

The EU's Eastern Partnership: One year backwards



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May 2010

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Research for this publication was made possible by a financial contribution from the Embassy of the Czech Republic in Madrid.

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Introduction

Almost two years have passed since the Polish-Swedish proposal of the new policy towards the EU's Eastern neighbourhood was presented in Brussels and one year since the Eastern Partnership was endorsed at the inaugurating summit in Prague in May 2009. On the one hand, the Eastern Partnership has been praised as a step towards further differentiation between Southern and Eastern neighbours within the ENP and a timely initiative to reinforce the ENP's Eastern dimension, just after the Southern one was reinvigorated through the Union for the Mediterranean. On the other hand, however, the EaP has been criticised as having little potential to stimulate change in Eastern Europe, as it offered too little to the more advanced countries (such as Ukraine and Georgia) in terms of democracy and aligning with the EU, and too much to those with hardly any political reform achievements (such as Azerbaijan and Belarus).

The EU's Eastern neighbourhood is not approaching desired levels of 'security, prosperity and stability'. During 2009, the EU's Eastern neighbours experienced the most serious economic crisis since the 1990s. The average economic decline has been deeper than in the Western Balkans, new EU member states or Central Asia.² Democracy has not seen any improvements. Authoritarian neighbours remain as authoritarian; while recently established electoral democracies are fragile and no further political reform has been undertaken.³ Security remains a key challenge to EaP

countries' economic development and stability, especially in the South Caucasus. For Georgia the threat of military aggression from Russia is a primary concern. None of the region's 'frozen' conflicts have seen any movement towards a solution. Conversely, Russia enhanced military support to unilaterally recognised Abkhazia and South Ossetia. Turkish-Armenian rapprochement – widely seen as progress towards achieving long-awaited peace in Nagorno-Karabakh – has stalled. The Black Sea fleet, scheduled to stay in Crimea beyond the initially agreed date of 2017, remains a point of tension within Ukraine. Security of energy supplies is vulnerable.

Although this paper does not aim to assess the first year of the Eastern Partnership; it takes this opportunity to reflect upon EU performance and its potential as a transformative power in the region, as perceived by the partner countries themselves. For this purpose, public officials, politicians and civil society representatives from the six eastern countries have been consulted.

Failing response to failing Europeanisation?

The weakness of the European Neighbourhood Policy (ENP) in transforming the EU's neighbours towards 'greater economic development, stability and better governance' is well documented.⁴ The EU's impact on

¹ The authors would like to thank all the interviewees in the six Eastern Partnership countries who kindly agreed to share their opinions through a questionnaire distributed to public officials, politicians and civil society representatives. This paper also includes information obtained during the seminar 'The future of the Eastern Partnership: Challenges and Opportunities' held in Madrid on 27–28 January 2010, organised by the Spanish Ministry of Foreign Affairs and Cooperation, the Embassies of the Czech Republic and Poland and FRIDE.

² See A. Pivovarsky, 'Crisis and Transition in Eastern Europe and Caucasus: Implications for the EU's Eastern Partnership', Background Paper prepared for conference 'The Future of the Eastern Partnership: Challenges and Opportunities', Madrid, 27–28 January 2010.

³ According to the Freedom House report 'Freedom in the World 2009', only Georgia and Ukraine are labelled as Transitional Governments or Hybrid Regimes (4.93 and 4.39 respectively on a scale of 1–7, where 1 represents the highest level of democratic progress and 7 the lowest). As for

the end of 2008, Moldova (5.07) and Armenia (5.39) were under semi-consolidated authoritarian rule. The worst cases in the region are Azerbaijan (6.25) and Belarus (6.57), which along with Russia and the Central Asian states form the club of consolidated authoritarian regimes. Report accessed at <http://www.freedomhouse.org/template.cfm?page=363&year=2009>; 6 May 2010.

⁴ T. Borzel, 'When Europe Hits Beyond its Borders: Europeanization and the Near Abroad', paper presented at the Barcelona Institute for International Studies, 19 November 2009; S. Mayer and F. Schimmelfennig, 'Shared values: Democracy and human rights', in K. Weber, M. Smith and M. Baun (eds.), *Governing Europe's Neighbourhood. Partners of Periphery?* (Manchester: Manchester University Press, 2007), pp. 39–57; G. Noutcheva and M. Emerson, 'Economic and Social Development', in *Ibid.*, pp. 76–96; and L. Delcour and E. Tulmets, 'Pioneer Europe? The ENP as a Test Case for EU's Foreign Policy', *European Foreign Affairs Review* 14/4 (2009), pp. 501–23.

promoting reforms in neighbouring countries has been limited. The Europeanisation theory provides the simple explanation that the costs of reforms promoted by the EU in neighbouring countries have been too high, while the incentives provided have been too weak.⁵ Thus, the positive conditionality on which the ENP is based cannot be effective (particularly given that it was not consistently used within the ENP itself).⁶ Socialisation through political dialogue and human contacts has not been extensively applied or has been restricted by domestic constraints (such as weakness of civil society actors).

Empirical evidence supports this argument. The ENP Action Plans (APs), the main instruments to implement the ENP objectives, have not been successful tools for promoting democratic reforms in the neighbourhood. Although the APs signed with Eastern European countries in 2005 and with Southern Caucasus countries in 2006 contain a host of joint commitments to promoting democratic reforms, rule of law and combating corruption; the democracy performance of the Eastern neighbours during the period 2005–2008 actually deteriorated (see Table 1). According to the

Freedom House index for post-communist countries in transit, the only country to improve its democracy score is Belarus, although it is still the most authoritarian state of the six Eastern neighbours. Paradoxically, Belarus was the only country which did not sign an ENP Action Plan with the EU.

