

IN-DEPTH ANALYSIS

The ides of March in the Eastern neighbourhood: An overview

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Abstract

The year 2013 was supposed to mark a turning point in the relations between the EU and the Eastern Partnership (EaP) countries. Scheduled at the end of November 2013, the Vilnius Summit was supposed to bring a new impetus into the overall EaP policy. Yet two of the Partnership's countries made sudden reversals before the summit – Armenia in September, and Ukraine only days before the meeting. In both cases, pressure from Russia contributed to the country's change of course, forcing the EU to trim its ambitions for the summit, and perhaps the partnership as a whole. Some tangible results were achieved during the gathering with Georgia and Moldova initialling their Association Agreement with the EU and Azerbaijan signing a visa facilitation agreement with the EU.

If the Vilnius Summit has brought about mixed results, it provides an opportunity to review the relations that the EU has developed with the six countries participating into the EaP initiative. At the eve of a new legislative term, this review is all the more important as the EaP policy will soon celebrate its 5th anniversary and that an important stock taking exercise will have to be carried out on this occasion. And while the relationship with Ukraine has picked up considerably since November's derailment, it remains to be seen how the overall EaP policy will be affected by the drastic deterioration of the relations with Russia following its military intervention in Crimea, which has unfolded a major international crisis.

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1 The Eastern Partnership's origin and principal features

The Eastern Partnership (EaP), launched in May 2009, is part of the wider European Neighbourhood Policy.

In the bilateral component of the EaP, countries may negotiate Association Agreements, which go far beyond the previous generation of Partnership and Cooperation Agreements.

The EaP also includes a multilateral dimension and a set of flagship initiatives.

The institutional structures also foresee cooperation and dialogue with civil society.

The EaP policy originated from a joint Swedish-Polish initiative in May 2008. The idea was to upgrade the relationship with the six partner countries of the Eastern neighbourhood (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine), offering them political association and economic integration with the EU, while keeping the membership perspective off the table. The EaP also served as a pendant to the EU's other initiative in the region, the Black Sea Synergy, launched one year before with a more inclusive group of countries (including Russia and Turkey) but less ambition. The EaP is embedded into the wider European Neighbourhood Policy (ENP) that aims at creating a ring of prosperous and stable countries around the EU that respect the principles of democracy, good governance, human rights and market economy. The EaP was officially launched in May 2009 during the inaugural Summit between the EU and six partner countries held in Prague.

The EaP puts forward a two-track policy consisting of bilateral and multilateral dimensions. Bilaterally, each partner country is offered to upgrade its contractual relations with the EU from a Partnership and Cooperation Agreement (PCA) to an Association Agreement (AA). An AA includes a Deep and Comprehensive Free Trade Agreement (DCFTA), which is probably the biggest benefit of the EaP initiative. The DCFTA goes beyond a standard free trade agreement that the EU signs with third countries, as it seeks to eliminate non-tariff barriers and to bring about regulatory approximation ('deep') focusing not only on trade, but also on investment and services ('comprehensive'). In the context of the EaP, the EU also offers mobility partnerships that intend to increase people-to-people contacts with an ultimate aim of a visa-free regime. Finally, bilateral sectoral cooperation is encouraged in the fields of energy, transport, environment, regional development, education and research.

The multilateral dimension of the EaP policy seeks to enhance the cooperation not only between the EU and partner countries, but creates a framework for increased cooperation between the Eastern neighbours themselves. The EaP thus is also the EU's regional building project that intends to build a community of states linked by the democratic values and a common market. The multilateral track revolves around four thematic platforms for cooperation: democracy and good governance, economic integration and convergence, energy security and contacts between people. Another distinctive element of the EaP is a set of flagship initiatives, which are designed to give additional momentum, concrete substance and more visibility to the partnership.

The aforementioned multilateral initiatives are complemented with an upgraded institutional framework that favours the cooperation and exchange among a greater number of stakeholders. The Civil Society Forum and the Business Forum were established within the EaP multilateral structures accompanied by the Assembly of Local and Regional Authorities (CORLEAP). The dialogue between the EP and parliamentarians of the six EaP countries was institutionalised through the EuroNest Parliamentary Assembly, which holds an annual plenary session to discuss regional matters of joint interests.

2 Armenia: security concerns at the forefront

For three years Armenia negotiated the AA, which was supposed to be initialled at the Vilnius Summit.

On 3 September 2014, the Armenian President announced that the country would instead join the Customs Union

Russia holds considerable leverage over Armenia.

