Diversifying unity

How Eastern Partnership countries develop their economy, governance and identity in a geopolitical context
ABSTRACT

This study analyses the Eastern Partnership (EaP) in the year of its 10th anniversary. The Eastern Partnership was set up in 2009 as a joint policy initiative aiming at deepening and strengthening relations between the European Union, its Member States and the six EaP countries of Belarus, Ukraine, Moldova, Georgia, Armenia and Azerbaijan. While each of these countries shares a past in the former Soviet Union, they have developed over time in different directions. Ukraine, Moldova and Georgia have concluded Association Agreements with the EU, which include Deep and Comprehensive Free Trade Areas. They will have to fulfil conditions laid down in the Association Agreements to make progress on reforms of governance, the judiciary and fighting corruption. Moreover, Georgia and Ukraine are seeking to integrate more deeply into the Western world order, aspiring to membership of NATO and the EU. Armenia and Azerbaijan have different ways of cooperating with the EU. Belarus is furthest from the EU because of its poor record on democracy and human rights. All six countries are to a certain extent within Russia’s sphere of influence and have to deal with several geopolitical constraints, but they have increasingly developed economic relations and national identities of their own. It will be a challenge to maintain a common perspective for the next 10 years of the Eastern Partnership and a further divergence between the countries is likely. This will not only be between countries with an Association Agreement and the others, but along multiple vectors. While further developing statehood, the eastern partners will want to decide increasingly for themselves which forms of cooperation they want to pursue in the future. They may choose international partners according to their perceived needs, including Russia, the US, China or Turkey. The EU for its part should continue to pursue its strengths of assisting in achieving better governance and democracy and strengthening economic ties, while contributing to diminishing geopolitical tensions.
## Table of contents

1. Key developments 4
2. Key European Parliament resolutions 5
3. The plan: one Eastern Partnership 6
   3.1 Setting the scene 6
   3.2 The Eastern Partnership 7
   3.3 Financial support 9
   3.4 Parliamentary dimension 10
4. The reality: geostrategic forces 11
   4.1 Internal dynamics: frozen conflicts and hot revolutions 11
   4.2 External dynamics: foreign actors 13
5. The economy: diversifying options 19
   5.1 Trade relations and regional integration 20
   5.2 Investment patterns 22
   5.3 Economic sectors 23
   5.4 Energy policy 24
6. Governance: building reliable states 25
   6.1 Governance and corruption 25
   6.2 Reliable and effective institutions 26
   6.3 Developing democracy 27
7. Identity: defining who you are 28
   7.1 United and divided by history 28
   7.2 The role of religion 31
   7.3 Language and national culture matter 32
8. An assessment of the Eastern Partnership 36
   8.1 Successes and challenges 36
   8.2 The future: acknowledging diversity 38
1 Key developments

• 1988-94: Nagorno-Karabakh war between Armenia and Azerbaijan resulting in de facto independence of Republic of Artsakh, which remains internationally recognised as part of Azerbaijan;
• 1991: Dissolution of the Soviet Union and the declaration of independence of Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine;
• 1992: Transnistrian war between Moldovan army and Transnistrian separatists backed by Russia, resulting in Transnistria’s de facto independence, not recognised by the international community;
• 2003: Georgian ‘Rose Revolution’: widespread protests after disputed parliamentary elections culminating in the ousting of President Eduard Shevardnadze and the election of Mikhail Saakashvili;
• 2004: Ukrainian ‘Orange Revolution’: protests after presidential election demanding a pro-European change brought Viktor Yushchenko to power as president and Yulia Tymoshenko as prime minister;
• 2008: Russo-Georgian war between Georgia, Russia and Russian-backed separatists from South Ossetia and Abkhazia resulting in Georgian loss of control over these territories;
• 2009: Moldovan ‘Twitter Revolution’: protest after disputed parliamentary elections drove the Moldovan communist party from power and replaced it with a pro-European coalition;
• 2009: Eastern Partnership (EaP) launched during the Prague Summit in May 2009, based on a Polish-Swedish proposal aimed at enhancing cooperation between the EU and its Eastern Partners;
• 2011: Euronest Parliamentary Assembly launched at its first meeting in May 2011 in Brussels;
• 2011: Eastern Partnership Summit in Warsaw in September;
• 2013: Eastern Partnership Summit in Vilnius in November;
• 2014: Ukrainian ‘Revolution of Dignity’ also known as ‘Euromaidan’: series of protests overthrew pro-Russian President Yanukovich who refused to sign the EU Association Agreement and brought pro-European prime minister Arseni Yatsenyuk and President Poroshenko to power;
• 2014: Annexation of Crimea by Russia and start of Donbas war between Ukrainian army and Russian backed separatists; establishment of Donetsk and Luhansk republics, not internationally recognised;
• 2014: EU-Association Agreements with Ukraine, Georgia and Moldova signed; Ukraine signed the part on a Deep and Comprehensive Free Trade Area (DCFTA) later, because of objections by Russia;
• 2015: Eastern Partnership Summit in Riga in May;
• 2015: Belarus: Alexander Lukashenko secured his fifth term with 84 % of the vote in flawed presidential elections, showing that the country still had a long way to go towards full democracy;
• 2017: Eastern Partnership Summit in Brussels in November;
• 2018: Armenian ‘Velvet Revolution’: protests led to resignation of prime minister Serzh Sargsyan, succeeded by Nikol Pashinyan, who won the following snap parliamentary election with 70 % of the vote;
• 2018: Georgia: Salome Zourabichvili won presidential election with 59 % of the vote;
• 2018: Azerbaijan: Ilham Aliyev secured a fourth term with 86 % of the vote in flawed elections;
• 2019: Ukraine: newcomer Volodymyr Zelensky won presidential election with 73 % of the vote; his party ‘Servant of the people’ won an absolute majority in the subsequent parliamentary election;
• 2019: Moldova: opposition leader Maia Sandu formed coalition government with pro-Russian Socialist Party after parliamentary election, leading former government to step down.
2 Key European Parliament resolutions

In its eighth term, the European Parliament adopted some parliamentary resolutions related to the Eastern Partnership region. In 2015, a resolution on the review of the European Neighbourhood Policy (addressing both the EU’s Eastern and its Southern neighbours) called for support for ‘countries which are pursuing an ambitious European agenda and, as a consequence, are suffering from retaliatory measures’. In 2016, Parliament passed a resolution on women’s rights in the Eastern Partnership States and one on the Association Agreements/DCFTAs with Georgia, Moldova and Ukraine, providing an assessment of their efforts to bring their national legislation up to EU standards on the basis of their AA/DCFTA commitments. In 2017, Parliament made a recommendation on the implementation and future of the Eastern Partnership.

The Euronest Parliamentary Assembly, in which both EU and EaP countries are represented, passes its own resolutions. The Euronest Parliamentary Assembly has held seven ordinary sessions since 2011 and, except at its first meeting, adopted 34 resolutions in total, an average of four to seven per session.


Parliament adopted a number of country specific resolutions on Ukraine, Moldova and Belarus:

<table>
<thead>
<tr>
<th>Resolutions regarding Ukraine</th>
<th>Resolutions regarding Moldova</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-Ukraine Association Agreement, 12 December 2018</td>
<td>Implementation of the EU-Moldova Association Agreement, 14 November 2018</td>
</tr>
<tr>
<td>Situation in the Sea of Azov, 25 October 2018</td>
<td>The political crisis in Moldova following the invalidation of the mayoral elections, 5 July 2018</td>
</tr>
<tr>
<td>Russia, notably the case of Ukrainian political prisoner Oleg Sentsov, 14 June 2018</td>
<td>Macro-financial assistance to the Republic of Moldova, 4 July 2017</td>
</tr>
<tr>
<td>The cases of Crimean Tatar leaders A. Chiygoz, I. Umerov and the journalist M. Semena, 5 October 2017</td>
<td>EU-Moldova Association Agreement: safeguard clause and the anti-circumvention mechanism, 3 February 2016</td>
</tr>
<tr>
<td>Third countries whose nationals are subject to or exempt from a visa requirement: Ukraine, 6 April 2017</td>
<td>Agreement on an Association agreement between the EU and the Republic of Moldova, 13 November 2014</td>
</tr>
<tr>
<td>Ukrainian political prisoners in Russia and situation in Crimea, 16 March 2017</td>
<td>Agreements on Eurojust and Ukraine Cooperation agreement, 19 April 2018</td>
</tr>
<tr>
<td>EU strategic communication to counteract anti-EU propaganda by third parties, 23 November 2016</td>
<td>Deterioration of media freedom in Belarus, notably the case of Charter 97, 4 October 2018</td>
</tr>
<tr>
<td>Agreement on Operational and Strategic Cooperation between Ukraine and Europol, 22 November 2016</td>
<td>Bangladesh, 19 April 2018</td>
</tr>
<tr>
<td>Crimean Tatars, 12 May 2016</td>
<td>Belarus, 6 April 2017</td>
</tr>
<tr>
<td>Human rights situation in Crimea, in particular of the Crimean Tatars, 4 February 2016</td>
<td>Belarus, 24 November 2016</td>
</tr>
<tr>
<td>Eurojust and Ukraine Cooperation agreement, 2 February 2016</td>
<td>EU-Ukraine association agreement, as regards the treatment of third country nationals legally employed as workers in the territory of the other party, 16 September 2014</td>
</tr>
<tr>
<td>Macro-financial assistance to Ukraine, 25 March 2015</td>
<td></td>
</tr>
</tbody>
</table>
3 The plan: one Eastern Partnership

3.1 Setting the scene

The Eastern Partnership (EaP) is a format for cooperation between the EU and six of its Eastern neighbours and was launched in Prague in 2009 as the eastern dimension of the European Neighbourhood policy. Its purpose is to define the EU’s relations with those countries that have direct borders with the enlarged EU, namely Belarus, Ukraine and Moldova, and the three Caucasus countries Georgia, Armenia and Azerbaijan. The Eastern Partnership was also a response to the failure of the ambition for a common approach towards these countries and the other big neighbour to the east, Russia. Not only did Russia itself prefer in the 1990s to have its own special relationship with the EU but it became increasingly clear, after the transition of power from President Yeltsin to Putin in the year 2000, that a joint policy for Russia and the bordering countries that are former Soviet republics, would not work.

The EU therefore launched the Eastern Partnership as a common approach for six countries. This approach was challenged from the beginning. Not only because of differences between the six countries, but also because of the geopolitical context. In considering this Eastern Partnership region, we need to look at external powers that regard the region as part of their sphere of influence, or at least sphere of interest, or have done so in the past. This broader perspective should include Russia to the north and Turkey to the south. In looking at actors who actually exert some form of influence or interest in the region, apart from the EU itself, we also need to consider the role of a more distant Western country like the US or Eastern country such as China. This analysis will examine the six Eastern Partnership countries, taking into account the external powers that influence them, while looking at their own economic, political and cultural challenges.

In doing so, it will become evident that these countries’ economies are on the one hand closely intertwined, on the other increasingly diversifying. In the field of energy, for instance, Russia and Azerbaijan are major producers of oil and gas, whereas the other countries are home to several transit pipelines. Trade patterns in the region have undergone profound changes since the dissolution of the Soviet Union and countries are diversifying their economic options. To tackle the problem of corruption, which persists in all EaP countries, they need to improve the governance of their economies and state institutions. Building reliable and democratic government institutions is a challenge. The EU insists in particular on such reforms in the countries with an Association Agreement. Finally, for a full understanding of developments we need to include the role of culture and identity. Questions of identity are often linked to history, language and religion, which have hybrid relations with the different states and their political organisation. To make a comparison: whereas in France the predominance of the French language and the separation between church and state were decided long ago, language and religion are still highly politically sensitive issues in Ukraine, where nation-building is taking place right now. This leads to questions of national identity, which touches on people’s private sphere and personal identity as well.

This study will begin by looking at the main elements of the Eastern Partnership between the EU and its six partner countries. It will then broaden our view towards recent historical developments in the region and the overall geopolitical perspective. Against that background, it will return to current developments in the areas of the economy, governance and identity. The study will conclude with an attempt to assess the results of ten years of Eastern Partnership, indicate remaining challenges and have a brief outlook into the near future. Taking into account the vastness of the subject and the limited space available, the study will restrict itself to the main developments and make many references and links to other sources.
3.2 The Eastern Partnership

The Eastern Partnership is defined as ‘a joint policy initiative aiming at deepening and strengthening relations between the European Union, its Member States and the six EaP countries’. After its launch at the Prague summit in 2009, summits followed every two years: in Warsaw in September 2011, Vilnius in November 2013, Riga in May 2015 and in Brussels in November 2017. In 2019, instead of a summit, a range of celebratory events and a ministerial meeting on 13 May were organised, because 2019 was considered a year with disruptive changes caused by Brexit and renewal of the European Parliament and Commission.

Yet, the diversity of the six Eastern Partnership countries is evident. Geographically we can divide them in the three direct neighbours Ukraine, Moldova and Belarus on one side, and the Caucasus countries Georgia, Armenia and Azerbaijan on the other. More importantly, it became clear over the years that a differentiated political approach between the six countries was needed. The political and human rights situation in Belarus did not allow close association with the EU, and the EU now follows a policy of ‘critical engagement’. With Azerbaijan, a more cautious approach was needed as well, although negotiations for a new comprehensive agreement started in 2017. In 2013, months before the Vilnius summit, Armenia decided to join the Customs Union with Russia, Belarus and Kazakhstan, which developed into the Eurasian Economic Union, and which was incompatible with the trade component of an Association Agreement (AA) with the EU. Instead, a comprehensive and enhanced partnership agreement was signed in 2017 and entered into provisional application in June 2018. This left only Ukraine, Moldova and Georgia with the prospect of an Association Agreement, which was deemed the best form of cooperation with the EU. In June 2014, Moldova, Georgia and Ukraine signed their respective Association Agreements with the EU, which include Deep and Comprehensive Free Trade Areas (DCFTAs). These entered into force in July 2016 for Moldova and Georgia. Entry into force in Ukraine was delayed until September 2017 by (inconclusive) trilateral talks with Russia and a negative referendum in the Netherlands — leading to some modifications to the political parts.