This result is unsurprising considering that impartial evaluations conducted by civil society and independent experts in all the Eastern ENP countries show that progress regarding implementation of the APs' commitments within political reform was irregular and sporadic, while at worst there was backsliding in sectors which varied from country to country.⁷

Some critics believe that even a membership prospect will not be enough to promote reforms in the neighbourhood. The discrepancy between European norms and policies and the current state of play in Eastern neighbouring countries is extremely high. In addition, EU membership is a very distant prospect given that the EU is absorbed by enlargement fatigue and does not even fulfil membership promises that have already been made.⁸

Table 1. Dynamics of democratic performance of EaP countries in 2005–2008

Country	Democracy (overall)	Electoral process	Civil society	Independent media	National democratic governance	Local democratic governance	Judiciary	Corruption
Armenia	↓	0	↓	↓	↓	0	↓	↑
Azerbaijan	↓	↓	↓	↓	↓	↓	0	↓
Belarus	↑	↑	↑	0	↑	↓	0	↑
Georgia	↓	↓	↓	0	↓	↑	0	↑
Moldova	↓	0	↑	↓	0	0	0	0
Ukraine	↓	↓	0	↑	↓	0	↓	0

Source: Based on the scores of the Freedom House 'Nations in Transit' surveys 2006, 2007, 2008 and 2009.

↓ Deteriorated ↑ Improved 0 No change

⁵ See T. Borzel, op.cit.

⁶ R. Youngs, 'Democracy promotion as external governance?', *Journal of European Public Policy* 16/6 (2009), p. 897.

⁷ See M. Aghajanyan et al., *Armenia's ENP Implementation in 2009* (Yerevan: Partnership for Open Society, 2009), at http://www.soros.org/initiatives/brussels/articles_publications/publications/euandarmenia-20100122/armenia-enp-20091101.pdf, accessed 22 April 2010; Azerbaijan National Committee for European Integration (ANCEI), *Progress Report: Azerbaijan Implementation of the European Neighbourhood Policy in 2009* (Baku: ANCEI, 2009),

http://www.soros.org/initiatives/brussels/articles_publications/publications/reportazerbaijan-20100120/azerbaijan-20091231.pdf, accessed 22 April 2010; Idem, *Progress Assessment on the Action Plan which Azerbaijan signed with the European Union* (Baku: ANCEI, 2008); N. Danella, R. Sakhevarishvili and T. Patarala, *European Neighbourhood Policy: Implementation of the Objectives of the EU-Georgia Action Plan* (Tbilisi: Open Society Georgia Foundation, 2010); S. Buscaneanu (ed.), *Moldova and EU in the European Neighbourhood Policy Context. Implementation of the EU-Moldova Action Plan (February 2005–January 2008)* (Chisinau: ADEPT Association, Expert-Grup, 2008); and 'Public monitoring of the EU-Ukraine Action Plan implementation', *National Security and Defence* 6 (2008), <http://www.uceps.org/eng/journal.php?y=2008&cat=115/>, accessed 22 April 2010.

⁸ T. Borzel, op.cit. p. 10.

In a nutshell, the Eastern Partnership presents a symbiosis of 'the most generous ENP offer for all' (the bilateral track) and support to regional cooperation (the multilateral track). The bilateral track lies at the heart of the EaP. The main goals of the EaP – political association and economic integration of the participating countries with the EU – are to be implemented through bilateral instruments such as association agreements (AA), deep and comprehensive free trade areas (DCFTA) and visa liberalisation. The bilateral track is also important in the sense that the more advanced countries of the EaP may serve as stimuli for those lagging behind.

The EaP will presumably be a weak instrument to transform the region, as it relies on enlargement policy tools without offering a prospect of accession to the Eastern neighbours. While the EaP is also built on conditionality, its main incentives – free trade and free travel – remain too distant, while the available aid is not sufficient to compensate stakeholders for what they feel would be lost through reforms, or to incentivise cooperation with the EU at the expense of traditional foreign policy alliances.

The Association Agreements with neighbours are also built on ENP positive conditionality; however their

main strength in comparison to the ENP APs is that a large number of them will be legally binding, with an enhanced system of monitoring and evaluation that increases the chances of successful implementation.⁹ But the implementation costs will still be high,¹⁰ thus it remains uncertain to what extent these agreements will be successful in promoting reforms.

Deep and comprehensive free trade areas promise Eastern neighbours access to the EU internal market. The offer is generous but vague and too remote for most of the neighbours. The feasibility studies carried out for the European Commission on Armenia and Georgia conclude that these states are 'not ready for such a far-reaching liberalisation yet and even less to implement and sustain the commitments that it would require'.¹¹ Trade agreements for Azerbaijan and Belarus are even further off, since neither of the countries is a WTO member. Their WTO accession negotiations are currently stuck. At the same time, a distant and conditioned offer of access to the EU market is being counteracted by Russia's proposal on the Customs Union, in which some of the Eastern neighbours are interested (for example, Belarus and Ukraine).