Armenia started negotiations for an AA in 2010 to replace the PCA signed in 1996. The country successfully concluded its AA negotiations in July 2013, in the expectation that the agreement would be initialled at the Vilnius Summit on 28-29 November 2013.

Despite the reluctance of some members of the country's political and economic elite, Armenia developed its reforms efficiently, especially in public institutions, and reinforced its civil society, modernising the state in a manner consistent with the requirements of the AA. Yet the country's considerable efforts – three years of negotiations, coupled with real progress – proved irrelevant when Armenian President Serzh Sargsyan made a dramatic U-turn and announced on 3 September 2013 that the country would join the Customs Union of Russia, Belarus and Kazakhstan rather than pursue a closer alliance with the EU.

This unexpected change raised concerns in the EU – not only about Armenia, but about the potential impact on the Vilnius Summit. Would the increasing pressure exerted by Russia over Eastern European countries affect the negotiation processes for other AAs?

In the case of Armenia, Russia had substantial levers to pull in persuading President Sargsyan not to deepen relations with the EU. The price of Russian gas is a major one: the price increased by 50 % in summer 2013, before being lowered once Armenia agreed to join the Customs Union. Another tool at Russia's disposal was its visa regime, which Moscow could make more stringent for Armenian citizens moving to or living in Russia. However, Russia's principal leverage relates to the Nagorno-Karabakh conflict and the indirect security guarantees that Moscow provides to Armenia: the large Russian base in Gyumri (Armenia) – whose lease was extended through 2044 – and the joint Russian and Armenian membership in the Collective Treaty Security Organisation (CSTO). President Sargsyan's surprising reversal, which was not preceded by discussion in the parliament, underlines Armenia's dependence on Russia and the weaknesses of Armenia's political system, which, despite recent improvements, includes only poor checks and balances. Certain Armenian political parties, as well as an important part of private sector, are pro-Russian, and Russian investments are always welcome in landlocked Armenia.

Civil society in Armenia does not seem too preoccupied by these questions. When the President made his surprising decision to join the Customs Union rather than pursue the AA with the EU, demonstrations were relatively minor – particularly compared with those in Ukraine. And when Russian President Vladimir Putin visited Yerevan on 2 December 2014, only about 1 000 people protested.

Despite the Armenian decision to join the Customs Union, the Armenian government has argued that it did not intend to reverse the reforms already undertaken when negotiating the AA. President Sargsyan attended the Vilnius Summit, where he declared that the country would pursue the institutional

reforms that are the basis for Armenian relations with the EU. The road to the AA has meant that crucial reforms have been achieved in Armenian institutions and that human rights protection in the country – although far from ideal – has improved. Both the EU and Armenia committed to further improving Armenia's judiciary system, democratic institutions and human rights, and reconfirmed their commitment to strengthen comprehensive cooperation in all areas of mutual interest within the Eastern Partnership framework. In December 2012, Armenia had become the third country in the Eastern Partnership to sign visa facilitation and readmission agreements; both the EU and Armenia concluded the ratification process in late 2013. The last Cooperation Council meeting also took place in December 2013, when both parties reconfirmed their commitment to revisit the basis of their bilateral relations¹.

Armenia was faced with a difficult choice, as it was the victim of a zero-sum game between the EU and Russia. Russia wishes to reaffirm its control over the South Caucasus region and is fighting for its 'historical right' to influence its neighbourhood to be recognised abroad. In Armenia, Russia's sale of relatively modern military equipment to Azerbaijan in mid-2013 had caused discomfort about how the new equipment might influence the Nagorno-Karabakh conflict. The sale also underscored Armenia's dependence on Russia in security matters. Since the Vilnius summit, Russia and Armenia have signed other important bilateral agreements, whose short-term benefits may appear tempting to other Eastern European countries considering joining the Customs Union.

Armenia's accession to the Customs Union is incompatible with an EU Association Agreement (and particularly with its constitutive DCFTA).

After Armenia announced its decision to join the Customs Union, its government announced it also intended to sign the political (not trade) provisions of the AA with the EU. Yet the proposal was rejected by the EU, because Armenia's participation in the Customs Union would deprive the country of its capacity to sign trade agreements, such as the DCFTA. On the other hand, Armenia and the EU remain committed to the multilateral component of the Eastern Partnership, and the EU will continue to finance development projects in Armenia that encourage the country's reform and modernisation (although the Union will no longer finance those intended to facilitate the AA and DCFTA implementation).

