

Building resilience in the EU's east: Transition as challenge

The EU's Eastern Neighbourhood is struggling with territorial conflicts and an unsteady transition to stable, independent democracies. EU strategy in the east should reflect this multi-faceted challenge.

Addressing hard and soft security challenges in the Eastern Neighbourhood

The EU's partners to the east face the difficult challenge of modernising and democratising in what is perceived as a competitive geopolitical [environment](#) for Russia and the EU. Since the fall of the USSR, the EU's eastern partners (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) have struggled to build independent and economically viable states. All except Belarus are troubled by territorial disputes. At the same time, they are confronted with similar issues in connection with energy independence, structural economic reform and relations with major partners, including Russia and Turkey. An effective European security policy in the east will require a diverse set of tools, from conflict resolution in the case of inter-state disputes, to macro-economic assistance and exchange of best practice in order to tackle corruption.

Frozen and open conflicts

Five out of six Eastern Neighbourhood partners are involved in frozen or open conflicts in which the Russian Federation is an important player. Moscow, which is militarily involved in [Transnistria](#) (Moldova), in the [Donbass](#) (Ukraine) and in [South Ossetia and Abkhazia](#) (Georgia), as well as in [Nagorno-Karabakh](#), where it backs the Armenian side, will be key to any resolution of the conflicts. In all these countries, territorial disputes have distracted national governments from necessary political and economic reforms, with outsized military [budgets](#) depriving other sectors of necessary funds. Azerbaijan, for example, has invested a large part of its oil revenue in an [arms race](#) with Armenia over Nagorno-Karabakh.

Map – EU Eastern Partnership and Eurasian Economic Union



Source: EPRS, 2016.

Soft security issues in the Eastern Neighbourhood

[Analysts](#) often focus on hard security issues in the Eastern Neighbourhood, but these countries also struggle with 'softer' challenges such as economic development, tackling unemployment, fighting climate change and



investing in education. The links between hard and soft security issues are key to improving the resilience of EU policy in the region.

Economic growth and tackling corruption

All the Eastern Neighbourhood countries were affected by the 2008 global economic crisis, but, with the sole exception of Ukraine, they continue to record positive [growth](#) rates, from 3.5% in Armenia, to 4.6% in Moldova and 4.8% in Georgia in 2014. Academics argue that growth tends to [limit](#) corruption, which remains a significant challenge in the region. Transparency International's 2013 [index](#) shows that 4% of respondents in Georgia paid a bribe on one in eight services purchased during the previous year, while 18% did so in Armenia, 29% in Moldova and 37% in Ukraine. Efforts to tackle this widespread phenomenon are slow to bear fruit, because graft flourishes where state institutions are weak. Failure to reform and to limit corruption can fuel instability, as [seen](#) in Ukraine since 2012.

Energy independence

Azerbaijan is the main producer of oil and gas in the region. For years, Azerbaijan has been afflicted by 'Dutch disease', [preventing](#) the country from diversifying its economy. For the other five countries in the region, dependence on Russian oil and gas make them geopolitically vulnerable. There appears to be a strong link between economic reform and national autonomy, and the [energy intensity](#) of economies in the region remains very high. As a share of GDP, energy consumption in the six countries is at least six times that of Estonia, and eleven times that of Ukraine. Of course, this energy inefficiency also bedevils these countries' efforts to tackle climate change.

A multidirectional European policy

The EU has taken steps to build a ['circle of friends'](#) on Europe's eastern flank, and to make its strategy in the region more resilient.

European neighbourhood policy

The European neighbourhood policy (ENP) is meant to foster [regional cooperation](#) in the absence of any prospect of EU accession. The aim of the ENP is to address the soft security challenges in the neighbourhood, with a [revised](#) ENP focusing more on specific priorities with each partner country. Issues high on the agenda are economic reform, including the fight against corruption, and energy efficiency, which can help partner countries to strengthen their independence vis-à-vis energy suppliers. In 2012 for example, the EU [contributed](#) €45 million to Ukraine's energy reform strategy. The EU is also helping its eastern partners to make their nuclear power plants [safer](#), and is encouraging Armenia to come up with a plan to dismantle its old reactors. The EU is also promoting intraregional cooperation through the multilateral dimension of the [Eastern Partnership](#), including special ENP [funding](#) for regional projects.

European assistance in conflict resolution

The EU is assisting with conflict resolution in the region, especially in Moldova and Georgia. In Georgia, an EU Monitoring Mission ([EUMM](#)) of more than 200 people has been deployed to monitor the situation, help refugees and prevent a renewed escalation of the conflict in Abkhazia and South Ossetia. In Moldova, the EU Border Assistance Mission to Moldova and Ukraine ([EUBAM](#)) is helping the country to secure its border between Transnistria and Ukraine. The strengthening of civilian controls at the border limits smuggling and pushes Transnistria's *de facto* authorities to trade with the outside world through Chişinău. In addition, the [extension](#) of the Deep and Comprehensive Free Trade Area (DCFTA) with Moldova to Transnistria is also a way to bring the two parties closer through trade, and to push the Transnistrian government to honour its commitments. This is a good illustration of how trade policy can be used to address hard security issues. In the Ukrainian conflict, the EU provides [substantial](#) assistance, from macro-economic to humanitarian aid and assistance in reforming state institutions. As the ongoing war in eastern Ukraine may tempt the government to postpone reforms, a wide array of tools, from on-site humanitarian [assistance](#) to [parliamentary cooperation](#), is key to maintaining pressure on Kiev. In the frozen, but recently [reactivated](#), conflict in Nagorno-Karabakh, the EU plays only a [modest](#) role.

In the Eastern Neighbourhood, there is scope for the EU to raise its profile as a guarantor of security through the use of civilian tools, and by developing a strategic vision of the EU's role as a force for stability in the region.