not necessarily converge with those of the EU, also in the light of the mutual disappointment reigning in the sphere of ties between the EU and Turkey. And in addition to all of this, China, too, has growing interests in the region, and Iran is a major presence in the Caucasus.

In this context, the EU must adopt a new approach to security and economic issues.

- The proposal for tripartite talks between the EU, Ukraine and the Customs Union makes sense, and it may be implemented on the sidelines of Eastern Partnership summits. The need to depoliticise the issue of free trade and to move, in the longer terms, towards a free-trade area involving these various players is an excellent move in the right direction. Despite the obvious lack of trust among the various players, it would form a configuration capable of catering for the unique situation of the countries in the neighbourhood, of allaying recently observed tension and or modernising the economies in the neighbourhood
Until now, the EU has adopted a relatively low profile on matters of security, despite the existence of ongoing conflicts (Nagorno-Karabakh, South Ossetia, Abkhazia, Transnistria). Conflicts in the Caucasus are clearly more difficult to resolve than the one in Transnistria. A Franco-German partnership, based on cooperation mechanisms and including other stakeholders, could be a way to resolve the Transnistrian conflict that is completely in line with European policy

Figure 1. Achieving the Two Objectives of a French-German Initiative on the Transnistria Conflict

Source: Author

Given the adaptation efforts demanded of eastern partners in the framework of DCFTAs, the creation of an EU investment fund for the Eastern Partnership is an idea worth pursuing. Its purpose would be to raise awareness of these markets, promote European investment and facilitate economic, technical and administrative modernisation.

3.2. Enforce government compliance and involve civil society stakeholders

The Eastern Partnership must include civil society as well as the governments and state agencies of member countries.

For too long, European stakeholders have focused their attention on governments rather than citizens. Today, the EU must be more actively demanding of governments and engage with different segments of populations (in rural areas, minorities, including linguistic ones) on tangible issues — when it launches discussions on visas, for example. Furthermore, the reform measures prescribed to governments must be targeted: a lack of hierarchy in the reform process only results in inefficiencies. Effective reform is made by focusing on a few key institutions such as a country’s interior ministry or customs service, as seen with the EU Border Assistance Mission to Moldova and Ukraine, which had a fairly clear mandate.

The EU must also include civil society in key negotiations by sharing information and organizing consultations. Post-secondary grant and exchange programme policies must be enhanced by also promoting conditions for a successful return home. Civil society stakeholders must be involved in DCFTA negotiations by establishing social and environmental impact studies. Economic and social councils, created to facilitate dialogue between employee and employer unions as well as other social partners, can be very useful in this regard.

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10. For the example of Moldova, see Evelyne Pichenot, “The EU’s relations with Moldova: What role for organised civil society?”, European Economic and Social Committee, REX/339, Brussels, July 2012.
CONCLUSION. PROSPECTS FOR THE EASTERN PARTNERSHIP IN 2020

Backed by Central Europeans, the Eastern Partnership’s objective has been to draw Eastern Europe and the Southern Caucasus towards European standards. There is no question that the economic and financial crisis in the euro area, and Russia’s more tenacious policies, have stifled Europe’s ability to be a model in the region.

Figure 2  Prospects: Ten-year scenarios for the Eastern Partnership

The following four scenarios, which more or less reflect the European perspective on the region, describe possible future developments in eastern partner countries:

- “Transformation of the eastern neighbourhood”: this scenario implies the predominance of the European model and the mobilisation of citizens. Predictable outcomes of following this path are enhanced commercial cooperation, increased mobility with the EU and a political and administrative system based on the rule of law. It also implies a gradual shift in standards and people’s attitudes.

- “Top-down modernisation”: economic modernisation and a greater degree of political pluralism don’t always go hand in hand. In other words, eastern countries can adopt economic development strategies and demand stability from their populations in return. In the longer term, the emergence of a middle class should challenge these types of arrangements between the governing elite and the population.

- “No-choice rotation”: mobilising citizens is always possible; the unpredictable nature of such a venture is in fact a condition for success; but even if those in power are less sure of their political grip, European influence may fall short of fundamentally changing the new elite, who may be from the old regime.

- “Neo-authoritarianism”: due to the resilience of the political and administrative elite, the only imaginable reactions to European integration are refusal (denouncing ‘European interference’) or deception (appearing to implement political and economic reform without actually doing so, or ‘building Potemkin villages’). An organised system for distributing economic rents thwarts political progress and hinders economic development. Populations must then be controlled by other, more authoritarian, means.

This scenarios can be used to define European strategy for each partner and for the entire region. Given the growing diversity in these countries and the problems confronting Europe, the EU must show a clear commitment at the Vilnius Summit to supporting its eastern neighbours on their path to Europe, preparing the next steps with a regional perspective, while maintaining a critical distance to enable ongoing dialogue. If the EU has got off to a rather bad start with the last minute Ukrainian withdrawal, we have not to forget that neither the Ukrainian power, nor the Byelorussian power or any other power of the Eastern partership wants to become governors of Russian provinces.

The Vilnius Summit will always be remembered as the summit of Ukraine’s defection, but it is up to the EU to clarify its goals and to adapt accordingly if it wishes to play a role in its eastern neighbourhood’s transformation.
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