The EU and Armenia are in the process of 'recalibrating' their relations. To replace the 1999 Partnership and Cooperation Agreement, which is practically obsolete and ill adapted to the current Armenia-EU relationship, a new – and possibly innovative – framework of relations will have to be put in place. To a large extent, the ball is now in Armenia's court: the country must inform the European Commission of the topics that cannot be included in a new agreement with the EU as a result of the country's imminent accession to the Customs Union, forecast for later in 2014.

¹ [EU-Armenia: New context but same resolve to take partnership forward](#), European Commission, MEMO, 9 December 2013.

3 Azerbaijan: an uneasy relationship with a key Eastern partner

Negotiations on an EU-Azerbaijan AA were launched in 2010 but did not progress as rapidly as its two neighbours.

Azerbaijan's foreign policy neither pursues integration with neither the EU nor the Russian-led Customs Union. While this strategy resembles the 'multi-vector' foreign policy of some Central Asian states, Azerbaijan considers itself a European country and has not objected to participating in the EaP project. Rich in natural resources (mainly gas and oil), the country is the wealthiest in the South Caucasus region, and therefore less dependent on either EU support or Russian investments. Although Azerbaijan actively participates in the multilateral aspects of the Eastern Partnership that do not involve direct cooperation with Armenia, it has not yet undertaken several reforms necessary for closer integration with the EU.

Negotiations on an Azerbaijan-EU AA were launched in 2010, but did not progress as rapidly as those of its two neighbours. In fact, a final agreement cannot be concluded since Azerbaijan is not yet a member of the World Trade Organisation – one of the prerequisites for a DCFTA set by the EU. In January 2011, the EU and Azerbaijan signed a memorandum of understanding on a 'Comprehensive Institution Building' programme to improve the capabilities of Azerbaijan's public institutions and to align them further with EU institutions.

The Azerbaijani government wants to increase the market presence of the country's gas and oil in the EU. The Trans Adriatic Pipeline (TAP) and the Trans-Anatolian Pipeline (TANAP), which would bring gas from Azerbaijan to Europe, would do just this, while also contributing to the diversification of the EU's energy sources and, therefore, energy security. The European Commission has suggested that up to 20 % of EU's gas could come from Azerbaijan. Yet there are also risks for Azerbaijan in concentrating on these projects: the country's economy is highly dependent on its extraction of hydrocarbons, and while gas production is growing, oil production has already declined. Moreover, Azerbaijan's uneasy relations with Turkmenistan currently prevent Azerbaijan from fully exploiting the reserves of the Caspian Sea or serving as a transit country for Turkmenistan's abundant gas and oil.

What is more, the EU-Azerbaijan bilateral relationship is not without its hiccups. Despite Azerbaijan's undeniable significance for the EU as a producer of hydrocarbons and a transit country (for hydrocarbons shipped from Kazakhstan), the country's desire to establish an *ad hoc* 'strategic partnership' with the EU (i.e. singling out Azerbaijan from other Eastern Partnership countries) is not shared by the Union. The EU has hinted that, although it highly values its relations with Azerbaijan, the term 'strategic partnership' should only apply to the partners' energy relationship.

At the Vilnius Summit, both sides signed a visa facilitation agreement.

The Vilnius Summit did produce a relatively important result for the EU-Azerbaijan relationship: the signature of the Visa Facilitation Agreement, which will enter into force after the signature of a readmission agreement, in 2014. Procedures will, as a result, be simplified for certain categories of citizens, with reduced visa fees and fewer documents required of Azerbaijani citizens travelling to the EU. The outcome should enhance people-to-people contacts and contribute to a responsible management of migration. Measures

will be launched to enhance Azerbaijan's ability to oversee legal and labour migration, including circular and temporary migration; to improve the country's treatment of issues related to asylum and refugees; to prevent and combat irregular migration, including smuggling of immigrants and trafficking in human beings; and to maximise the development impact of migration and mobility.

Azerbaijan's slow pace of democratisation and the authorities' limited respect for human rights and fundamental freedoms remain the main obstacles to deepening EU-Azerbaijan relations. For the Organisation for Security and Co-operation in Europe's Office for Democratic Institutions and Human (OSCE/ODIHR), the Azerbaijani 2013 presidential elections were far from compliant with international standards. Repression against opposition figures and journalists increased significantly in the months before the vote, as did legislative repression of civil society. Azerbaijan's government and parliament reacted irately to international criticism, including that originating from the EU. Azerbaijani MPs did participate in Euronest committee meetings held in Brussels in February 2014, but it is unclear whether or not they will join the Euronest plenary session in the autumn of 2014 in Yerevan (Armenia).