In spite of the differences in the form and content of relations, the EU has tried to define common goals for all six countries. At the 2015 Eastern Partnership summit, four priority areas of cooperation were identified for all six countries, which were confirmed in 2017:

- a) strengthening institutions and good governance;
- b) mobility and people-to-people contacts;
- c) market opportunities, including business development and the digital economy;
- d) interconnection, including energy security and transport links.

In implementing these goals, the EU applies a certain degree of conditionality between efforts made and benefits granted. The EU insists on reforms in governance and on the rule of law, which include combating corruption and the influence of oligarchs on the economy, as a condition for financial support, market opening or visa liberalisation. The Association Agreements indicate desired reforms based on alignment with EU legislation. In that vein, the EU has liberalised its visa regime for the three countries with an Association Agreement, allowing for visa-free stays in the Schengen area for up to 90 days. For Armenia and Azerbaijan, visa facilitation has been in place since 2014, simplifying the procedure and requirements for short-stay visas up to 90 days. Negotiations on visa facilitation were launched with Belarus in 2014 but did not lead to tangible results. On its side, however, Belarus has granted short-term visa-free stays to all EU countries.

With a two-track approach, having both multilateral goals, meetings and programmes for the whole Eastern Partnership as well as bilateral ones per country, the right balance between joint efforts and individual differences is sought.
Figure 1: Towards a stronger Eastern Partnership

Source: European Council, 2017
3.3 Financial support

The Eastern Partnership (EaP) countries receive **financial support from the EU** in a variety of ways and through several channels. The bulk of funding for the European Neighbourhood Policy (ENP) was between 2007 and 2013 provided by the Neighbourhood and Partnership Instrument (ENPI). From 2014 to 2020, it is the European Neighbourhood Instrument (ENI). These instruments provide support through three different channels:

- **Bilateral assistance:** based on joint analysis with the partner countries, priorities and indicative allocations are set. Bilateral assistance under the ENI is also consistent with the four EaP priorities set in 2015 in Riga, the EaP deliverables for 2020, the UN 2030 development goals and the Paris Agreement on Climate Change. The priorities, the amount of funding, and the targets of bilateral programmes are specified in multi-annual Single Support Frameworks.

- **Regional assistance:** the Regional East Programme addresses issues in a regional context for all six EaP countries. It seeks to contribute to confidence-building, fostering exchanges, dialogue, best practice and political cooperation between Eastern Partners, EU Member States and the EU.

- **Horizontal assistance:** this includes Cross Border Cooperation (CBC) support and European Neighbourhood-wide measures, such as support to public administrations (TAIEX, Twinning and SIGMA programmes), promoting higher education (Erasmus+), and supporting investment via the Neighbourhood Investment Platform, which is an instrument to support crucial infrastructure projects in energy, transport, and social and environment sectors.

**Between 2007 and 2013,** the ENPI provided a total amount of about **EUR 4.3 billion** for the EaP countries. EUR 745 million was implemented through the Neighbourhood Investment Platform. The ENI replaced the ENPI and has a total seven-year budget of EUR 15.43 billion for all 16 partner countries in the ENP (including the Southern Neighbourhood) for the period 2014-2020. **Between 2014 and 2020,** under the ENI, about **EUR 4.5 to 5.0 billion** will be allocated to the six EaP countries.

Another important source of funding for the EaP countries, with the exception of Azerbaijan and Belarus, which never took part, are the **Macro Financial Assistance (MFA) programmes.** MFAs help ENP countries facing balance of payment difficulties and take the form of medium to long-term loans or grants, or a combination of these, are strictly tied to implementation of ongoing IMF programmes and are supposed to be complementary to them. The MFAs’ aim is also to help countries achieve a sustainable external financial situation and to encourage them to implement structural reforms. In total, **between 2009 and 2018,** **EUR 4.42 billion was disbursed through MFA programmes.** The largest beneficiary was Ukraine with EUR 3.81 billion, followed by Moldova with EUR 190 million and Georgia and Armenia with EUR 137 million and EUR 105 million, respectively.

The EaP countries are also eligible for a variety of other instruments like the Instrument Contributing to Stability and Peace, the Partnership Instrument, and the European Instrument for Democracy and Human Rights, as well as, Humanitarian Aid.

According to a Commission proposal, from 2021 onwards, the financing of the EU’s external action will be re-organised under a single instrument, called Neighbourhood, Development and International Cooperation Instrument (NDICI). Financial support to the EaP countries will come from its geographical component. The Commission proposal provides for an amount of EUR 22 billion for the European Eastern and Southern neighbourhood.

---

1 Amounts are estimates and final figures are calculated ex post.
3.4 Parliamentary dimension

The Association Agreements provide for several forms of cooperation between executive branches, from ministerial to expert level. There is also an EaP civil-society forum and CORLEAP — the Conference of the Regional and Local Authorities for the Eastern Partnership. One of the key aspects of the EaP initiative is, however, parliamentary cooperation.

First of all, the multilateral Euronest Parliamentary Assembly consists of delegates from the European Parliament and all Eastern Partners except Belarus. The delegation from the European Parliament counts 60 delegates, and the Eastern Partners have 10 delegates each. For the time being, Belarus does not take part in the Assembly’s activities for political reasons. The seventh Assembly took place in June 2018 and adopted seven resolutions. These focused, amongst other topics, on tackling informal and undeclared labour and enhancing the social security of employees as well as on energy efficiency development and security challenges for the EU and the EaP countries. Overall the resolutions follow the four common goals of the EaP, outlined in 3.2. They point at three essential elements for healthy stable democracies. Firstly, a certain level of stability of the political and economic system of a country is of fundamental importance. Secondly, this stability is a precondition for popular support of that political order and its further reform and development. Hence the resolutions focus on civil society organisations and free media, which deserve attention and protection. Thirdly, a stable external environment in the whole EaP region is also necessary to achieve internal stability and popular support. On the one hand, military conflicts but also disinformation and destabilisation campaigns can undermine internal stability. On the other hand, good governance and democracy, the rule of law and respect for human rights, also help to resist such potential external threats. Exchange of best practices among the Eastern Partners and with the EU can be helpful in this respect.

Secondly, bilateral parliamentary cooperation with the associated countries takes place in form of Parliamentary Association Committees (PACs). The PACs are co-chaired by Members of both parliaments. The sixth EU-Moldova PAC meeting occurred in April 2018, in Chisinau, and dealt with AA implementation, reforms, the banking system, human rights and fundamental freedoms. The eighth EU-Georgia PAC meeting, was held in March 2019 in Strasbourg and the topics discussed included the implementation of the visa free regime, the consolidation of democratic reforms and the implementation of the DCFTA. The ninth meeting of the EU-Ukraine PAC took also place in March 2019 in Strasbourg and topics discussed included progress with the reform process and the upcoming elections in Ukraine. Parliamentary cooperation with the other EaP countries depends on the agreement they have with the EU. The EU-Azerbaijan Parliamentary Cooperation Committee (PCC) is based on the 1999 Partnership and Cooperation Agreement. Following the provisional application of the new agreement with Armenia, the PCC with Armenia was upgraded to a Parliamentary Partnership Committee (PPC) in 2018. Currently, the European Parliament does not have official relations with the parliament of Belarus, due to the country’s failure, so far, to conduct free and fair elections and fulfil international standards for democracy and the rule of law.

Furthermore, a trilateral inter-parliamentary assembly for the three associated countries was initiated by the Speakers of the three parliaments of Georgia, Ukraine and Moldova and was formally established in Kyiv in June 2018, with the support of the European Parliament. The composition, mandate and procedures of the Assembly were adopted at the constituent session held in October 2018 in Tbilisi. This new forum offers these countries an opportunity to learn from each other’s experiences.
4 The reality: geostrategic forces

4.1 Internal dynamics: frozen conflicts and hot revolutions

The Eastern Partnership was built on moving ground. To better understand the political dynamics, a look at the political history of the EaP countries since the dissolution of the Soviet Union in 1991 is necessary. While knowing that any scheme leads to simplification, it may be helpful to distinguish three phases between 1990 and today, in which violent conflicts or more or less peaceful revolutions occurred.

1990 - 1999: settling the dissolution of the Soviet Union

In Armenia, Azerbaijan, Georgia and Moldova, the dissolution of the Soviet Union involved military conflict. Because these conflicts resulted in stalemate, they have been characterised as frozen conflicts. The conflict in Nagorno-Karabakh is the oldest in this respect and probably has the strongest link to ethnic issues. The fact that a large Armenian community lived as an enclave in Azerbaijan was settled in Soviet times by making Nagorno-Karabakh an autonomous ‘oblast’ (administrative region) but this status fell away with the independence of Armenia and Azerbaijan. After six years of war, a ceasefire was agreed in 1994, leaving a de facto independent Republic of Nagorno-Karabakh, or ‘Artsakh’, which is not internationally recognised. Russia positions itself as mediator in the conflict, retaining influence over both Armenia and Azerbaijan.

Even before its independence in 1991, Moldova had to cope with increasing tensions between pro-Romanian and pro-Russian forces in Eastern Transnistria and Southern Gagauzia, ultimately leading to war. The secession movement in Transnistria was backed by the Russian military stationed in the region. The Moldovan government forces were defeated and lost control over Transnistria. While the Gagauz minority issue was resolved in 1994 by an autonomy arrangement, Transnistria is controlled by the self-proclaimed authorities of the Transnistrian Moldavian Republic (PMR), which has not been internationally recognised. An EU Border Assistance Mission to Moldova and Ukraine (EUBAM) assists in fighting cross-border crime and setting up an integrated border management system. In Georgia, the situation of Abkhazia and South Ossetia as autonomous republic and autonomous oblast respectively in the USSR, was similar to that of Nagorno-Karabakh. This region also experienced violent conflict and a subsequent cease-fire in the 1990s. Under a joint Russian-Ossetian-Georgian peacekeeping mission the situation remained stable until 2008.

On the political level, every post-Soviet state went through changes of power, sometimes combined with wild privatisation programmes, which led to the emergence of a class of rich oligarchs. Russia had its turbulent times under President Yeltsin. In Ukraine, Presidents Kravchuk and Kuchma led the country through its first decade of independence, balancing relations with the West and with neighbouring Russia. Incited by the world nuclear powers, Ukraine signed the Budapest Memorandum on Security Assurances in 1994, together with Belarus and Kazakhstan, giving up its nuclear weapons in return for security assurances from Russia, the US and the UK and acceding to the Treaty on the Non-Proliferation of Nuclear Weapons. Belarus and Azerbaijan maintained autocratic regimes throughout the nineties until the present day. In Belarus, President Lukashenko has been in office since 1994 and, as a result of the referendum in 2004 abolishing presidential term limits, he is currently serving his fifth term in office. Azerbaijan has been ruled by the Aliyev family since Soviet times.

2000 - 2009: the colourful revolutions

The second phase, from 1999 until 2008/2009, saw Russia harden its political line under President Putin, whereas more or less peaceful revolutions led to regime change in Georgia, Ukraine and Moldova. This was the era of the colour revolutions and with the wisdom of hindsight we could call it ‘the colourful intermezzo’. In 2003, the Georgian ‘Rose Revolution’ was a series of widespread protests after disputed parliamentary elections, which culminated in the ousting of President Eduard Shevardnadze and the
election of Mikhail Saakashvili. Similarly, following fraud in the 2004 presidential elections, the Ukrainian ‘Orange Revolution’ broke out and brought Viktor Yushchenko and Yulia Tymoshenko to power, sending former President Yanukovych into opposition. One could consider the 2009 Moldovan ‘Twitter Revolution’, also a protest after a disputed parliamentary election, as a late follow-up to these colour revolutions. Here, the Moldovan Communist Party was replaced with a pro-European coalition. The sequence of revolutions led to a theory of ‘diffusion’ in academic circles, meaning that the concept and methods of peaceful power transformation were diffused among young protestors from one country to another, tracing them from protests in Serbia in 2000 all the way through Georgia, Ukraine and Moldova. Other authors have relativised the influence of diffusion, pointing to country-specific circumstances. In that respect we should keep in mind, that a liberalisation of the political space did not take place in the north (Russia, Belarus) and south (Azerbaijan), where on the other hand autocratic rule was strengthened. Azerbaijani president Ilham Aliyev, for instance, succeeded his father Heydar Aliyev in 2003.

2009 - 2019: growing East-West tensions and Eastern Partnership

The third phase, up until the present, is characterised by growing East-West tensions. It started with the Russo-Georgian war in 2008, which itself was an expression of the increased tension between the Western orientation of Georgia and the Russian aspirations in the region under Putin. Although the war started with the breaking of the cease fire in South Ossetia, a diplomatic crisis over the status of South Ossetia and Abkhazia had been going on for months, since the sudden request of the break-away regions for recognition of their independence. This request mimicked the declaration of independence of Kosovo that year, which had enraged Russia. George Friedman states that Russian anger over the increasing role of NATO as an international actor had been growing since the Kosovo war in 1998 and now peaked over its declaration of independence in 2008. The fact that Georgian president Saakashvili, who had been re-elected in January 2008, had a strong pro-Western policy orientation and was open to seek NATO membership also contributed to the escalation. The launch of the Eastern Partnership in May 2009 may look like a reaction to the war, but had in fact been planned already before the conflict. However, the tense East-West political context put the EaP countries increasingly in the position of having to choose between relations with western countries and organisations such as NATO or the EU and the Russia-led framework of the Commonwealth of Independent States.