Ukraine has been negotiating a free trade agreement with the EU since 2008. Insiders, both within the EU

Table 2. The bilateral track

What is on offer?	
1. Association Agreements (AA)	Will replace the basic Partnership and Cooperation Agreements (PCAs) and be more comprehensive in several fields such as trade and foreign and security policy, legislative and regulatory approximation.
2. Comprehensive institution-building programme	Assistance programmes that will help countries meet commitments of the AAs.
3. Deep and Comprehensive Free Trade Areas (DCFTA)	New and more extensive Free Trade Agreements that go beyond trade and incorporate trade in services, investment and regulatory convergence.
4. Visa liberalisation	Initially support mobility of citizens and visa facilitation followed by dialogue and a process of full visa liberalisation in the long run.
5. Additional cooperation in a variety of fields and increased technical assistance	Economy, energy, environment, transport, research etc.

⁹ See N. Shapovalova, 'The new Enhanced Agreement between the European Union and Ukraine: Will it further democratic consolidation?', FRIDE Working Paper 62 (2008); C. Hillion, 'Mapping out the new contractual relations between the EU and its neighbours: Learning from the EU-Ukraine "enhanced agreement"', *European Foreign Affairs Review* 12/2 (2007), pp. 160–82.

¹⁰ According to an assessment of the costs of limited institutional harmonization in a number of selected sectors (the case of FTA) in the

Eastern neighbour countries, such costs would correspond to about 30–36 per cent of the 2006 GDP of these countries. See A. Kolesnichenko, 'Institutional Harmonization and its Costs and Benefits in the Context of EU Cooperation within its Neighbours: An overview', CASE Network Studies & Analyses 387 (2009).

¹¹ European Commission, 'Trade: South Caucasus (Bilateral relations)', <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/south-caucasus/>, accessed 5 May 2010.

Commission and Ukrainian government, revealed that the process encountered difficulties as some Ukrainian business interests represented in the parliament are opposed to liberalisation of the Ukrainian market in certain areas, or do not want to make commitments on some parts of the EU *acquis*.¹² The Ukrainian government is critical of the EU for keeping the single market fenced off from competition in a 'selfish' and 'asymmetric' plan¹³ (especially concerning services and agriculture). Some observers say free trade will not be a real incentive for the EaP countries, but could ultimately prove more of a threat if the EU does not liberalise trade in agricultural products (especially in the cases of countries such as Moldova, Armenia or Georgia). The EU's highly protective agricultural market policy prevents the Union from making strong trade offers to its neighbours. A recent example from the Southern neighbourhood is the EU-Morocco agreement on trade in agri-food products and fisheries relations signed in December 2009. It provides EU exporters with wide access to Moroccan markets, but Morocco is still not allowed to freely sell its cheap agricultural products.¹⁴

Human mobility could be the most tangible incentive for the Eastern neighbours, but the EU is reluctant to fully deploy it. In the short term the EU has promised visa facilitation, more comprehensive consular coverage and common visa application centres. The quid pro quo of these incentives for the recipient countries are the adoption of readmission agreements and migration policy reforms. So far Ukraine and Moldova have visa facilitation and readmission agreements with the EU in force, while Georgia is

ready to sign them. However, visa facilitation is far from able to foster greater people-to-people contact, as it is not an incentive that will affect reform of law enforcement agencies and the judiciary in the partner countries. The agreement is limited in scope. It facilitates visa access only to some categories of citizens. In the future, tourist groups should be covered by visa facilitation in order to increase the impact of the agreement on Eastern European travels to the EU.

As to the real benefit of a visa free travel regime, the EU members are reluctant to offer the prospect of doing away with visas completely, even in the case of the ENP frontrunners. In the declaration made during the Prague summit, the EU states diluted the Commission's offer of 'visa-free travel to all cooperating partners' to a vague promise of 'visa liberalisation'. While Ukraine launched a visa dialogue with the EU in 2008, the EU is hesitant to offer a roadmap setting clear benchmarks towards a visa free regime.

The Comprehensive Institution-Building Programme is a positive EaP innovation, which draws upon the EU's experience of Europeanising candidate states. However, funding remains modest. Moreover, some partner countries worry that this programme will not be 'comprehensive' as it will cover only selected institutions. The European Commission envisaged €175 million to be shared between all partner countries in 2010–2013. According to a rough estimate of capital investment necessary to ensure Ukraine's integration into the EU, Ukraine needs around \$100 billion from 2006–2015 to comply with EU norms and standards in eight priority sectors including energy, transport and institutional changes, among others.¹⁵

The EaP has also inherited from the ENP a contradiction between principles of joint ownership and conditionality.¹⁶ In the ENP, the idea of joint ownership

¹² 'EU Official Says Ukraine Association Talks at Crucial Juncture', Radio Free Europe, 8 April 2010, http://www.rferl.org/content/EU_Official_Says_Ukraine_Association_Talks_At_Crucial_Juncture/2006323.html, accessed 22 April 2010; 'YeK: Zony svobodnoi otrgovli Ukraina-YeS poka ne budet', *Korrespondent*, 25 June 2009, <http://korrespondent.net/business/economics/881276/>, accessed 22 April 2010; 'Valeriy Piatnitskyi: Potribni politychni rishennia ta elementarnyi poryadok', *Yevropeyskyi prostir*, 8 April 2010, <http://eu.prostir.ua/library/240196.html>, accessed 22 April 2010.

¹³ A. Rettman, 'EU risks losing Ukraine, minister warns', *EU Observer*, 28 April 2010.