The Nagorno-Karabakh conflict and the occupation of other Azerbaijani territories by Armenia also have consequences for the bilateral relationship and for the Eastern Partnership as a whole. The EU has tried to focus some regional cooperation projects on facilitating a dialogue between the conflict's parties. An EU Special Representative for the South Caucasus also works to develop a dialogue on Nagorno-Karabakh - as well as on the conflicts over the Georgian regions of Abkhazia and South Ossetia. More importantly, the EU has consistently and unequivocally supported the mediation of the Minsk Group², and the European Parliament has described the status quo on the ground as unfair and unsustainable. Yet the EU has also been criticised for its relatively hands-off approach to the Nagorno-Karabakh conflict, particularly in comparison to its work in Abkhazia and South Ossetia. But the reality is that the parties involved in the Nagorno-Karabakh conflict have made clear that they prefer certain mediators to others. Moreover, the EU's insistence upon two principles of international law – states' right to territorial integrity and the right to self-determination – has been often misinterpreted to imply that the EU's position is ambiguous.

² The Minsk Group is co-chaired by France, Russia and the US.

4 Belarus: the weakest link in the Eastern neighbourhood

Governed by an agreement signed with the Soviet Union in 1989, the EU's relations with Belarus remain uncomfortable.

The EU's relations with Belarus remain problematic, due to the lack of political change in the country and the lack of a framework for political relations. Belarus is the only member of the Eastern Partnership with no political agreement with the EU. Both parties negotiated and signed a Partnership and Cooperation Agreement in 1995, but its ratification was suspended in 1997 by the Council of the EU after a flawed constitutional referendum in the country expanded the powers of Belarus's President Alexander Lukashenka. Today, EU-Belarus relations are governed by the Trade and Cooperation Agreement signed with the Soviet Union in 1989.

Since Lukashenka was elected president in 1994, international observers have said that all parliamentary and presidential elections conducted in the country have failed to meet the democratic standards of free and fair elections. The EU has repeatedly raised its concerns about the country's human rights situation, its restrictions on the freedoms of assembly, association and expression; and its harassment of the political opposition, civil society and independent media. Following September 2012 parliamentary elections in the country, the EU [called](#) for the immediate release and rehabilitation of all political prisoners. Belarus remains the only country in Europe that applies the death penalty. The most recent cases of capital punishment, applied in December 2013, [were criticised](#) by EU High Representative for Foreign Affairs and Security Policy Catherine Ashton.

The EU pursues a policy of 'critical engagement' with Belarus.

Given the circumstances, the EU has adopted a two-track policy of 'critical engagement' with Belarus. On the one hand, the Union [has introduced](#) restrictive measures against those entities benefitting from or supporting Lukashenka's regime, as well as against officials responsible for human rights violations and for the crackdown on civil society. At the moment, 232 persons are subject to the EU's travel restrictions and asset freezes. The Council of the EU has recently extended the sanctions until 31 October 2014.

On the other hand, the EU has sought to strengthen its ties with Belarusian civil society, political opposition and public. Belarus does not benefit from the bilateral aspects of the Eastern Partnership, as it is only involved in the technical dialogue of the EaP's multilateral track. Since 2011, the EU has significantly boosted its financial support to civil society notably through the Neighbourhood Civil Society Facility. In March 2012, the European Commission [launched](#) a 'European Dialogue on Modernisation with Belarusian Society' to conduct a systematic exchange of views with civil society organisations and the political opposition on which should be the priorities for reforms in Belarus. However, the effectiveness of this discussion is in some doubt, given the Belarusian authorities' refusal to participate in it.

Before the Vilnius Summit, the EP adopted a resolution on Belarus.

Before the EaP Summit in Vilnius, the European Parliament attempted to improve the EU's relations with Belarus. In a September 2013 [resolution](#) containing recommendation to the Council, Commission and EEAS – 'On EU policy towards Belarus' – MEPs suggested using the momentum of the Vilnius Summit to restart political dialogue with Belarusian authorities – if the authorities released political prisoners and respected democratic principles. The

text also contained an extensive set of provisions on people-to-people contacts. MEPs urged reducing the EUR 60 visa fees for Belarusian citizens to an affordable level, called on the authorities to engage in the visa facilitation dialogue with the EU, and suggested developing educational opportunities for Belarusian youth in the EU.

Belarusian authorities attended the Vilnius Summit and agreed to launch negotiations on a Visa Facilitation and Readmission Agreement.

At the Vilnius Summit, Belarus was represented by the Foreign Minister Uladzimir Makei. (Economy Minister Nikolai Snopkov had also participated in the EaP Business Forum one day earlier.) The EU and Belarus agreed to launch negotiations on a Visa Facilitation and Readmission Agreement, with the first bilateral talks taking place in late January 2014. Even in this dialogue, Belarus is lagging behind the other EaP countries and Russia. The authorities in Minsk may well be dragging their feet intentionally: people-to-people contacts are perceived as a potential threat to Lukashenka's authoritarian rule in the country.