Georgia dealt relatively skillfully with this dilemma. The ‘Georgian Dream’ party, which took power after Saakashvili, combined a continuation of the liberal economic approach with normalisation of relations with Russia. Georgia signed the Association Agreement with the EU and the country has benefited both from the recovery in the Russian economy since 2017 and from increased trade with the EU, which is now its main trading partner. The country has to walk a thin line though and recently relations with Russia deteriorated, resulting in a ban on direct flights between Russia and Georgia, hampering Russian tourism in the country, as well as new tensions along the South Ossetia-Georgia ‘administrative borderline’.

Ukraine undoubtedly had the hardest choices to make. President Yanukovitch returned to power in 2010 on a European agenda, but lost the confidence of the people when he refused in 2013 to sign the EU Association Agreement, presumably under pressure from Russia. This led to the ‘Euromaidan revolution’ and the transfer of power in 2014 to Prime Minister Yatsenyuk and President Poroshenko. Russia’s annexation of Crimea and the war between pro-Russian armed groups and the Ukrainian army in the Donetsk and Lugansk regions in Eastern Ukraine showed an unprecedented level of military escalation. David Marples analyses why events in 2014 were much more violent than in 2004, pointing inter alia to stronger determination on the part of both the Ukrainian protestors and Russia to achieve their goals. Under Poroshenko Ukraine has polarised internationally and internally, enshrining the path towards EU and NATO in its Constitution in 2019. Newly elected President Zelensky does not seem to change this course, but could make a difference in restoring confidence in the state and the judiciary.
Moldova unfortunately did not develop efficient and democratic governance after its ‘twitter revolution’ but fell back into crises of political legitimacy and undue influence of oligarchs on politics, in particular the leader of the Democratic Party, Plahotniuc. Although the World Bank noted economic growth since 2000, the country was shaken by a big banking fraud scandal in 2014. The 2019 parliamentary elections led to a new government coalition of the pro-Russian Socialist Party of President Dodon and pro-reform platform ACUM (meaning ‘NOW’) of Prime Minister Maia Sandu, creating new hope for change. However, this unlikely coalition will face the challenge of fighting deep-rooted corruption practices and implementing the reforms of the EU Association Agreement.

The political situation in Armenia changed in 2018. Protests against the Republican Party of Armenia (RPA), which had dominated politics for two decades, brought opposition leader Nikol Pashinyan to power in a ‘Velvet Revolution’. His party won a landslide victory in the parliamentary elections with over 70% of the vote while the RPA failed to enter parliament. The new government’s reform agenda is however facing resistance from the former ruling elites. While Armenia signed a partnership agreement with the EU in 2017, the Pashinyan government is committed to also preserving its alliance with Russia, which remains crucial for Armenia’s security and economy, in particular because of hostile relations with Azerbaijan and Turkey and the Nagorno-Karabakh conflict. Russia is Armenia’s main trade and investment partner.

Belarus has the least freedom to choose. Russia is wielding power through military cooperation, energy supplies and trade relations. Sharing the same Russian language and orthodox religion also reinforces ties. Despite its dependency, Belarus has tried to stay as independent as possible, looking for economic ties with the EU, China or Turkey and membership of the WTO and playing the role of a political broker between Russia and Ukraine in the Minsk peace process. However, the EU has been mainly critical about the political and human rights situation in Belarus and imposed several restrictive measures including an arms embargo. Trade relations with the EU are hampered by Belarus’ membership of the Eurasian Economic Union. In Azerbaijan, the constitution was amended in 2016, inter alia to extend the presidential term from five to seven years and to create the post of first vice-president, to which Aliyev appointed his wife.

### 4.2 External dynamics: foreign actors

Internal dynamics cannot be understood without taking into account external actors in the region. Russia is historically the main geopolitical actor. Europe, whether the EU or its individual states, has been its classical rival to the West, with the Ottoman Empire, now Turkey, to the south. Since the second World War, the US has become a player in the region and old rivalries might lead to what some call a new cold war. While Turkey struggles to find a delicate balance between NATO commitments and its relationship to Russia, China has appeared as a new actor, promoting its ‘Belt and Road’. A study by AIES (2018) explores the influence of external actors in the region and a study by EUISS (2018) points to the fact that EaP countries have been seeking relations with new third countries, in order to diversify their options.

To better understand these broader geopolitical dynamics, a look at geography provides insight. The Eastern Partnership region is part of what Halford Mackinder in his classical early 20th century theory called ‘The Heartland’. Those who would dominate this ‘Heartland’, could dominate Eurasia and ultimately the world. Throughout history European conquerors, from Swedes, Poles, Napoleon to Hitler, have invaded this ‘Heartland’ over the North European Plain, which stretches to the Ural Mountains. Cold War strategies also foresaw this as a major battle area. Natural geography plays less of a role in modern day warfare, but is still important in economics and infrastructure construction. The notion of a geo-strategic ‘Heartland’ is still applicable to the Black Sea region, both geo-strategically and economically, hence the importance of Crimea and access to a deep-water port, as well as to the Caspian Sea region, with its abundance of natural resources.
4.2.1 Russia: a struggle with geography

Russian history is characterised by invasions from multiple sides making it face a permanent struggle necessitated by geography to protect its core land. As it cannot count on natural barriers except its forest and harsh climate, Russia strives for buffer zones in order to protect itself. The Soviet Union was the furthest westward expansion of Russian power and its aligned countries in Eastern Europe created a buffer zone between Russia and NATO. This allowed Russia to have access to territory and seas west of a line drawn between St. Petersburg and Rostov-on-Don, without which Russia would be a landlocked country. The disintegration of the Soviet Union pushed the Russian borders back to their furthest point East since the 17th century. The former Soviet Republics gained independence but found themselves in a power vacuum and in economic turmoil. Russia has tried to re-integrate them into regional initiatives like the Commonwealth of Independent States (CIS) and the Collective Security Treaty Organisation (CSTO). Belarus and Armenia are members of CSTO. In Armenia, Russia has two military bases. With Belarus it has only a rental arrangement for the former Soviet radar installations, but also holds every four years a joint military exercise called ‘Zapad’, meaning ‘West’. Belarus is holding off the establishment of a Russian military base, but might agree if the US sets up a military base in neighbouring Poland. Meanwhile, speculations about stronger cooperation between Russia and Belarus, including even annexation of the country, continue.

Russia considers its ‘near abroad’ existential to its own security. However, the Baltic states now belong to NATO and the EU, while Georgia and Ukraine try to integrate in these structures. Russia fears encirclement by NATO, referring to verbal assurances given in 1990/91 that NATO would not move eastward. However, both NATO and the EU did enlarge to the east and if, as promised at the 2008 NATO summit, Ukraine and Georgia were to join Euro-Atlantic structures, then Russia would consider this as a confirmation of the perceived encirclement. It would also draw NATO into the conflicts in Abkhazia, South Ossetia or Crimea, and thereby into conflict with Russia. Former NATO SG Rasmussen therefore launched the idea of NATO membership for Georgia without the occupied territories, leading to mixed political reactions. In that sense, for Russia, these frozen conflicts serve as a means of hampering NATO membership. They also

2 According to declassified US, Soviet, German, British and French documents such assurances were given in the context of the ‘4+2talks’ on German reunification. Central and Eastern European states who later applied for NATO considered these as undue limitations to their freedom to choose alliances and NATO emphasises these were no political or legally binding commitments.
provide a mechanism through which Russia can influence domestic affairs of these countries. Russia holds military bases in Transnistria, Abkhazia and South Ossetia. It acts as a mediator in the Nagorno-Karabakh conflict as part of the OSCE Minsk group, but at the same time sells weapons to both sides, while also being allied with Armenia through the CSTO, making both sides dependent on Russia and granting it leverage.

The independent Western course of Ukraine is probably Russia’s greatest security concern. First, there is a socio-psychological feeling of ‘losing the country’ that was the Soviet Union’s grain basket with a population culturally close to Russia. Second, if Ukraine manages the transition to a well governed democratic state, this could undermine authoritarian rule in Russia. Therefore, disinformation campaigns aim at influencing public opinion in Ukraine. Thirdly, geo-economics are at stake, Ukraine being the main transit country for Russian gas and holding a gateway function for accessing the Black Sea. Finally, Ukraine is of military importance due to both its long border with Russia and again, access to the Black Sea. Since the annexation of Crimea in 2014, Russia is modernising its Black Sea fleet while increasing its foothold in Crimea and thereby effectively controlling the Kerch Strait. Already in 1997, former US National Security Adviser Brzezinski identified Ukraine’s pivotal role for Russia and correctly predicted Ukraine’s attempt to integrate into Euro-Atlantic structures. Brzezinski also saw a role for the West ‘pointing to the decade 2005-2015 as a reasonable time frame for the initiation of Ukraine’s progressive inclusion’ in Western structures, while admitting that this would be ‘incomparably harder to acquiesce’ for Russia than the Baltic States accession to NATO and the EU. This happens to be an adequate description of where we are now.

4.2.2 US: NATO’s Eastern flank and a revived Intermarium

After 1991, the US had to develop another policy towards the Eastern Partnership countries outside of the Cold War perspective. Securing safe management of the nuclear arsenal in Ukraine and Kazakhstan was among the first concerns and solved in the Budapest Memorandum of 1994. The long range task was however, quoting again Brzezinski, to avoid ‘the re-emergence of a Eurasian empire that could obstruct the American geostrategic goal of shaping a larger Euro-Atlantic system to which Russia can be stably and safely related’ ⁴. To avoid such re-emergence, support for the new post-Soviet states would be crucial, in particular for Azerbaijan because of its natural resources and, most of all, for Ukraine. As NATO is the main vehicle of American security influence in Europe, expansion to the East was a logical next step. Initially the Partnership for Peace program, adopted by NATO in 1994, tried to integrate all Central and Eastern European countries and former Soviet Republics in one single extensive framework, including Russia. The Partnership had the mixed intention of preparing countries for NATO membership if they wanted to join, or otherwise enhancing military cooperation without membership. By 2004, ten central and eastern European countries had joined NATO. A next wave is focusing on the Western Balkans region, where Croatia, Albania and Montenegro have acceded and Northern Macedonia signed an accession protocol in February 2019. Moldova declared itself a neutral state and does not aspire for NATO membership. However, apart from the membership perspective given in 2008, NATO cooperates already with Ukraine and Georgia on a broad range of topics, such as training, capacity building or participation in NATO missions in other countries. The US also gives bilateral military support to Ukraine and Georgia outside the framework of NATO. The US signed a Strategic Partnership Agreement with Georgia. The US trains, equips and logistically supports Ukraine. Since 2014, US security assistance to Ukraine mounted to USD 1.5 billion.

In fact, American policy and NATO policy are very much in line and hard to distinguish from each other. The US National Defence Strategy of 2018 signalled (p.2): ‘Russia seeks veto authority over nations on its

---

4 Brzezinski, The Grand Chessboard, p. 87
5 Estonia, Latvia, Lithuania, Poland, Czech Republic, Hungary, Slovakia, Slovenia, Romania and Bulgaria
periphery in terms of their governmental, economic, and diplomatic decisions, to shatter the North Atlantic Treaty Organisation and change European and Middle East security and economic structures to its favour.’ The US National Security Strategy of December 2017 stated (p.48): ‘On NATO’s eastern flank we will continue to strengthen deterrence and defence, and catalyse frontline allies and partners’ efforts to better defend themselves’. Initiatives reinforcing the ‘Eastern flank of NATO’ intensified after the Russian annexation of Crimea in 2014. The Obama Administration launched the European Deterrence Initiative (EDI), which had a budget of USD 4.8 billion in 2018 and aims at increasing a rotational presence of US troops, enhancing military exercises and interoperability, boosting defence capabilities of US allies, and improving infrastructure and material. In addition, ballistic missile defence systems in Poland and Romania are underway, despite Russian protest. Officially, the missile systems aim at intercepting missiles in the air coming from Iran and North Korea, but in reality, they would also cover missiles originating in Russia.

Plans to establish a permanent US military base in Poland (‘Fort Trump’) could create a new geographical centre of gravity in NATO’s deterrence strategy. Likewise, as decided at the 2016 Warsaw Summit, NATO has established a Forward Presence in Estonia, Latvia, Lithuania and Poland and in the Black Sea region.

Geopolitics and geo-economics are linked in US foreign policy, and two examples illustrate this for the Eastern Partnership region. US energy policy for the region as laid down in the 2018 ‘European Energy Security Diversification Act’ makes no secret that the aim of ‘(...) assisting Central and Eastern European Countries to reduce their dependence on energy resources from countries (...) such as the Russian Federation’, will also ‘help facilitate the export of United States energy resources’. In that context, the US supports the Southern Gas Corridor initiative of the European Commission, which aims at diversifying European gas supplies with the help of Azerbaijan and Georgia, and strongly opposes the Nord Stream 2 project which would bypass Ukraine as a transit country, as laid out in a report from the Atlantic Council. Sanctions on Nord Stream 2 might, however, undermine German-American relations.