¹⁴ See K. Kausch, 'Morocco's "Advanced Status": Model or Muddle?', FRIDE Policy Brief 43 (2010), <http://www.fride.org/publication/745/morocco-s-advanced-status:-model-or-muddle>, accessed 22 April 2010.

¹⁵ A. Mayhew, *Ukraine and the European Union: Financing accelerating integration* (Warsaw: UKIE, 2008), pp.41–2.

¹⁶ For an overview see N. Ghazaryan, 'The ENP and the Southern Caucasus: Meeting the Expectations?', *Global Europe Papers* 5 (2008), pp.13–15.

(partnership) has been neutralised by conditionality. This implies unequal partnership, as one side creates conditions and assesses their implementation by the other side. It seems that in the EaP this problematic coexistence of two principles will be even more exaggerated. While all the partners receive the same offer, some of them are ready to accept EU conditionality, while others insist on the principle of joint ownership in the sense that the EU should not impose any conditions on their participation in the EaP.

More than ever before the EU faces the challenge of effective application of conditionality in the EaP. The EU must resolve the ongoing dilemma between consistency in application of conditionality and the leverage it can have regarding partner countries. Otherwise, the EU risks losing its credibility among neighbouring states and their populations.

The case of inconsistent application of conditionality is evident in the EU's relations with Belarus and Azerbaijan. Democratic reforms are a clear precondition for deepening relations with Belarus, while Brussels has a more hesitant approach towards democratisation in its relations with energy-rich Azerbaijan.

The leverage problem derives from the fact that the EU's offers will not be equally appealing to all partners if conditionality is equally applied. While the EaP promises Association Agreements, including the deep free trade section, to all six countries, it seems that at least half of them are unlikely to meet the criteria established for the countries which had this perspective before the EaP was inaugurated. So far, functioning electoral democracy has been a condition for the EU to offer a country an Association Agreement. Free and fair parliamentary elections were the main precondition for launching negotiations on a new agreement with Ukraine in 2007 (this officially became an AA in September 2008) and Moldova (2010). The deviation of the 2008 presidential elections in Azerbaijan and Armenia from international standards raises the question whether in their case the EU demand would have been fulfilled.

Armenian civil society representatives argue that any decision to open negotiations on an Association Agreement between the EU and Armenia should be based on concrete progress made by the Armenian government in implementing political reform commitments under the ENP Action Plan.¹⁷ A similar approach was suggested by a Belarusian civil society representative. It would be better for Belarus to be more involved in the EaP, but even though the government does not show a genuine intention to reform, Belarus's participation in the bilateral track must be at least partially conditional on a respect for human rights and democratic progress.

Promoting regional cooperation: How far will it go?

The multilateral track is the EaP's main novelty. Unlike in many other regions of the world, the EU did not previously support any regional groupings in the former Soviet space due to the sensitive issue of Russia's participation or exclusion as well as disputes between some of the Eastern European countries. Nor did the ENP emphasise the regional dimension.¹⁸ The EU indirectly supported regional cooperation in the areas of transport and energy through technical assistance programmes such as TRACECA and INOGATE and encouraged the individual partners to cooperate regionally within the margins of the ENP APs. With the accession of Romania and Bulgaria, the EU launched Black Sea Synergy in 2007, a regional cooperation initiative for the Black Sea region.

The EaP introduced a 'relatively simple operational structure' for the multilateral dimension which is

¹⁷ 'Armenian Civil Society Representatives Examine Prospects for Reform', Open Society Institute, <http://www.soros.org/initiatives/brussels/news/armenia-20100122>, accessed 22 April 2010.

¹⁸ K. Smith, *European Union Foreign Policy in a Changing World* (Cambridge: Polity Press, 2008), p. 96.

regarded as one of its main strengths.¹⁹ Such a structure provides for both high-level political support and a sufficient number of expert meetings ensuring its practical impact (Table 3). Due to the fact that all EU member states are involved in the EaP's implementation, greater awareness and EU engagement in this region can be expected in the future. Furthermore, through government meetings and due to the involvement of non-state actors, the multilateral track activities open up a number of channels for socialisation and social learning.

The multilateral track, although established from scratch, has been fairly successfully implemented. The four multilateral thematic platforms have met

regularly since the inaugural EaP summit in Prague. Meanwhile the first ministerial meeting held in December 2009 officially endorsed two-year work programmes for each of the four thematic platforms. All but one of the envisaged flagship initiatives has been launched: integrated border management; regional electricity markets, energy efficiency and renewables; natural and man-made disaster prevention; small and medium size enterprises and environmental governance. The EU-Eastern partners Parliamentary Assembly (EURONEST) was also established and an EaP Civil Society Forum convened in November 2009 in Brussels, providing its first recommendations to the December ministerial meeting.

Table 3. The multilateral track

EaP Summit Every 2 years EU 27 and EaP 6 plus EU institutions and IFIs as observers			
Ministerial Council Every year			
Policy (thematic) platforms Biannual meetings Working panels More frequent meetings			
Democracy, good governance and stability	Economic integration and convergence with EU policies	Energy security	Contacts between people
The flagship initiatives 1. Integrated Border Management (IBM) 2. Small and Medium-sized Enterprises (SMEs) 3. Regional electricity markets, energy efficiency and renewable energy 4. Diversification of energy supply (<i>Not launched as of April 2010</i>) 5. Prevention of, preparedness for, and response to natural and man-made disasters (PPRD) 6. Environmental governance			
Additional and non-governmental initiatives			
Civil Society Forum	Parliamentary dimension (EURONEST)	CoR's <i>proposal</i> for a Local and Regional Assembly	

¹⁹ P. Kratochvíl, 'Evaluating the Multilateral Framework of the Eastern Partnership', paper delivered at the seminar 'Future of the Eastern Partnership: Challenges and Opportunities', Madrid, 28 January 2010.

The EaP's multilateral dimension is generally seen as a positive idea by the partners. As one expert from a partner country observes, the EaP singles out the region from the rest of the ENP and offers an opportunity of integration to countries with a common history. In addition, the progressive sectors of their societies have a similar vision of their European future.

Involvement of non-state actors is to be ensured through the creation of EURONEST and the Civil Society Forum. The Civil Society Forum (first convened by the Commission in November 2009) is to represent civil society actors from EaP and EU member countries and interested third states. As a Forum Steering Committee representative says, the Forum strives to become an institution working on a regular basis and having stronger links with the thematic platforms and flagship initiatives. The forum also seeks funding for common projects between civil society organisations from EU countries and Eastern Partner countries, with a view to sharing experiences and building capacity to fulfil a critical yet constructive role.

The EURONEST Parliamentary Assembly is made up of representatives of the European Parliament and the national assemblies of Azerbaijan, Armenia, Georgia, Moldova and Ukraine, as well as observers from Belarus. EURONEST will work through committees that should link up with the EaP thematic platforms. Nonetheless, the composition of EURONEST is a disputed issue due to Belarus's claim that it has been excluded and its criticism of EURONEST's parliamentary delegation. Recently representatives of all six EaP Parliaments and Ministers of Foreign Affairs addressed the European Parliament and the EU Council Presidency with the message that all the partner states should have equal opportunities to contribute to the development of EURONEST, enjoying the same status. However, the European Parliament seems to be intransigent on this issue.

The Committee of Regions (CoR), an EU advisory body, seeks an active role in the EaP. The CoR suggested that the European Commission should

create an Eastern Europe and South Caucasus Local and Regional Assembly as the institutional platform for a regular dialogue and cooperation. It offered to initiate creation of some specific panels within the thematic platforms dealing with issues key to the agenda of local and regional authorities, as well as to assist the European Commission in drawing up the programme for training and networking of local authorities with a view to strengthening administrative capacities and promoting local governance reform.²⁰

Nonetheless, it is still unclear what kind of influence the Civil Society Forum, EURONEST and local authorities will have on the EaP. A civil society expert from one EaP country argues that despite the shared opinion that non-governmental actors should be engaged in the EaP in all possible ways; their involvement is currently sporadic, superficial and not supportive in political terms. Civil society representatives mention the European Commission's growing understanding of the importance of involving non-state actors in the Eastern Partnership, which contrasts with the feelings of the governments of many EaP countries, which are unhappy about raising the role of non-state actors.

The EU has never given sufficient support to the foundations for democracy such as independent media, civil society or local communities in the Eastern neighbourhood. Most EU aid goes to the national governments; the lion's share of this aid is budget support. Views from the region indicate that the EU should do much more to empower non-state agents of change vis-à-vis the governments and make them equal partners at both national and regional levels, rather than just creating the institutions. For example, the EU should invest in capacity building not only of national government agencies, but of civil society organisations, local and regional authorities.

A major weakness of the EaP is its lack of funding. Whereas the new policy was seen as a means of

²⁰ Committee of the Regions, 'Opinion of the Committee of the Regions on the role of local and regional authorities within the Eastern Partnership', 79th plenary session, 21–22 April 2009.

assisting six EU neighbours to weather the worst effects of the financial and economic crisis, the initiative itself now seems to be running into financial trouble. The available €350 million envisaged for the multilateral dimension until 2013 has already been allocated to support the four thematic platforms and to implement flagship initiatives and events within the Civil Society Forum (Table 4). What is more, due to uneven fund allocation over the four years, only €85 million is reserved for all EaP activities in 2010. This raises concerns among EaP countries that there will be no funding for the regional projects currently being proposed by a group of countries (for example, the joint project proposals made by Lithuania, Belarus and Ukraine). For the EaP to work, international financial institutions should increase their investments in flagship initiatives and projects that come under the thematic areas. EU member states could also do more; making funds available to specific projects. In some cases the partners themselves could co-finance certain initiatives, as suggested by an Azerbaijani official who expressed an interest in co-financing EaP projects in line with Azerbaijani economic interests.

Third countries' participation is a largely unexplored part of the EaP. There has been a lack of consensus so far with regard to the participation of Russia and Turkey in one of the EaP projects. At the official level, partners have agreed that third countries should be involved on a case-by-case basis in concrete projects, activities and meetings of EaP thematic platforms. Among civil society representatives, there are more diverse opinions. Those who support third countries' participation on a case-by-case base use the argument

of the EaP inclusiveness and common interests. For example, Turkey and Russia are crucial for energy security, while the USA and Japan are traditional donors to the region. Third countries could be involved in projects on cross-border cooperation between neighbouring countries (such as Russia or Turkey).

Many survey respondents believe it is too early to talk about involvement of any additional countries in the EaP, such countries may be involved at later stages. The argument behind this is that the six countries are still not ready for cooperation among themselves and that the involvement of new actors in this process will only create additional problems, such as dividing lines. The EaP must become fully functional in its current form, rather than developing new ambitions.