In this context it is interesting to note strong US support for the Three Seas Initiative (TSI). The TSI is a joint undertaking by twelve EU member states seeking to foster interconnectivity in the fields of energy, infrastructure and digitalisation in Central and Eastern Europe, and is endorsed by the European Commission. As most infrastructure in Europe runs on an East-West axis, the TSI aims at establishing North-South connections from the Baltics to the Black and Adriatic Sea. The Three Seas Initiative serves several US foreign policy goals. First, it offers an opportunity to boost US Liquefied natural gas (LNG) exports, since stepping up LNG import capacities along Poland’s, Croatia’s and the Baltic coastlines and connecting the countries with pipelines is part of TSI. Second, it makes these countries less dependent on Russian gas and reduces Russian influence in the region. The latter goal is shared by EaP countries like Moldova or Ukraine, who might join TSI in the future. TSI is said to be the renaissance of an old geopolitical concept called ‘Intermarium’, an alliance of states stretching from the Baltics to the Black Sea centred on Poland, built against an expansionist imperial Russia and/or Germany. This historical note makes combined support for TSI and opposition against Nord Stream 2 all the more explainable.

---

6 Trump’s missile defence: Challenges for Europe. ETH Zürich
7 The Bill mentions 26 countries, including Moldova and Ukraine
4.2.3 EU: prosperous and aligned neighbours

The EU is not the kind of organisation to formulate its policies in terms of geopolitical interests. When it comes to defence, the EU is cooperating with NATO. The 2018 joint EU-NATO declaration states (point 5): ‘We support the defence and security capacity of our neighbours to the East and to the South’. The general EU policy towards the Eastern Partnership region is formulated in the EU Security Strategy from 2003 and 2009, and the Global Strategy from 2016 as creating resilient, well-governed, prosperous and aligned states in its Eastern and Southern neighbourhood. The EU’s major instrument to do so is its European Neighbourhood Policy, which makes access to the EU’s single market and provision of financial assistance conditional on progress in reforms.

The ultimate question of EU membership is controversial between EU member states and therefore no concrete offers are on the table. In 2019 Ukraine enshrined the goal of EU membership in its Constitution. The European Council has noted these European aspirations, but cannot commit to an accession perspective due to differing opinions both within and between EU member states. A survey of ECFR shows that most EU member states support involvement in Eastern Europe. Variations in views are often linked to geography and countries to the East of Europe have a stronger interest in their immediate neighbours and share a common security perception towards Russia. They hosted most EaP summits, in Prague, Warsaw, Vilnius and Riga. The prime minister of Estonia, which made the Eastern Partnership a priority of its 2017 EU Council presidency, said in his statement at the European Parliament ‘that it is not impossible that one day in the future, a Ukrainian president may stand in front of this house, in the same role as I am today’. There are also differences in approach or tone between the three big EU member states. The UK consistently spoke in favour of Ukraine’s accession to NATO and supports Ukraine logistically and materially. The UK is also strongest in expressing criticism of Russia, the more so after the ‘Sкрипаль affair’ in which Russia allegedly poisoned a former Russian intelligence officer in the UK. Although UK-Russia relations are generally cold, critics point to the fact that the UK seems not very active in the fight against Russian capital being laundered in the City of London. Germany and France, on the other hand, while supporting the sanctions against Russia, seem to look for a more balanced approach in relations with both the Eastern Partnership countries and Russia. Together with Russia and Ukraine, Germany and France are in the ‘Normandy 4 format’ of the Minsk peace process, taking on a role of mediation between Ukraine and Russia. Germany also led an effort to act as a mediator regarding shipping in the Kerch strait. Germany’s pursuit of the Nord Stream 2 pipeline however, undermines its diplomatic credibility in Kyiv. In 2018, President Macron even expressed a wish for better relations with Russia, for instance on concrete topics like cybersecurity and defence, without ‘forgetting the last few years’.

4.2.4 Turkey: NATO bridgehead and energy hub

Turkey’s strategic outlook is to a high degree defined by its membership of NATO and its unique geographic position at the crossroads between the Middle East, Europe and Asia. Turkey has a considerable military force, hosts US troops and nuclear warheads and functions as a strategic bridgehead for US and NATO operations in the Middle East. Turkey is a natural counterbalance to Russia on the Black Sea and through the Bosporus strait, it effectively controls maritime access to the Black Sea. However, Turkish-Russian relations are more of a complex mix between competition and cooperation. Their recent rapprochement led to the controversial purchase of the Russian S-400 Air Defence system. This strains relations with the US, as the system cannot be integrated into NATO structures without security risks. Turkey also takes part in several regional security cooperation initiatives and in the Organization of the Black Sea Economic Cooperation to fund projects of common regional interest, and initiated the Black Sea Harmony operation aimed at tackling terrorism and asymmetric threats in the Black Sea area to secure maritime safety.
In general, Turkey tried to establish **pragmatic and economically driven relationships with the Eastern Partnership countries**. Turkey signed FTAs with Moldova and Georgia, and is currently negotiating an FTA with Ukraine. Turkey adopted a similar approach as the EU to separatist movements and frozen conflicts, being engaged in the resolution of conflicts without the recognition of separatist territories. However, relations with Armenia are strained by history due to the issue of the **Armenian genocide** and in the Nagorno-Karabakh conflict, Turkey sides with Azerbaijan, to which it is linked through ethno-linguistic ties.

Since the early 2000’s, Turkey aims at **establishing itself as a central energy hub** in between western consumers and eastern producers. A number of pipelines run through Turkey: Baku-Tbilisi-Erzurum (gas), Baku-Tbilisi-Ceyhan (oil), as well as, the Trans-Anatolian gas Pipeline (TANAP) bringing gas from Azerbaijan via the Trans Adriatic Pipeline (TAP) to the EU. However, Turkey also plays a crucial role for Russian energy. Russia’s Blue Stream Pipeline, as well as the currently constructed **Turk Stream gas pipeline** connect to Turkey, bypassing Ukraine. Becoming an energy hub promises considerable transit fees, leverage against producers and consumers.

### 4.2.5 China: new corridors crossing the Eurasian heartland

China’s role in the Eastern Partnership region is one of **geo-economics through the infrastructure of its Belt and Road Initiative (BRI)**, related investment and increasing trade relations. **EaP states welcome the emergence of China as a chance for economic development**. Although none of the EaP countries are part of China’s 16+1 initiative with Central and Eastern European and Western Balkan states (only Belarus is an observer), the Eastern Partnership region plays a role as a transit area to EU and Russian markets. Countries with a DCFTA with the EU are interesting to China as it provides Chinese companies access to the EU market more easily when some value is added in those EaP countries. A **China-Georgia FTA** entered into force in 2018, while **Ukraine** and **Moldova** have started negotiations with China. For Belarus, China has become an alternative **financier for debt**, while Armenia bought **advanced weapon systems** from China. Ukraine became a top food supplier for China in recent years, overtaking the US. Azerbaijan intensified relations with China, because a part of BRI is to develop **energy corridors**. The Chinese-initiated Asian Infrastructure Investment Bank (AIIB) is a **co-financier** for the Trans-Anatolian Natural Gas Pipeline (TANAP), which will bring natural gas from Azerbaijan through Turkey to the EU. However, as one of China’s goals is to ensure and facilitate **energy imports** from the Caspian Sea into China, this might mean, in the long-term, a competition between the EU and China over Caspian energy sources. Examples of infrastructure projects in the EaP region related to the BRI are: the **Trans Caspian International Transport Route**, the **Kars-Tbilisi-Baku railway** and the Transport Corridor Europe Caucasus Asia initiative (TRACECA) (See maps).

Politically, China did not recognise any of the separatist movements in the region and demonstrated support for the territorial integrity and sovereignty of Ukraine and Georgia. In particular, the Russian invasion of Ukraine is disliked by China and makes the country less attractive for investment, although the closest way to Europe for China transits Ukraine through Kazakhstan and Russia. However, **Russia and China are increasingly coordinating** with one another on the international stage. China signed agreements to coordinate BRI investments with the Russian led Eurasian Economic Union (EEU) and established an FTA with them. While China’s influence in EaP today is still relatively small compared to Russia and the EU, its influence is likely to rise, as it becomes a stronger trading and investment partner over time. Indirectly, Chinese stakes in their economies might also be a possible deterrence against Russian aggression, as China has no interest in any further military escalation in this region. However, as EaP countries are still characterised by poor governance and corruption and a common danger associated with Chinese investments is that they might lead into a **debt trap**, this might result in political leverage against them.


5  The economy: diversifying options

As the previous chapter showed, geopolitics includes the use of economic instruments, such as the construction of transport infrastructure or the strategic use of energy resources. This is referred to as ‘geo-economics’. Although geo-economics are an important consideration in economic policies of the EaP countries, we can also observe that the opening of markets has generated dynamics of its own, leading to further diversification of their national economies. Since 1991 their economies have become less dependent on Russia and more diversified. The EU appears as the main, but not only, economic alternative to Russia, because of its geographical proximity and its unique internal market. The creation of market opportunities as well as the regulatory conditions to achieve them, are an integral part of the EaP. Moreover, for those countries with an Association Agreement, deep integration into the EU internal market through trade and the approximation of legislation to the EU legislation is foreseen.

Azerbaijan stands out as a significant producer of oil and gas, leading to high foreign investment and per capita GDP. Georgia imports most of its gas and oil from Azerbaijan and is an energy and transport hub, while the business-friendly deregulated economy leads to foreign investment and a good per-capita GDP. Ukraine is the biggest economy in absolute terms but with a relatively low income per capita, depending on transit fees from Russian gas and international financial assistance, and having reoriented most of its trade towards the EU. Moldova is the poorest country in the region, depending heavily on EU trade, Russian energy and remittances from its diaspora. Belarus and Armenia are economically still the most dependent on Russia of the six EaP countries, although trade flows with Russia and the EU are almost equal.

The economies of all the EaP countries have grown substantially.

In absolute terms, based on GDP, Ukraine is the biggest economy. However, its GDP contracted after the financial crisis in 2008 and the conflict in Donbas in 2014. Second comes Belarus, followed by Azerbaijan. The economies of Georgia, Armenia and Moldova are a similar size but much smaller than the other three. All six countries faced an economic downturn in 2014, which coincided with the rapid fall of the oil price and the contraction of the Russian economy linked to that. This shows continuing economic interdependence between the comparatively large Russian economy and its former Soviet republics.

In relative terms, all countries have experienced a strong increase in GDP per capita since 2000. Belarus had the highest GDP per capita of USD 5 733 in 2017. Armenia, Georgia and Azerbaijan follow with around USD 4 000 each. The poorest economies in 2017 were Ukraine and Moldova with USD 2 640 and USD 2 290 respectively.

Source: Graphics PolDep EXPO based on World Bank Development Indicators

---

* Data from World Bank Development Indicators, DG Trade and Eurostat 2000-2017, Armenia only after 2012; Moldova 2016.
5.1 Trade relations and regional integration

All EaP countries were once members of the Commonwealth of Independent States (CIS), which was set up to manage the dissolution of the Soviet Union but remained in existence afterwards. Their economies and trade relations were initially strongly focussed on Russia but have diversified since. **Azerbaijan follows its own path of exception** as a non-WTO member and energy exporter. Armenia, Belarus and Moldova joined the CISFTA, a free trade agreement among some CIS members. When beyond the CISFTA Russia presented the Eurasian Economic Union (EEU) as an even stronger economic integration initiative, countries had to choose between joining the EEU and concluding an Association Agreement with the EU. Joining one of the competing regional integration initiatives is a crucial choice and risks damaging economic relations with the other market. The EEU, being a customs union, means accepting joint EEU external tariffs and losing the freedom to conclude your own trade agreements. **Armenia and Belarus chose the EEU.** Moldova stayed in the CISFTA but did not join the EEU and opted for an Association Agreement with the EU. Georgia and Ukraine withdrew from the CIS, following their conflicts with Russia and also turned to the EU. As a result, **Moldova, Ukraine and Georgia have an Association Agreement and DCFTA with the EU.** This does not mean that the EU has no economic relations with the others, but the EU is pursuing a different kind of partnership with them. Since 2018, the EU has a provisionally applied Comprehensive and Enhanced Partnership Agreement with Armenia and since 1999, a Partnership and Cooperation Agreement with Azerbaijan. Negotiations on a new framework between the EU and Azerbaijan began in 2017.

**Figure 5:** Membership in Regional Integration Initiatives

<table>
<thead>
<tr>
<th></th>
<th>Association Agreement</th>
<th>CIS</th>
<th>CISFTA</th>
<th>EEU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CISFTA</strong></td>
<td>Commonwealth of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Independent States</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CIS</strong></td>
<td>Commonwealth of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Independent States</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EEU</strong></td>
<td>Eurasian Economic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Union</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Armenia</td>
<td>AA + DCFTA</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Belarus</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Georgia</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moldova</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Ukraine</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

**Source:** PolDep EXPO

Statistics show the results of these political decisions in economic terms. **For Armenia and in particular Belarus, Russia is still the main trade partner,** counting for 28 % and 49 % of imports and exports respectively in 2018. Nevertheless, the EU ranks second with a non-negligible share of about a quarter of trade. For the other four EaP countries, the trade volume with Russia remains below 12 %, noting a significant decrease for Georgia and Ukraine after their conflicts in 2008 and 2014. Of the three countries with an Association Agreement, the share of trade with the EU is particularly high for Moldova and Ukraine, amounting to more than 50 % and about 40 % of exports and imports respectively. The EU is also the first trade partner of Georgia, but with a more modest relative share. Although Azerbaijan is not connected to any of the two regional economic integration alternatives, the EU is its main trade partner. However, this figure is strongly influenced by energy imports of the EU, making Azerbaijan the only country in the region with which the EU has a trade deficit.