Respondents' expectations of the EaP are realistic. They are aware they should not hope for too much from the EaP as a tool for regional cooperation promotion, especially in the absence of a region as such. As one expert from civil society observed, the multilateral track was built on the assumption that New Eastern Europe already exists as a region, but this is not so. Rather than a unified region, there is just a group of countries with different interests and internal conflicts. There is a long way to go before the area becomes a region in a meaningful sense, with effective regional relations, cross-border cooperation, mobility, economic cooperation, joint interest representation at pan-European level and so on.

So far the multilateral track has had limited funding and limited ambitions. It has received a small amount

Table 4. EU funds available for EaP

€600 million allocated for 2010–13 as part of the European Neighbourhood Instrument (ENPI) ²¹	
1. Comprehensive institution building (bilateral)	€175 million
2. Pilot regional development programmes (aimed at economic and social disparities)	€75 million (from 2012 onwards)
3. The multilateral dimension (the four policy platforms and six flagships)	€350 million

²¹ This amount excludes other ENPI funding that is mostly bilateral for the countries of the wider neighbourhood as well as funding through other EU instruments: the European Instrument for Democracy and Human Rights (EIDHR) and the Instrument for Stability (IfS).

of direct aid and its activities have included some training, some feasibility studies and some dialogue. 2009 saw an improvement in intra-regional relations, the main factors affecting regional cooperation were within the region. Traditionally oriented towards Russia, both Belarus and Armenia have attempted to diversify their foreign policies. In 2009, Armenia took a step towards establishing diplomatic relations with Turkey. Belarus became interested in the EaP and has improved relations with another big neighbour, Ukraine, solving the border demarcation issue. The new government in Moldova is also building better relations with Ukraine. Several agreements between the two countries have been signed, among them an important accord on the demarcation of the Ukraine-Moldova border in the Transnistrian territory.

Most partners feel that the EaP does not accommodate the security concerns of their countries. The EaP is seen by the partners as a contribution to security and stability only in the long run, through establishing interdependence and value-based convergence between countries in the region. In some respects, this is positive: for multilateral cooperation to work between the partner countries in conflict (such as Armenia and Azerbaijan), security issues should be left out. However, the EaP's stance on security is confusing, because the EU speaks with too many voices in the region: through the Union's High Representative, the Commission and three Council Special Representatives, as well as through a number of mechanisms (EaP, ENP and CSDP) and EU member states' actions.

The EU plays an ill-defined role in security issues in both the South Caucasus and Eastern Europe. The EU's engagement with security issues is rather blurred; the Common Security and Defence Policy (CSDP) is only partially engaged, while the EaP does not take up direct security issues and the ENP has little to say on security and security sector reform in these areas. The EU must respond to the security deficit in the region. This is particularly urgent at a time when NATO involvement in the region is on hold. The Obama administration also seems to be taking less of an

interest in the region. With Turkey and Russia not being regarded as neutral players, the EU should step up its security policy in the Eastern Partnership region as an impartial player.

The best solution would be to seek a concerted security approach to the Eastern neighbourhood. Even though such a policy should be clearly distinct from the EaP for the sake of clarity and effectiveness, EU security promotion should be linked to the incentives of the Eastern partnership.

The region's mosaic: Where can EU leverage work?

The EaP is viewed enthusiastically by those Eastern neighbours who see it as an upgrade of the ENP. For the Eastern neighbours with a higher level of ambition and who have achieved more progress in their relations with the EU, particularly Ukraine and Moldova, the EaP only partly accommodates their European aspirations as it does not provide them with a membership perspective.

The views of both Ukraine and Moldova on the EaP have evolved from rather ideological to a more pragmatic approach. Ukraine is the least enthusiastic about the EaP since it already has an advanced relationship with Brussels. The new Moldovan government believes that the EaP serves the country's integration into the EU, although the accession question remains on the agenda. Belarus is keen on participating in various policy areas without meeting any EU democracy and human rights demands, but is critical of the prominent role that civil society will play in the EaP. Like Moldova, Georgia sees the EaP as added value, but feels that its security concerns are ignored. Armenia only has moderate ambitions vis-à-vis the EU and is satisfied with the EaP because of the economic benefits the EU could bring, while

Azerbaijan is lukewarm towards the EaP and seeks to communicate with the EU on an equal basis, mostly discussing the initiative's economic aspects.

The EU leverage on these countries also differs. The EU has more potential to encourage transformation in those Eastern neighbours who aspire to join the Union and are more advanced in terms of political reform.

Despite the government change and the shift in foreign policy orientation, EU integration remains high on **Ukraine's** agenda. The new president and the government formed in 2010 continue to seek recognition of Ukraine's membership perspective in the Association Agreement and a visa free regime with the EU. In this regard, EU leverage on Ukraine remains high, although the current EaP offer omits the matters most important to Ukraine. As a high level Ukrainian diplomat bluntly stated, the EaP is 'nothing'. Indeed, it contains just a few novelties for Ukraine, such as the comprehensive institutional building programme and regional development programmes for heterogeneous regions (such as Crimea), but in the opinion of the Ukrainian government, its funding is inadequate.

Supporting democratic consolidation in Ukraine is the key challenge for the EU. In Ukraine, democracy is regarded as part of European identity, and a democratic Ukraine is key to transformation in the region. Five years after the Orange Revolution, Ukraine remains a merely electoral democracy; political institutions and rule of law are still to be reformed.

Moldova is a candidate for the title of the new success story of the Eastern neighbourhood. The new government coalition 'Alliance for European Integration', formed after the repeated 2009 election, developed an ambitious reform plan to Europeanise the country and secured international assistance for this initiative. Moldova is the only country whose relations with the EU have developed dynamically since the launch of the EaP. The EU rewarded Moldova with the opening of AA negotiations, sending high level policy advisors to assist their reforms and increasing aid (the EU promised €100 million of macro-financial

assistance in 2010 and another €223 million in technical aid for 2011–2013). The EU has promised to launch DFCTA negotiations and a visa dialogue soon.

Moldova is more enthusiastic about the EaP than Ukraine, viewing it as 'the first big step forward towards the EU prospect'. Chisinau hopes that accelerated integration with the EU will also help speed up the resolution of the Transnistrian conflict as Moldova will become more attractive due to people mobility incentives. The government believes that from a strategic point of view, the EaP will play a role similar to that of the Stabilisation and Association Process in the Balkans.

The EU leverage in Moldova is high, but Moldova's political future is uncertain: a repeated parliamentary election is envisaged for 2010 due to the fact that Moldova's parliament did not manage to elect a president. The Communists hold 48 out of 101 mandates in the Moldovan parliament and their comeback in 2010 cannot be ruled out. If the Communist party were to control the government, backsliding from a more open and free political environment and movement away from the EU integration course are strong possibilities.

Georgia is satisfied with the EaP's bilateral incentives and opportunities for multilateral cooperation. However, Georgia's security concerns are largely ignored in the EaP. As a Georgian expert emphasises, the region has significant security concerns, which may not be governed solely with the soft measures offered by the EaP. The EU's response to Russia's failure to fulfil the 2008 peace accord remains too soft and inconsistent. Large EU member states play their own games with Moscow, directly affecting Georgian interests. Examples of this phenomenon include French deals to sell Mistral ships to Russia, which provoked fears in Tbilisi that the ships could be used against Georgia.

EU leverage on Georgia has great potential. The political leadership and society of Georgia see no alternative to integration into Western structures. EU

integration is a higher priority on Georgia's foreign policy agenda than NATO membership, which has been postponed for the foreseeable future.

The inclusion of **Belarus** in the EaP's multilateral track stimulated a major shift in EU policy towards the country. Belarus has finally appeared on the EU's neighbourhood map. The Belarusian government's interest in the EaP is driven by the need to attract funds to the country, to strengthen Belarus's independence from Russia and to consolidate the power of the ruling regime within the country.²² The regime wants to extract as much as possible from the EU without fulfilling stipulated political conditions. The results of the political liberalisation undertaken by Aleksandr Lukashenko are limited, as his endeavours were driven by the desire for his regime to survive.²³

Belarus is not participating in the bilateral track, so the EaP cannot really influence the transformation process in Belarus.²⁴ If the EaP cannot respond to Belarus's interests (including aid, investment and trade preferences) and continues to promote a normative approach towards Belarus (for example, through non-inclusion of Belarusian parliamentarians in EURONEST and legitimisation of Belarusian civil society through the Civil Society Forum), the Belarusian government might quickly lose its interest in the initiative. Strategically, the Belarusian regime will still need the EU as part of its bargain with Russia. The EU should build stronger bilateral economic relations with Belarus to anchor it to European economic structure. Economic engagement will give more leverage and increase the EU's legitimacy to influence the political situation in Belarus. Endorsement of the Partnership

²² Quoted by V. Martynyuk, *Skhidne partnerstvo YeS: dodatkovy mozhyvosti dlya yevrointegratsii Ukrayiny* (Kiev: Ukrainian Centre for Independent Political Research, 2009), p. 66.

²³ See V. Silitski, 'Belarus – a country in transition? The State, elections and the opposition', in S. Fischer (ed.), 'Back from the cold? The EU and Belarus in 2009', Chaillot Paper 119 (Paris: EU Institute for Security Studies, 2009), pp. 25–36.

²⁴ At the moment the only existing legal basis for EU-Belarus bilateral relations is a trade agreement with the USSR. The Partnership and Cooperation Agreement (PCA), an agreement the EU concluded in the 1990s with post-soviet countries, has never been ratified due to the political situation in Belarus. According to a government official this creates obstacles in the EU-Belarus cooperation; so the PCA should be signed and implemented for progress to be made.

and Cooperation Agreement could be a good idea and would be consistent with EU policies towards other post-soviet countries: the autocratic regimes of Central Asia have signed PCAs with the EU. In the case of Belarus (and other countries such as Ukraine), the EU needs to encourage free trade with Russia (and support its WTO accession) and to make Russia's integration projects (the Customs Union and free trade) compatible with global free trade.

Given **Armenia's** moderate ambition of a mere rapprochement with Europe, its government views the EaP positively. A landlocked country in a troubled neighbourhood (in a state of war with Azerbaijan, its border opening with Turkey suspended and an almost completely closed Russia-Georgia border), Armenia is also highly dependent on Russia's military protection. Armenia sees the EU as a way to diversify its global contacts and improve its economic situation, which is suffering after the financial crisis. EU financial aid is certainly helpful to the government: the EU promised €100 million of macro-financial assistance in 2009, which is about 6 per cent of Armenia's state budget for 2010). The government has expressed an interest in the AA and DCFTA, which would bring further economic benefits. As is the case with the other five partners, visa liberalisation is a priority for Armenia.