As regards other countries, **China** is among the top five exporters for each EaP country, but does not import significant amounts from them. **Turkey** is a major trading partner of Georgia and Azerbaijan. So far, trade between EaP countries is rather limited. Ukraine and Belarus are each other’s third and fourth trading partner. Ukraine is also the third trading partner for Moldova and Azerbaijan is the fourth trading partner for Georgia. But all of these bilateral trade relations count for less than 10 % of trade volume.
The import structure of the EaP countries looks similar, with a high share of ‘Machinery and Vehicles’ and ‘Other Manufactured goods’ representing between 10% and 30% each. ‘Foods, drinks and tobacco’ and ‘Chemicals’ have a similar size. The import of ‘Mineral fuels’ is for Azerbaijan logically very small. Their export structure appears more diverse. The share of about 90% of Mineral fuels for Azerbaijan shows its heavy dependency on resource exports and the price of oil. Belarus too, has a considerable share of ‘Mineral fuels’ exports with about 20%, while in the rest of the EaP countries, this share is almost zero. Agricultural exports are with a share between 20% and 30% significant in all economies, besides Azerbaijan. ‘Other manufactured goods’ and ‘Raw materials’ make up the bulk of the remaining exports.
5.2 Investment patterns

Investment is a crucial driver of economic growth and development. The chart below shows in bars (left axis) the total net Foreign Direct Investment (FDI) flows\(^9\) in each EaP economy, while the lines (right axis) indicate how much that FDI is in percent of GDP. Obviously, FDI in total numbers does not tell much about the relative inflow as percentage of GDP. Ukraine was the biggest recipient of FDI in total numbers until the conflict erupted, which decimated FDI from roughly USD 8 billion in 2012 to USD 1 billion in 2014. However, FDI never surpassed 5% of GDP. For Azerbaijan, ranking second in total terms, FDI is also substantial in relative terms, making up to 12% of GDP in 2016, which is due to its abundance of natural resources attracting foreign energy companies. Total FDI inflows in Armenia and Moldova are small and faced a decline down to only 2-3% of GDP in 2017. Besides a sudden jump in 2011, Belarus FDI inflows have remained relatively stable since 2009, resting at around 2%. **Growth of FDI in Georgia stands out:** in 2017 FDI made up over 12% of GDP, reaching almost USD 2 billion, a doubling since 2009. Apart from its liberal economic policy, Georgia’s strategic geographic location for energy and transport corridors adds to that.

**Figure 8:** Foreign Direct Investment in current USD and % of GDP

![Foreign Direct Investment in current USD and % of GDP](image)

Source: Graphics PolDep EXPO based on World Bank Development Indicators

In order to see whether investment helps diversifying the economy away from existing dependencies, it can be helpful to look at the leading investor countries in each EaP country. Somewhat outdated data\(^10\) shows that EU countries and Russia dominated investment in EaP countries, while Turkey played a prominent role in Azerbaijan and also Georgia. The large amount of FDI from Cyprus in Ukraine represents most likely Russian or returning Ukrainian investment, because it is well known that business from these countries uses Cyprus as a tax heaven. Moreover, as this data stems from 2012/13, the effect of the conflict with Ukraine is non-existent in the chart. High levels of investment from France in Armenia are probably linked to the large Armenian community in France, which is the result of the influx of refugees after both world wars. The leading role of the Netherlands as investor in Georgia may be explained by the Dutch tax regime, which in general offers favourable conditions to companies for their foreign investment.

---

\(^9\) **World Bank Definition:** ‘Sum of equity capital, reinvestment of earnings, and other capital. (...) Ownership of 10 percent or more of the ordinary shares of voting stock is the criterion’

\(^10\) Data obtained from: EU Support to SMEs in EaP 2014-2020, p.15, Remark: The lack of available, reliable and updated bilateral FDI data makes a complete picture of investment in these countries difficult.
Diversifying unity. How Eastern Partnership countries develop their economy, governance and identity in a geopolitical context

Figure 9: Single biggest investor in EaP countries in 2012/13

Source: Graphics PolDep EXPO based on EU Support to SMEs in EaP 2014-2020, p.15

5.3 Economic sectors

Agriculture and industry remain important sectors in the EaP economies, although the share of services is growing. The share of agriculture in GDP declined continuously in all six economies, but remains significant. Agriculture in Armenia still represented 15 % of GDP in 2017, linked to a growing food processing sector. The share of agriculture increased since the 2008 financial crisis to 12.1 % in Moldova and 10.2 % in Ukraine in 2017. Despite the declining contribution of agriculture to GDP, its share in employment is relatively high. In Georgia, where the agricultural sector only made up 6.8 % of GDP in 2017, it accounted for 43 % of employment. Possible explanations are the traditional and fragmented nature of the sector or geographic conditions. The share of employment in agriculture was also high in Azerbaijan (36 %), Armenia (33 %) and Moldova (32 %), but less high in Ukraine and Belarus (15 % and 11 %). Ukraine accounts for about 25 % of the world’s most fertile black soil and agricultural products form its biggest export category. Nevertheless, the sector lacks investments, which is linked to the prohibition on selling land that was returned to small owners to dismantle collective farms after 1991. However, president Zelensky recently said he would prohibit sales to foreign companies for several years to let the local population reap economic benefits.

The industrial share of the EaP economies, including construction, has remained relatively stable since 2000. However, Azerbaijan has a very high share of industry of around 50 %, due to its role as natural resource exporter. Second comes Belarus with 32 % and third Armenia with 25 %. Ukraine’s industrial share fell from 32 % in 2000 to 24 % in 2017, while Georgia and Moldova remained stable with around 20 %.

Since 2000, with the exception of Azerbaijan, the share of the service sector grew in all economies. The biggest increase took place in Ukraine from 39.2 % to 50.2 % in 2017. A lower increase, but a larger overall share of 57 % can be observed in Georgia. The service sector in Moldova, Belarus, Ukraine and Armenia remains at between 46 % and 56 %, and in Azerbaijan at around 38 %. The composition of the service sector differs per country. Transport services are strong in Belarus and Georgia, telecommunications, tourism and IT in Armenia and tourism and financial services in Ukraine. The Moldovan service sector is driven by insurance, legal consultancies, IT and telecommunications. Azerbaijan hopes to develop tourism and IT.

Another common feature of most of the EaP economies is the significant inflows of remittances from diasporas working and living abroad. In Moldova, 20 % of the population works abroad and remittances accounted for up to 16.2 % of GDP in 2017, among the highest shares in the world. Also Ukraine, Georgia and Armenia experience large capital inflows from their population residing abroad, making up around 11-12 % of GDP in 2018, while the share in Azerbaijan and Belarus is only around 2 %. However, considering the world average of about 0.7 %, the contribution of remittances to all EaP economies is considerably high.
5.4 Energy policy

The energy policies of the EaP countries are maybe still most affected by geopolitical and security considerations. The two main energy suppliers of the region are Russia and Azerbaijan, with Russia leading in terms of available resources and exports. Russia is also a main supplier, mainly of gas, for many EU countries. The EU is trying to diversify its energy supplies away from Russia, and so are EaP countries to varying degrees. Georgia and Ukraine became less dependent on Russian energy supplies after the Russian invasions in 2008 and 2014. Georgia swapped its energy supplier from Russia to Azerbaijan and now imports almost 100% of its gas needs from there. Thanks to reverse flow Ukraine can now supply itself with gas coming from Europe, although it essentially remains Russian gas flowing back East.

However, Moldova, Belarus and Armenia are still heavily dependent on Russia for their energy imports. For Moldova, energy and electricity imports come almost exclusively from Russia provided through Transnistria. Russian Gazprom also holds the majority in MoldovaGaz, Moldova’s national gas company and the Moldovan transmission system. Belarus effectively depends on Russia for 85% of its energy needs, and does not currently have any alternatives at its disposal. The situation in Armenia is similar, 75% of its energy supply come from Russia, mostly through a pipeline transiting Georgia. Energy dependency means that Russia can use its energy abundance as a foreign policy tool. When energy-security becomes part of broader geopolitical security, it is no surprise that a military security alliance like NATO gets interested in the topic as well, as a recent report shows.

With regard to transit, Ukraine plays a pivotal role in the transfer of Russian gas to EU customers. Almost half of Russian gas to Europe transits Ukraine. The planned Nord-Stream 2 and TurkStream pipelines will bypass Ukraine and potentially deprive the country of its substantial transit fees of USD 2 billion annually. It would also reduce Ukraine’s political bargaining power vis-a-vis Russia. Belarus is a transit state for Russian oil through the Druzhba pipeline. Contamination of oil in the pipeline in 2019 led to speculations as to whether it was due to local oil theft or part of a political scenario against Russia (who missed income) or Belarus (who missed income, oil and suffered damage to its systems). Due to its geographic location Georgia also holds a corridor function for energy supplies. Since 2006, the Baku-Tbilisi-Ceyhan pipeline transports Azerbaijani oil to the EU, bypassing Russia. For gas, the South Caucasus Pipeline (SCP) through Georgia could extend to both the TANAP pipeline through Turkey or the planned White Stream Pipeline under the Black Sea to Romania, bringing Turkmenistan and Azerbaijan’s gas to Europe. Azerbaijan as oil and gas supplier is key for the EU’s plan to establish a southern gas corridor in order to bring non-Russian gas resources from the Caspian Sea to the EU.

To be less dependent on policies of other countries and to better secure its energy supplies and those of EaP countries, the EU aims at integrating its eastern neighbours into the EU’s energy market. The EU set up an international organisation, the Energy Community, which consists of the EU itself, the Western Balkans and Moldova, Georgia and Ukraine. Armenia is an observer. The goal is to create an integrated pan-European energy market by transposing the third energy package, which requires the ‘unbundling’ of energy supply generation from transmission systems, independent regulators, cross border cooperation, as well as open and fair markets. Measures to support supply diversification, increase energy efficiency and foster renewable energy deployment are undertaken under the auspices of the Energy Community. Moreover, the EU4Energy Governance initiative tries to identify key regional energy infrastructure projects to enhance interconnectivity for transmission and distribution of energy and to enhance the legislative and regulatory environment for their respective energy sectors. Moreover, Georgia, Ukraine and Moldova undertook commitments on energy reform as part of their Association Agreements with the EU.

11 Russian gas transit through Ukraine after North Stream 2: A scenario analysis
6 Governance: building reliable states

As mentioned, the EU applies a conditionality between improving good governance and the rule of law on the one hand and economic opportunities, along with visa freedom, on the other towards EaP countries. If they want the maximum benefit of this approach, they have to choose an Association Agreement (AA) with the EU. Only Ukraine, Moldova and Georgia have done so, others are not willing or not in a position to make this choice. And even then, an AA is not a clear cut result, but a long road of reforms towards stepwise integration with the EU. Because this is a long process, whereas the felt needs of countries are sometimes more urgent, some characterise the Eastern Partnership as ‘a programme without a clear objective’, stating that the Association Agreements ‘have been treated as technocratic exercises, devoid of political implications’ (Ian Bond p.1). Yet, the same author has to conclude for the EaP countries that ‘their top priorities should be to establish the rule of law; ensure that minority ethnic groups are fairly treated and have a stake in society’ (ibid, p.2), actions which are just at the core of EU policy. Improving governance means, amongst others, fighting corruption and building stable parliamentary democracies.

6.1 Governance and corruption

One of the problems all EaP countries are facing are the high levels of corruption. According to the Corruption Perception Index of Transparency International, corruption is worst in Azerbaijan and Ukraine, ranking 152nd and 120th out of 180 countries respectively, closely followed by Moldova (117th) and Armenia (105th). Georgia scores best by far and holds the 41st place while Belarus is 70th. Corruption imposes significant costs on the economies. One prominent example concerns a Moldovan bank fraud case in which USD 1 billion was stolen from the national banking system, representing 12% of GDP. Furthermore, according to one estimate, if Ukraine improved its rank in the Corruption Perception Index to equal that of Poland (ranking between 30th and 36th) ‘GDP per capita over the last 10 years would be higher by up to USD 2,824 per capita’. Corruption seems to be particularly high among State Owned Enterprises (SOEs), especially in the energy sector and concerning public procurement.

The root of corruption lies in poor governance. Good governance is a primary determinant for economic development and attracting international investment. According to the World Governance Indicators of the World Bank, when it comes to tackling corruption, government effectiveness, absence of violence, rule of law and regulatory quality, all EaP countries started from a very low level. Only Georgia achieved significant improvements on all dimensions of the World Governance Indicators, besides in ‘absence of violence’. This might also be an explanation of the relatively high inflow of foreign direct investment (FDI) into Georgia.

Figure 10: World governance indicators (-2.4 to +2.4), 2017

Source: World Bank

If corruption is such a decisive factor, the question arises how countries can tackle it efficiently. Corruption as part of daily life and practice is hard to combat. However, upgrading a country’s institutional framework is a possible way forward that for instance Ukraine chose. It created a National Agency for the Prevention of Corruption (NAPC), a National Anticorruption Bureau (NABU) and a Special Anticorruption
Prosecution Office (SAPO), equipped with sufficient funding. The picture remains mixed, however, because the conviction rate of the substantial number of cases taken on by the agencies remains very low. The majority of cases are blocked in Ukraine’s ordinary courts and no high-level official has been convicted yet. Whether the new High Anti-Corruption Court, established in June 2018, can change this practice remains to be seen. Overall, the weaknesses of these measures not only show how corruption in the economy persists because of a lack of government institutions that can tackle it. Corruption also prevails because the overall political and institutional framework, which the new institutions shall improve, impedes their work.

### 6.2 Reliable and effective institutions

Good governance therefore needs to include a broader effort to build reliable and effective government institutions. This is in particular the case for the countries with Association Agreements. Georgia’s National Strategy for the Judiciary (2017-2021) therefore aims at strengthening the independence, transparency and impartiality of the justice system to face corruption in the judiciary and the public administration. In 2017, a legislative package created rules to improve the transparency of the administration of justice and the objectivity of judicial professionals. Nevertheless, flawed selection procedures for judges at all court levels and lifetime appointments remain problematic. Hence, the Georgian Parliament passed another package in 2018, which revised the code of administrative offenses and the Chief Prosecutor’s Office. This package and a strategy document ‘Roadmap2EU’ show Georgia’s commitment to EU integration, including the screening of the legal system to comply with the acquis. The EU-Georgia Parliamentary Association Committee in March 2019 indeed recognised progress in implementing the AA. It, however, also concluded that further efforts are needed in the fields of public administration, corruption and the judiciary.

**In Ukraine, the independence of the judiciary also remains a challenge.** Already in 2015, a prosecution reform completed the competitive selection process to the local prosecutors’ offices and introduced the Inspectorate General of internal investigations and security to the Prosecutor General’s Office (PGO). Nevertheless, the PGO itself remained untouched. Similarly, the Parliament adopted a new law in 2017, which established a Constitutional Court that grants individuals the right to question directly the constitutionality of laws. Experts criticise the court for its lack of transparency and dominant presidential power. Concerning the public administration, a new civil service law introduced competitions for appointments to key positions using a centralised and merit-based recruitment system on a web-platform (career.gov.ua). The decentralisation reform, launched in 2015 and strengthened in 2018, furthermore allowed about 4 000 village councils to amalgamate into 800 new hromadas, an organisational form which allows them to channel their interest more efficiently directly on that sub-level to the former rayons or oblasts. Fiscal decentralization allows local communities to better target their needs and contributes to efficient public spending. These initiatives promise to be a comprehensive anti-corruption policy that works towards effective and reliable institutions. Nevertheless, it is too early to judge their final impact.

**Moldova**’s political system is comparable to Western ones, but political practice shows clear links between economic interests, political parties and even the judiciary. The Strategy for Justice Sector Reform (2011-2016) profoundly amended the legislation governing the justice sector and followed some of the recommendations of the EU, OSCE and Venice Commission. Nevertheless, selective justice when it comes to high profile cases and a lack of competition for the appointment of judges persist. Because of this lack of progress, the EU cut the budget support programme for justice reforms and stopped the last payment of EUR 28 million in 2017. In 2019 the new Moldovan government then asked for an opinion on a draft law reforming the Supreme Court of Justice and the Prosecutor’s Office, on which the Venice Commission gave overall positive feedback in October 2019. Also, the EU-funded TAIEX instrument has resumed its work in September 2019 by sharing expertise on accountability, independence, integrity and performance evaluation in the judiciary. Overall, the EU welcomed the extensive reform agenda of the new government
under prime minister Maia Sandu, which came into power in summer 2019, by resuming its budget support assistance to the country, disbursing EUR 14.54 million in July 2019.

Overall, all three countries share a commonality when it comes to judicial and administrative reform: reforms are introduced on paper but often lack implementation in practice. To have a truly positive impact they must go hand in hand with democratic attitudes of the people who exercise power through them. Especially the European Parliament actively supports the development of such a democratic culture.

6.3 Developing democracy

Last, but certainly not least, the European Parliament has made significant efforts to develop parliamentary democracy in the Eastern Partnership countries. Parliament has adopted a ‘comprehensive democracy support approach’, which also covers countries in other parts of the world. This approach supports democratic transition by reforming the functioning of parliaments, aiming at greater efficiency, professionalism and transparency and, if needed, changing the parliamentary culture towards the European parliamentary model of consensus building and compromise. This work is coordinated by the Democracy support and Election coordination Group (DEG), which is co-chaired by the Chairs of the foreign affairs and development committees and includes lead Members for each country. As regards the Eastern Partnership, the most extensive cooperation is with Ukraine. This far-reaching capacity-building programme for the Ukrainian parliament, the Verkhovna Rada, builds on recommendations of former EP President Pat Cox, which resulted from the Needs Assessment mission he conducted in 2015 and which were adopted as a resolution of the Verkhovna Rada. The programme is meant for both members and staff of the Rada. Support also includes a mediation process called the Jean Monnet Dialogue, which brings together the Speaker of the Verkhovna Rada and the leaders of the political factions to address inter-party conflict which undermines the ability of the Rada to implement reforms. Six Jean Monnet dialogues and a High-Level Roundtable have taken place so far. At their sixth meeting, in May 2019, leading representatives of eight political parties adopted conclusions presenting the legacy of their past reform work. In particular, they called for better inclusion of the opposition in the procedural work of the Assembly and of the Central Election Committee (CEC) and for transparency and integrity of the parliamentary elections. The legal framework for the European Parliament’s support and capacity building for Ukraine is a Memorandum of Understanding between both parliaments of 2015 and an Administrative Cooperation Agreement of 2016.

Moldova has also been a priority country for democracy support with the provision of assistance in a wide range of areas. Since the 2019 parliamentary elections and the formation of a new coalition government, the country has been undergoing a process of change and reform. The European Parliament has offered to continue its democracy support to the Moldovan Parliament, including the establishment of a Jean Monnet dialogue. In initial contacts with Members of the EP Foreign Affairs Committee, the Moldovan Parliament reacted positively to this offer. In Georgia, the Speaker of the Georgian parliament, Mr Kobakhidze, has asked the European Parliament to consider the possibility of setting up a Jean Monnet Dialogue as well. Further actions are to be developed during the European Parliament’s ninth legislature. Parliament has also set up a Young Political Leaders programme for Armenia and Azerbaijan, in which young leaders from politics or civil society from both countries have worked together on a case on Nagorno-Karabakh. Since several of these young leaders are now members of parliament or working in the government administration, this programme will have an impact on future policy making. Finally, the European Parliament also provided democracy support to the new trilateral interparliamentary meetings of Ukraine, Moldova and Georgia, referred to above.

Parliament also helps reinforcing democracy by participating in election observation missions, recently in the parliamentary elections in Moldova and the presidential and parliamentary elections in Ukraine.
Identity: defining who you are

Since the dissolution of the Soviet Union, questions of identity have returned to the fore in all former Soviet Republics that have become sovereign states. The extent to which such questions play into politics depends on various factors, such as whether and in what form the country existed before the Soviet Union (history) and in how far religion and language are factors of identification.

7.1 United and divided by history

History plays a crucial role in understanding the dynamics between the Eastern Partnership countries and the development of their national identities. It also explains the special relations some other countries have with the Eastern Partnership countries. Historical narratives may overlap or differ.

7.1.1 Russia, Belarus, Ukraine, Moldova

Since medieval times, the history of Russia, Belarus, Ukraine and partly also Moldova has been linked. The empire of ‘Kievan Rus’ (Ukrainian: ‘Kyivan Rus’) is seen by both Russia and Ukraine as a precursor of their nation. At the height of its power, it stretched from north of Novgorod to south of Kyiv. The term ‘Rus’ is derived from an Old Norse term for ‘the men who row’, and was introduced by the Vikings who navigated into the region over the rivers of Eastern Europe in the 9th and 10th centuries. They settled in the area and merged with the Slavic peoples, who adopted the term Rus’. Prince Rurik, who took over the rule of Novgorod in 862, is considered the founder of Kievan Rus. Other key names are Vladimir the Great, who converted to Christianity in 988 and his son Yaroslav the Wise, who expanded the empire.

The Kievan Rus’ is a typical case of a historical narrative that on the one hand unites the histories of Russia, Belarus and Ukraine, but on the other hand can lead to divisive discussions and claims by each country to be the ‘real’ successor of this empire. The Mongolian invasion circa 1240 ended the Kievan Rus’ and the Mongols, known as the ‘Golden Horde’ dominated the area for about three centuries. From the late middle ages, the historical paths of Russia and Ukraine begin to separate. In Russia, Ivan IV Vasilyevich, called Ivan the Terrible, ended the Mongolian rule by the conquest of the city of Kazan in 1552. He started the transfer of power to Moscow, then called ‘The Third Rome’, since the fall of ‘Second Rome’ Constantinople in 1453. The Eastern parts of present day Ukraine, however, stayed under Mongol rule for longer, while the Western parts were conquered by the Polish-Lithuanian Commonwealth, which also included modern day Belarus. Moldova managed to establish itself as a Principality between the Poles, Hungarians and Ottomans.

The occupation of the Ukrainian lands by the Polish-Lithuanian Commonwealth laid the foundation for strong ties between these countries in later centuries. A personal union between Poland and Lithuania has existed since 1386 and this was turned into a commonwealth by the Union of Lublin in 1569. Spared from the devastation of the Thirty Years war in central Europe, the Poles and Lithuanians were able to conquer vast territories to their south and east. At the peak of its power, it included all of present day Belarus and about two-thirds of current Ukraine.

This historical context may partially explain why present day Poland and Lithuania take interest in advancing the cause of Ukraine and are also among the strongest supporters of the Eastern Partnership, having hosted the second and third Eastern Partnership summits in 2011 and 2013 respectively. Ironically, the decline of power of the commonwealth in the region began with the uprising of the Cossacks of the Dniepr (Dnipro) river region in 1648-1657, which is seen as the early foundation of an independent Ukraine.
The name ‘Ukraine’ has medieval origins and means ‘borderland’ and referred to it being at the borders of the civilised Christian world. Presently, it is more commonly interpreted as the Eastern border of Europe. Cossack leader Hetman Khmelnytsky created a self-governing Ukrainian state, known as Hetmanate, which covered most of present-day central Ukraine. Although his goal was an independent Ukrainian state in the tradition of the early Kyivan princes, he had to accept the protectorate of the Czar of Moscow in the 1654 Pereyaslav treaty, in order to leave the Polish–Lithuanian Commonwealth. This started the transformation of Hetmanate into Russia’s vassal. Its territory finally ended up divided between the Russian, Ottoman and Polish-Lithuanian empires, making the Hetmanate an interlude of Ukrainian semi-independence.

Of these three empires, the Russian Empire of the Czars finally won dominance over the region. In 1726, Peter I of Russia (Peter the Great) defeated the Swedes, who were supported by the Cossacks, in the Battle of Poltava, which resulted in the incorporation of most of Ukraine into the Russian Empire. Later, western Ukraine was absorbed into the Russian Empire as well through the Partitions of Poland, which in 1795 also brought an end to the Polish-Lithuanian Commonwealth. Austria-Hungary got some parts of western Ukraine: Galicia, Bukovina and Transcarpathia. In these regions, Ukrainian intellectuals maintained their language and cultural identity, inspired by the nationalistic spirit in Europe of the 19th century. The Russian Empire feared separatism and tried to limit such expressions, leading to emigration of more Ukrainians into the Habsburg Empire, where they were referred to as Ruthenians. In 1783, Catherine the Great annexed Crimea, which had been under Ottoman vassalage for 300 years, completing the conquest of Ukraine.

7.1.2 The Caucasus: Georgia, Armenia, Azerbaijan

The Caucasus countries share a history dating back to antiquity, in which their predecessors fought each other or the neighbouring Roman or Persian empires. Whereas Armenia was already known by its current name in Hellenistic times, the precursor states of Georgia were known as Colchis on the Black Sea and its hinterland Iberia. Current Azerbaijan was referred to as ‘Caucasian Albania’ bordering the Caspian Sea.
Armenia and Georgia adopted Christianity in the early fourth century, and after the fall of the Roman Empire, came under the influence of the Byzantine Empire, which absorbed both states in certain periods.

In the times of the crusades, they welcomed the support of crusader armies to help fighting Muslim Seljuk Turks. In the late middle ages, Iberian kings regained independence and expanded their territory to Abkhazia in the North and Armenia in the South. This led to a ‘Georgian golden age’ with a peak of power around 1200 under legendary Queen Tamar, ended by the Mongol invasions. The name ‘Georgia’ possibly derives from the Persian language and means ‘land of the wolves’. However, in the present day people may link it to the coat of arms, which depicts Saint George fighting the dragon.

The history of Azerbaijan diverges from its Armenian and Georgian neighbours after antiquity. In the third century it was overtaken by the Sasanian Iranian Empire which marks the beginning of its connections with neighbouring Iran. Although Christianity also took foothold in early ‘Caucasian Albania’, this ended with the invasion of the Muslim Arabs in the seventh century. The country was incorporated into the Arabian Khalifat, which marked its integration into the Islamic world. In the later middle ages Azerbaijan was incorporated into the Turkish Seljuk Empire. Until the 19th century, political power in the Caucasus region was constantly moving between the surrounding Russian, Ottoman and Persian empires. But as a result of several Russo-Turkish and Russo-Persian wars, by 1828 Russia had gained control over Georgia, Azerbaijan and ‘Eastern Armenia’ (which covers most of present day Armenia).

7.1.3 Russian Empire, Interbellum, Soviet Union

At the beginning of the 20th century, the Russian Empire extended over large parts of Europe and Asia. Its area included modern-day Belarus, most of Ukraine, Bessarabia (territory of modern-day Moldova and the Ukrainian Budjak and Chernivtsi regions), Georgia, Armenia and Azerbaijan.