However, one civil society representative commented that, 'it is not clear enough what the EaP will be and specifically what it will be for Armenia, as no concrete negotiations between the EC and the Armenian government have begun on the issue'. The logic of conditioning the launch of the AA negotiations on free and fair elections in Armenia may not work, as the country has not seen any democratic improvement for many years. Conversely, civil society reports 'further restraint of civil liberties and public participation' since the 2008 presidential elections, which were marred by ten fatalities and massive repression of the opposition supporters.²⁵

Beyond aid, EU leverage in Armenia will likely be

²⁵ See M. Aghajanyan et al., *op.cit.*

weak. Armenia's situation is highly dependent on the regional context and on Turkey in particular. While Turkey's accession process is on hold, EU leverage on the South Caucasus will be limited.

The EU's potential to transform **Azerbaijan** is weak; as the EU's normative policy is hindered by the dominance of energy interests. As a rentier state depending on oil revenues, Azerbaijan has no ambitions regarding EU integration, but regards the EU as 'a good model of successful development'. Thus the Azerbaijani government (like that of Belarus) seeks to develop equal partnership relations (without EU-imposed conditions for democracy) with the EU in areas of mutual interest such as energy, investment, science and education, visa liberalisation and sharing experiences on economic development. The multilateral EaP is viewed with some reluctance given the fact that Azerbaijan's commitment is constricted by its strained relationship towards Armenia.

The EU is unlikely to respond to Azerbaijan's pressing security concerns, particularly its demand for more stringent application of the territorial integrity principle where Nagorno-Karabakh is concerned. The EU is much less engaged in the resolution of this conflict than it is in other frozen conflicts in the Eastern neighbourhood.²⁶

The logic of cooperation in relations with Azerbaijan should not prevent the EU from having a long term vision. As EU aid is of no importance to the rich government, EU funds should be channelled to agents of change within Azerbaijani society: non-state and independent actors, NGOs, media, public opinion makers, small and medium enterprises and women, all of which have been under-funded since independence as compared to other EaP partners.

Looking ahead

The Eastern Partnership does not overcome the weakness of the European Neighbourhood Policy in transforming the EU's Eastern neighbours. The EU's offers in terms of bilateral relations with its neighbours are too distant and vague to push the partners to reform. Phrases such as 'stake in the EU market', 'visa liberalisation as a long term goal' and 'political association' might feature in a plethora of EU documents, but they still lack substance. Thus, the new EU policy towards the region remains weak in terms of incentives, while the gap between the institutions and policies of the EU27 and the EaP6 remains large. EU policy effectiveness in the region has been hindered by the inconsistent application of conditionality.

The EaP is deemed to be a powerless response to democracy, security and economic development challenges arising from the region. Democratisation trends catalysed by the colour revolutions in Georgia and Ukraine have begun to revert during the past few years. The EU does not invest in foundations for democracies in the EaP six countries. Civil societies, independent media and local communities in the neighbouring countries receive mere dribs and drabs of the support that the EU pumps into their respective governments.

Promotion of regional cooperation – the main novelty of the EaP – has been very promising so far. This multilateral track has created new channels for socialisation and learning for EaP states and societies as well as for EU member states, which can now become more engaged in the region through the EaP operational structure. What's more, the EaP institutionalises dialogue and cooperation between non-state actors such as civil societies, political parties and local and regional authorities. However despite this, these actors are disadvantaged compared to governments of the EaP countries.

The EaP ambitions in this dimension are limited by

²⁶ See N. Popescu, 'EU and the Eastern Neighbourhood: Reluctant Involvement in Conflict Resolution', *European Foreign Affairs Review* 14/4 (2009), pp. 457–77.

scarce budget resources. One should not expect too much from this initiative as regional cooperation in the Eastern neighbourhood is hampered by difficult political relations between neighbours and regional actors, territorial conflicts and, in some cases, physical barriers. Security remains the main challenge for most of the Eastern partners, especially in the Caucasus. The EaP can only promote stability and security in the region in the long term. So far, the EU is a weak actor in terms of promoting security in the region.

The partner countries have different expectations of the EaP. This makes the EaP's regional approach to the Eastern neighbours a difficult matter for the EU.

Some partners are closer to the EU in terms of democratic development and aspirations and can transform through EU positive conditionality, especially if the carrot offered by the EU is sweet enough (for example eventual recognition of their eligibility for a potential membership). Other states in the neighbourhood insist on the application of a joint ownership principle, meaning that they prefer an equal partnership rather than the EU imposing conditions of democracy and good governance on them.

The Eastern Partnership can be further 'strengthened', 'rebranded' or 'repacked' just like the EU policies in the Mediterranean. But a genuine commitment is needed if the EU is to play a strategic role in promoting 'security, prosperity and stability' in its backyard.

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In May 2009 the EU launched the Eastern Partnership, a new policy towards its Eastern neighbours aiming to bring them closer to the Union and transform their economies and societies. The initiative was timely given that the political, economic and security situations in the region had worsened.

This paper analyses EU performance and its potential as a transformative power in the Eastern Partnership region, as perceived by the partner countries themselves. It appears that the EU's efforts to encourage reform in the region will continue to be unsuccessful. The incentives offered by the Eastern Partnership are insufficient. Authoritarian regimes such as Azerbaijan and Belarus do not want to change; they simply seek the economic benefits of cooperation with the EU. The EU can make a change in countries struggling for democracies and membership of the Union such as Ukraine or Moldova, but the Eastern Partnership does not offer them what they aspire to. A strategic EU vision for its periphery remains elusive.

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