The Russian Revolution of 1917 dismantled the Tsarist autocracy in Russia and escalated into civil war and chaos, allowing some republics to enjoy short-term independence. The Ukrainian People’s Republic (1917-1921) had the longest existence while the Moldavian Democratic Republic (1917-1918) and Belarusian People’s Republic (1918-1919) had the shortest. The independence of the First Republic of Armenia and the Azerbaijan Democratic Republic lasted from 1918 until 1920, whereas the Democratic Republic of Georgia made it until 1921. Finally, the Bolsheviks victory in the Russian civil war (1917-1923), under Lenin’s command led to the creation of the Union of Soviet Socialist Republics (USSR) commonly referred to as the Soviet Union. The Red Army gained control over all former Russian Empire territories, which marked the end of their short-lived independence. Four Soviet Socialist Republics (SSR) officially formed the USSR on 30 December 1922: the Russian Soviet Federative Socialist Republic, the Ukrainian SSR, the Belorussian SSR and the Transcaucasian Socialist Federative Soviet Republic (SFSR). The Transcaucasian SFSR existed from 1922 to 1936, but was split into three separate Soviet Socialist Republics: the Armenian SSR, the Azerbaijan SSR, and the Georgian SSR. The Moldavian Autonomous Soviet Socialist Republic was first an autonomous republic inside of the Ukrainian SSR between 1924 and 1940, but recognised from 1940 onwards as the Moldavian Soviet Socialist Republic of its own.

Joseph Stalin, himself a native Georgian, succeeded Lenin in 1924 as leader of the Communist Party and hence of the USSR. His totalitarian rule became known as ‘Stalinism’ and was characterised by repression, purges, denunciations, and the spread of fear. Famines and forced labour in the Gulags led to great...
suffering amongst the population. The year 1932 was marked by Stalin’s forced agricultural collectivisation policies, which resulted in a famine where the effects were particularly felt in Ukraine. Millions of people died of starvation, the majority being ethnic Ukrainians, hence it became known in Ukraine as Holodomor.

Stalin’s successor Khrushchev implemented Stalin’s purges in the late 1930s in Ukraine. He is considered to be the instigator of the transfer of Crimea from the Russian to the Ukrainian Soviet Republic in 1954, which has been used as an argument in 2014 for restoring an old situation. Mikhail Gorbachev, son of a Russian father and Ukrainian mother, pursued policies of ‘perestroika’ (restructuring) and ‘glasnost’ (openness) in the 1980’s, which led to the eventual dissolution of the Soviet Union in 1991. Fifteen states succeeded the Soviet Union, the biggest and official successor state being the Russian Federation. Georgia was one of the first countries to declare state sovereignty in 1989 even though it only became independent in 1991. Armenia, Belarus, Moldova, and Ukraine signed their Declaration of Sovereignty in 1990 and the Declaration of Independence in 1991. Azerbaijan signed both in 1991.

7.2 The role of religion

Although the Soviet Union was a secular state, which often oppressed religion, religious feelings and beliefs have survived strongly in the Eastern Partnership region. A study of the Pew Research Centre on ‘religious commitment’ shows that about 50% of adults in Armenia, Georgia and Moldova and about 30% of Ukrainians and Belarusians consider themselves ‘highly religious’. This contrasts strongly with percentages of about 12% in France, Germany and the UK, where the population appears much more secular. When populations are more sensitive to religion, relations between matters of religion and the church, and matters of state become equally more important.

In Azerbaijan, freedom of religion is written in the Constitution and religious groups can exercise their religion freely, as long as they register with the government and do not interfere in politics. More than 90% of the population adhere to Islam, mostly to Shia Islam. There are small minorities of Orthodox Christians, Jews, the old Persian religion of Zoroastrianism and Roman Catholics, the latter of which had the honour to be visited by two popes recently (John Paul II in 2002 and Francis in 2016). Before hostilities broke out in Nagorno-Karabakh, Islam was practiced there along with Christianity. At present, the only religion in the region is the one which is also the dominant religion in Armenia: the Armenian Apostolic Church. It belongs neither to the Orthodox nor to the Catholic church, but dates back to the early ages of Christianity. The Armenian Constitution, as amended in 2005, is somewhat ambivalent in the sense that it provides for freedom of religion, but at the same time confirms the Armenian Apostolic Church as the national church.

In the other four EaP countries, the most common religion is Eastern Orthodox Christianity, which is organised as a range of ‘autocephalous’, or independent churches. The oldest ones are named after cities (Constantinople, Alexandria, Antioch, Jerusalem), the later ones after countries. The more senior churches are led by a Patriarch and the Patriarch of Constantinople acts as ‘primus inter pares’. In Belarus, the secular tradition of the Soviet Union lives on in the sense that almost half of the population considers itself non-religious. Of those who see themselves as religious, the vast majority belongs to the Russian Orthodox Church of the Moscow Patriarchate. There are minorities of Roman and Greek Catholic churches, which have historical (and according to some also political) links to Poland. In Georgia people consider themselves much more religious and some 80% of people belong to the Georgian Orthodox Church. Important religious minorities in Georgia include Muslims and Armenian Orthodox.

In Moldova and Ukraine the population is split in adherence to different Orthodox churches. In Moldova, about 90% of the people identify as Orthodox, with the majority adhering to the Russian Orthodox Church and the minority to the Romanian Orthodox Church, who practices its liturgy in Romanian.
In Ukraine, the situation is more complex. Until recently, mainly two churches were competing for the allegiance of people as well as over church property, these being the Ukrainian Orthodox Church of the Moscow Patriarchate and the Ukrainian Orthodox Church of the Kyiv Patriarchate. The latter had however never received the rank of ‘autocephaly’ and was therefore subordinate to Moscow. Since the 2014 Maidan revolution, in which churches of the Kyiv Patriarchate opened their doors to the protestors whereas those from the Moscow Patriarchate did not, the matter became political. President Poroshenko personally supported the request for autocephaly for a genuine Ukrainian church, which was finally granted by the Ecumenical Patriarch of Constantinople to a unified ‘Orthodox Church of Ukraine’ in late 2018. This was formalised by the signing of a decree by the Patriarch of Constantinople on 5 January 2019, in the presence of Poroshenko.

The recognition of autocephaly to the Orthodox Church of Ukraine led to strong language from both sides. President Poroshenko spoke of freeing ‘our ancient church, whose history goes back to prince Volodymyr’ from Russian captivity. The Patriarch of Moscow, who will lose parishes as a consequence, condemned the autocephaly as absurd and a schism. The Russian Orthodox Church also severed ties with the Constantinople Patriarchate, the primus inter pares of the Orthodox community. The fact that the relation between the two churches had become so political and a matter of national pride, is also due to the strengthened ties between the Russian Orthodox Church and the government in Russia itself, making them seek to promote each other’s agendas. In particular, under the presidency of Medvedev and following the enthronement of Patriarch Kirill I, the dividing line between church and state became confused. The Russian state allowed the Church to recover its property, making the Patriarchate the largest property owner in the Federation, to appoint military chaplains in the army and to implement a modified version of religious education in public schools. In a seemingly return of favour, the church has lent its considerable influence within Russian society to bolster public support for President Putin, which extends to his policies towards Ukraine. Like with the Kievan Rus, instead of finding a common narrative, politics have taken hold of religion and the first Christian princes of the area are worshipped separately as national heroes in each country.

7.3 Language and national culture matter

During the Soviet Union, Russian was an official language in all Eastern Partnership countries. It was taught at school and used by the official administration and therefore known and used by most people as a second or even first language. After 1991, all EaP countries restored their respective native languages as the official language, but Russian continued to be used to varying degrees in personal and official life. Apart from the ‘retreating’ Russian language, other issues of language and ethnicity re-appeared out of the former Soviet politics of uniformity. In fact, all of the frozen conflicts mentioned earlier have an ethnic or linguistic component. Although matters of ethnicity and language are delicate and it falls beyond the scope of this analysis to deal with them in-depth, some light should be shed on these issues for better understanding of the many tensions in the region. For the sake of clarity, conflicts could be distinguished between those that are linked to the Russian language and ethnicity and those that are not.

---

Conflicts not linked to Russian language and ethnicity, but with Russian involvement

The conflicts in the Caucasus countries are not linked to issues of Russian language or ethnicity. In Georgia, Armenia and Azerbaijan the Russian language was not part of society before the countries’ inclusion in the Russian Empire in the 19th century and use of the language fell back quickly after 1991. Today, Azeri, Armenian and Georgian are the clear majority languages in these countries.

Figure 15: Languages in the Caucasus region

The conflicts in Nagorno-Karabakh, South Ossetia and Abkhazia involve ethnic and linguistic communities that do not coincide with the territory of the national state in which they live. Already during Soviet times, these three regions had a special status within their respective socialist republics. In Nagorno-Karabakh, the original issue may have been an Armenian minority living on Azeri territory, but the war included displacements of both Armenians and Azeri. Russia got involved in the conflict in the form of support, arms supply or mediation. Abkhazian and Ossetian are languages widely spoken in these regions and are part of a distinct cultural identity that goes back to before Soviet times. After the disintegration of the Soviet Union, the peoples of Abkhazia and South Ossetia could not agree with the central Georgian government on a new status of exception, which ultimately led to war. According to Thomas de Waal, these conflicts had in particular a devastating effect on the relatively open and culturally mixed society of
Abkhazia, whose port city of Sukhumi was shelled and isolated. Russia got involved in both conflicts as a military party on the side of the Abkhazians and South Ossetians. The fact that both regions border Russia directly makes them different from Nagorno-Karabakh. After a cease fire but failed peace efforts in the 1990s, these conflicts flared up again in what became the Russo-Georgian war of 2008. Russia recognised the independence of both entities as countries - in contrast to most of the rest of the world.

The case of Abkhazia and South Ossetia illustrates in particular how the failure to integrate a culturally different region into a nation state, for instance by granting some sort of regional autonomy with language and cultural facilities, leads to conflict and separation. Probably the parties involved in the conflict lacked the will or vision for such a peaceful solution, but De Waal interestingly also quotes that ‘the West was absent intellectually’. Left with the binary choice between Georgia and Russia and the rule of force, both regions are now more and more integrated with Russia. In 2002, Moscow began issuing Russian passports to Abkhazian and South Ossetian residents, who had no other choice than accepting these, because Soviet passports expired and Abkhaz documents were not recognised.

**Conflicts linked to Russian language and ethnicity**

Belarus and Ukraine had been exposed earlier in history to the Russian language and culture and had absorbed more of these, although to varying degrees. Therefore, after 1991, Russian language remained in use as an official or second language. In Moldova, the Russian language only became dominant during the Soviet era, mostly in the industrialised area on the Eastern bank of the Dniester river. On the Western bank, Moldovan or Romanian, which is linguistically the same language, was used more for non-official communication. Therefore, the conflict in Transnistria (or Transdniestria, the land on the other side of the Dniester river) was linked to the majority of ethnic Russians and Russian speakers in that part of the country. They felt they belonged more to Russian than to Romanian culture and welcomed Russian support for an independent state. But Transnistria has no direct border with Russia, Ukraine is in between, and Russia never recognised it as an independent state - contrary to Abkhazia and South Ossetia. Apart from military presence, Transnistria is a good example of cultural and linguistic bonds with Russia.

In that sense, Transnistria is an illustration of the Russian cultural narrative of the ‘Russkiy Mir’ (Russian World). The Russian government speaks in this respect of so-called ‘Russian compatriots’ abroad, meaning the Russian diaspora worldwide. With the dissolution of the Soviet Union, 25 million Russians suddenly lived abroad. What this Russian diaspora had in common with many Russians in Russia, was the feeling of great loss. On the one hand, this was a loss in material terms, in Russia linked to the extreme devaluation of the Rouble. On the other hand, this great loss also includes the feeling of a loss of identity, as the generations that were adults in the 1990s were raised entirely during the Soviet regime. The ‘compatriots’ narrative suits as a good justification for the issuance of passports. In fact, this is more than just a narrative. Since 2005, the Russian Foreign Ministry operates a department for ‘Support for Compatriots Abroad’ as part of Rossotrudnichestvo, the federal agency responsible for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation. The work of this department includes the protection of the Russian diaspora abroad, which it estimates to be around 30 million people worldwide. It also promotes the Day of National Unity and Russian Language Day celebrations abroad, and manages the Fund for the Support and Protection of the Rights of Compatriots Living Abroad. The word ‘compatriot’ is applied rather loosely and covers a range from ethnic Russians over Russian-speakers to ‘passporti sed’ compatriots. Furthermore, in 2007 the foundation ‘Russkiy Mir’ was established for the promotion of Russian language and culture abroad. Although in official discourse, Russkiy Mir is emphasised to be the Russian counterpart to other European cultural institutes like the British

---

13 According to the last Soviet census in 1989, Abkhazia had a population of 525 000 people, of which 240 000 were Georgians. Currently only around 50 000 Georgians live in the break-away state (Thomas de Waal, ‘Uncertain Ground’, 2018, p.20).

Council, the German Goethe Institutes or the French Francophonie, the foundation’s official website also states that ‘Russkiy Mir’ reconnects the Russian community abroad with their homeland, forging new and stronger links through cultural and social programs, exchanges and assistance in relocation.’

The special case of Ukraine

If there is one country in the Eastern Partnership where questions of language and identity have been in the focus of political attention recently, then it is Ukraine, in particular since the 2014 Maidan revolution and the ensuing annexation of Crimea and war in Donbas. From a historical point of view, identity has been much longer on the agenda, due to the constant movement of borders and foreign occupations over the centuries. Even during the past century, some cities saw their names changed four times: current Lviv was named Lemberg during the Austro-Hungarian Empire, Lwów under the Polish rule of the interbellum and Lvov in the Soviet Union. From a geopolitical point of view, the historic and linguistic diversity of Ukraine led to speculations about the viability of a unitary Ukrainian state. Here the narrative of the Russkiy Mir comes in and President Putin openly suggested that many people living in Ukraine were in fact Russians and should have the choice to be incorporated into Russia. Ideas for the federalisation of Ukraine were floated as well and language became a divisive element between Russian speakers and Ukrainian speakers. From there it was a small step to use the narrative to justify the annexation of Crimea or support separatists in the East. The issuance of Russian passports to people living in Donbas is just the next step in a process.

Figure 16: Languages spoken at home in Ukraine per region

A 2016 study from the Konrad Adenauer Stiftung shows, however, how complex the Ukrainian identity question is. Although it is true that people in Eastern Ukraine tend to speak more Russian or identify more as Russians, the truth is that many Ukrainians are bilingual, speaking both Russian and Ukrainian, or speak a mixed language called ‘surschyk’. Moreover, language preference does not always overlap with self-perceived nationality: Russian speakers can also identify as Ukrainians. The suggested intentions of Russia and Eastern separatists to establish a much bigger ‘Novorossija’ in South Eastern Ukraine have not only failed on the battlefield, but also because the population in those areas did not automatically prefer such an identity to a Ukrainian identity. Similar to Abkhazia but on a much larger scale, it is a crucial question


A 2016 study from the Konrad Adenauer Stiftung shows, however, how complex the Ukrainian identity question is. Although it is true that people in Eastern Ukraine tend to speak more Russian or identify more as Russians, the truth is that many Ukrainians are bilingual, speaking both Russian and Ukrainian, or speak a mixed language called ‘surschyk’. Moreover, language preference does not always overlap with self-perceived nationality: Russian speakers can also identify as Ukrainians. The suggested intentions of Russia and Eastern separatists to establish a much bigger ‘Novorossija’ in South Eastern Ukraine have not only failed on the battlefield, but also because the population in those areas did not automatically prefer such an identity to a Ukrainian identity. Similar to Abkhazia but on a much larger scale, it is a crucial question
whether a multicultural and multilingual Ukraine could have developed as a political concept, as in states like Switzerland or Belgium. The fact is, that over the years 2014-2019, while under the pressure of revolution and war, President Poroshenko focused on creating a single Ukrainian identity, reflected in his slogan ‘army, faith, religion’. Although ‘language’ did not figure in his slogan, the government during the Poroshenko years has pursued the establishment of Ukrainian as the only official language of the country. A new law on languages led to fierce debates, not only about the place of the Russian language, but also of small minority languages such as Hungarian. The law was finally adopted in 2019. However, to guarantee the lasting loyalty of all Ukrainians to the Ukraine state, a sufficient degree of diversity needs to be acknowledged, especially in the fields of language, culture, education and religion. President Zelensky used both Ukrainian and Russian during his campaign in an effort to reach out to both groups. Although his opponents have sometimes fiercely criticised him for doing so, his overwhelming success at the ballot box seems to indicate support for his approach. Given the high number of Russian speakers in Ukraine, the question is likely to return to the agenda at some point in time, hopefully with solutions on the cultural level and not on the battlefield.

8 An assessment of the Eastern Partnership

8.1 Successes and challenges

The Eastern Partnership has certainly some successes to show. It has created networks of governments, parliaments, businesses and NGOs through a multitude of meeting formats, projects and programmes. They bring people of both EU and EaP countries together, making them acquainted with the perspectives and expectations of the other side. Furthermore, the three countries with an Association Agreement have launched ambitious programmes of legislative reform and, although often behind schedule, are delivering on them. Last but not least, apart from Belarus, trade flows have increased with all Eastern partners, often as compensation for lost markets in Russia. In October 2018, Commissioner Hahn praised the reforms achieved within the EaP framework and new objectives and programmes continue to be developed, for instance through the 20 deliverables for 2020, updated in 2017. These deliverables are structured in four categories, similar to the 2015 priorities, aiming at a stronger economy, governance, connectivity and society of the partner countries. Some concrete examples in each category are:

- Economy: EUR 100 million support for SMEs and a Digital Package of EUR 50 million;
- Connectivity: EUR 150 million for Trans-European Transport Networks (TEN-T) and EUR 225 million for energy efficiency;
- Governance: EUR 170 million for local social innovation projects and civil society;
- Society: a EUR 340 million Youth and Education package, enabling over 80 000 students and workers to participating in Erasmus+ and the opening of a European School in Tbilisi.

The European Council of 20 June 2019 reaffirmed the importance of the Eastern Partnership and invited ‘the Commission and the High Representative to evaluate existing instruments and measures and, on the basis of appropriate consultations, to present by early 2020, with a view to the next Eastern Partnership Summit, a further set of long-term policy objectives’. The Commission has launched these consultations in which countries, international organisations, civil society and many other kinds of stakeholders can participate until 31 October 2019.
Nevertheless, the evaluation of 10 years of the Eastern Partnership presents a mixed picture. **Considerable challenges remain, which are threefold:**

**First, the differences between the six partner countries do not seem to diminish over time.** They are partly linked to their geographic and economic situation, but are also an expression of their perceived identity and projected future. The extent to which each of the six countries aspires for European integration is a determining factor in how much and what kind of cooperation and assistance the EU can offer. Although Belarus is nominally in the Eastern Partnership, it does not pursue a path towards the EU, nor does the EU want to go further than its policy of critical engagement, given the political and human rights situation in the country. Similarly, although the EU is negotiating a new agreement with Azerbaijan, the country does not strive for adopting the EU regulatory framework. On the other hand, Moldova, Ukraine and Georgia have gone through internal political changes and strive for stronger European integration. They have paid the price of internal conflicts for this policy direction, which remain unresolved to this day. Although these conflicts are ‘frozen’ to various degrees, they may thaw and request more permanent solutions, once a western perspective becomes more concrete.

**Second, the political systems of the six partners remain challenging,** either because they are too autocratic and lack the ability or willingness to change (Belarus, Azerbaijan), or because of their volatility and fragility, expressed in sudden disruptive changes (the other four countries). The complete changes of the political landscape through revolutions or democratic elections, as was the case recently in Ukraine and Moldova, illustrate this. The implementation of necessary reforms aiming for better governance, on which the EU keeps insisting, especially for the three associated countries, remains difficult. The independence, transparency and accountability of the judiciary is problematic in all partner countries. EaP countries also have problems in adapting their working methods to the requirements of the EU, and even if new legislation is adopted in their parliaments, lack of progress in implementing reforms regarding good governance and the rule of law remains an obstacle.

**Third, the economy still suffers from undue influence of oligarchs and corruption.** Mixing up economic and political interests can take extreme forms, as was the case in Moldova until 2019, but can also be problematic in its ‘milder’ forms, as President Poroshenko had to experience in Ukraine. Such practices hamper a free and reliable business climate and the attraction of foreign investment. Deep-rooted practices, partly rooted in communist tradition, need to be eradicated in order to put economic life on its own feet. The same goes for the fight against corruption, which is not only practised on a large scale in government or business, but can also be seen on a small scale in everyday life in the form of payments to teachers, doctors or the police. Consequently, the share of the informal economy remains relatively high.

**To further complicate things, these challenges need to be tackled in a difficult geostrategic context.** Probably the biggest geostrategic challenge for the Eastern Partnership is Russia, which is criticised for influencing the region through military means, cyber-attacks, disinformation and energy policies. Unfortunately, neither the six partner countries nor the EU so far have effective, concrete solutions for this situation. The EU has imposed and periodically prolonged a balanced regime of sanctions against Russia, but these have not led to a change in Russian policies. The Minsk peace process has not delivered peace in Eastern Ukraine (yet) and frequent violations of the cease fire have become the new normal. The European Parliament has repeatedly expressed its position in a range of resolutions on the region, on the individual countries or on Russia, but under the sanctions regime the Parliament has no direct dialogue with the Russian Duma anymore. Apart from undue Russian influence, the EaP countries need to carefully choose their alternative partners and weigh their interests. In geopolitics, nothing comes for free. Whether US military support or Chinese infrastructure investments, they all bring new dependencies. The EU is just one player among these.
The future: acknowledging diversity

These three challenges of managing diversity, improving governance and disentangling the economy from undue influences, need to be addressed, both by the countries concerned and, as far as possible, by their external partners. Taking the three in reverse order, the following remarks could be made:

To disentangle the economy from oligarch influence and corruption, structural reforms as well as a change in mentality are necessary. New governments can replace key figures in the government administration or create anti-corruption authorities. Really changing existing practice, however, will take more time and effort. Privatisation programmes need to be implemented carefully, in order to avoid new oligarchic networks of influence. In that respect, Ukraine is probably right to be cautious in considering lifting the ban on selling agricultural land. Diversifying energy sources and trade flows is useful to get away from economic dependencies on other countries. In doing so, new dependencies or ‘debt traps’ should be avoided. Foreign actors should not see EaP countries as opportunities to make money, but help them building transparent and fair market conditions, which can result in mutual economic benefits.

To better implement reforms regarding governance and the rule of law, creating really independent judiciaries and effective administrations is essential. This effort has to be made by the EaP countries themselves. Recruiting new people through more transparent procedures can be a step in the process. The EU can exercise peer-pressure by regular monitoring, for instance via the implementation reports of the European Commission or via studies, such as the one on the implementation of the association agreements, commissioned by the European Parliament. The EU can ultimately withhold financial assistance if it considers a partner country is not delivering on reforms, which has been done in the cases of Moldova and Ukraine. When it comes to dealing with political volatility, it is important to build stable democratic systems and effective parliamentary control in such a way that relations between political parties stay open and constructive. In this area, the European Parliament has made many contributions. Democracy support is likely to stay an important tool of parliamentary diplomacy towards EaP countries.

Managing diversity inside EaP countries asks for constructive solutions vis a vis ethnic, cultural, linguistic or religious minorities. History, religion, language and national culture matter in EaP countries. Denying these differences will not help creating healthy national states, even if times of revolution may incite to rallying around single national symbols. Although all frozen or ongoing conflicts have geopolitical constraints, final solutions probably need to consider freedoms in cultural, religious or linguistic areas. Whereas the window of opportunity for Abkhazia, South Ossetia or Transnistria may have been missed in the past, there might still be room for creative solutions in the Donbas region. Readiness of the new Ukrainian government to grant some sort of special status to the region, once it will be fully integrated in the Ukrainian state again, could be a hopeful sign in that direction. Whether this can be achieved in the framework of the general policy of decentralisation, needs to be seen. More specific arrangements, for instance regarding language regimes, might be needed. The challenge for EaP countries will be to create unity in diversity, similar to the motto of the EU, while acknowledging the diversity within that unity.

The same challenge applies to dealing with diversity between EaP countries. Without losing the Eastern Partnership as a useful common framework, the EU needs to acknowledge the differences between the countries and allow differentiation in the approach taken. Belarus, Azerbaijan and Armenia will need a different approach than the three countries with an Association Agreement, Moldova, Ukraine and Georgia. The European Parliament has in 2017 adopted recommendations for an ‘Eastern Partnership +’ model for those associated countries that have made substantial progress in implementing AA/DCFTA-related reforms. Recently, the Polish foreign minister proposed an upgraded EaP in which the six countries should build a free trade zone among themselves, comparing this to the four Visegrad states, who formed a Central European Free Trade Agreement (CEFTA) before joining the EU. To avoid erosion of the Eastern
Partnership as a whole, a recent study of the European Institute for Security Studies (EUISS) prefers speaking of ‘smart differentiation’ within the Eastern Partnership. Consensus seems to be growing towards increasing cooperation in concrete sectors, such as the customs-, energy- and digital unions of the EU and the Schengen area. A pragmatic and low key approach might be wise, because overarching cooperation models presented by the EU risk running into resistance of EaP countries. New Moldovan Foreign Minister Popescu reminded a Brussels audience recently that memories of central rule by the Soviet Union are still alive in EaP countries and therefore they prefer taking their own decisions over following guidelines from Brussels when choosing ways of deeper regional cooperation. The EU will have to strike a delicate balance between acknowledging diversity and the freedom of choice, while not letting go on the conditionality between reforms and benefits granted.

The EU is relatively well placed to assist in tackling this threefold challenge, given its experience of creating a single market, embedded in a common rules based order, in a nationally diverse context.

Figure 17: Euronest Parliamentary Assembly, June 2018, Brussels

Source: European Parliament

The biggest challenge, however, remains to diminish geopolitical tensions in the region and restore balanced relations in the triangle of EU, EaP countries and Russia. In the past years, most attention focussed on the situation in Ukraine. A certain consensus has emerged that ‘the ball is in Russia’s court’ and a frequently heard expression on the EU side for dealing with Russia is ‘strategic patience’. Nevertheless, since recently, some Member States are exploring ways to unblock the political stalemate through dialogue. French president Macron expressed the wish for more strategic thinking on the European side including better relations with Russia. After the launch of these ideas in August 2018 in Helsinki, also in reaction to doubts about President Trump’s commitment to NATO, the Finnish and French governments have continued efforts in this direction. The election of president Zelensky in 2019 in Ukraine, who said he wants to increase efforts for solving the situation in Donbas, recently leading to a swap of prisoners between Ukraine and Russia, has increased hopes that a breakthrough might be possible. Even US president Trump offered to join new talks in the Normandy format. However, other EU member states, such as the UK or Poland, view this ‘rapprochement’ sceptically. Good intentions will be hard to implement in practice, when it comes to next steps for the Donbas region. Efforts to revive talks in the Normandy format, which did not take place anymore since 2016, are running into problems of defining concrete terms for the ‘Steinmeier formula’ and the sequence of demilitarisation and possible elections. Yet, the EU should continue investing in finding solutions leading to a peaceful, stable and prosperous Eastern Partnership region. If the EU fails to do so, the influence of other actors from outside the region, such as Turkey, China or the US, may increase. The EU might later regret having left the region to their influence, and so may the Eastern Partners. Because those third countries tend to act more out of geopolitical and geo-economic interests and lack that specific threefold experience of diversity, rule of law and single market the EU has.