Yet the prospect of closer ties between the EU and Belarus would apparently be welcomed by the Belarusian population. According to a December 2013 [opinion poll](#) conducted by the Vilnius-based Independent Institute of Social, Economic and Political Studies, 44.5% of Belarusians believe that Belarus should change its policy and seek rapprochement with the EU. Those expressing the opposite position represented 21.7% of respondents, while 26.6% were indifferent. In the aftermath of the Vilnius Summit, Foreign Minister Vladimir Makei, who was removed from the list of people banned from receiving a visa to the EU in June 2013, voiced his expectation that relations with the EU would advance. Yet, a potential thaw in the bilateral relationship may simply be just another phase in Belarus's 'pendulum diplomacy', which balances Russia's influence against the EU's while preserving the status quo. Belarus, like Kazakhstan, is a member of the Russia-led Customs Union (CU), an effort to join the economies of post-Soviet space. The larger project also envisages the creation of a Eurasian Economic Union in 2015; the draft Treaty of the new organisation is to be signed by 1 May 2014.

5 Georgia: another step towards a closer EU relationship

Georgia initialled its AA with the EU at the Vilnius Summit.

Georgia initialised its EU AA, including a DCFTA agreement, at the Vilnius Summit in November 2013. Promoting a political association and a deeper economic integration of Georgia with the EU, the AA also consolidates Georgia's pro-Western orientation. In parallel to the AA, Georgia signed a Framework Agreement on participation in the EU's crisis management cooperation; the agreement will apply whenever Georgia, upon the EU's invitation, decides to join an EU crisis management operation.

Since the Rose Revolution in 2003, Georgia has maintained a very pro-Western orientation, working to placing the country beyond Russia's sphere of influence and preventing Russia from becoming involved in Georgia's internal politics. This has also been a principal factor underlying the country's efforts to join NATO. Georgia's pro-European orientation and its strong desire to eventually join the EU have also served as incentives for undertaking significant-political, institutional, economic and social reforms, launched under former President Mikheil Saakashvili and continued by government

composed of the 'Georgian Dream' (set up by former Prime Minister Bidzina Ivanishvili). Georgia is the first of the South Caucasus countries to make essential constitutional amendments, transforming its political system from a presidential into a parliamentary one. In addition, it has successfully managed a peaceful transfer of power between a ruling party and the opposition – in two consecutive elections (the 2012 legislative and the 2013 presidential ballots) – which were evaluated by the international community as free, fair and transparent.

The implementation of the AA is expected to bring the country significant benefits.

The completion of the AA negotiations and the initialling of the text in Vilnius can be interpreted as EU recognition of Georgia's successful institutional reforms and the country's conversion to a market economy. By implementing the AA, Georgia will be able to boost its competitiveness, increase its market access possibilities, improve its climate for investments, diversify its economy and consolidate democratic principles. Since independence, Georgia has benefitted from sustained EU assistance, which has been recently enhanced with the application of the EU's 'more for more' principle. (Georgia has generally obtained good results in its Eastern partnership goals.) If political conditions make it possible to extend these benefits to the breakaway regions of Abkhazia and South Ossetia, the AA could also contribute to a peaceful solution of the conflicts there by making Georgia's socio-economic situation more attractive to the two regions' residents.

The AA also generates concrete obligations for Georgia. The EU's monitoring of Georgia's transformation is enhanced. Public institutional reforms, particularly in the judiciary and the penitentiary systems, are encouraged, as are infrastructure improvements and the fight against unemployment and poverty. Georgia's has repeatedly said it hopes to join the EU in the future – an aspiration that Moscow has noted and that is likely to shift geopolitics in Russia's backyard. Russia lost much of its ability to exert pressure over Georgia after the August 2008 Georgia-Russia War. However, Russia still maintains some leverage; through its effective hold on Georgia's breakaway regions, Moscow could try to 'tempt' Georgia with the promise of territorial integrity in exchange for Georgia maintaining a distance from western organisations and alliances. This is especially true for the South Ossetia, whose 'administrative line' is increasingly treated as a border and where Russian troops have effectively removed more territory from Georgia's control.

While the initialling of the AA marked an important milestone in EU-Georgia relations, the final signature represents an even more important date.

The initialling of the AA in Vilnius marked an important milestone in EU-Georgia relations; the Agreement's final signature, foreseen for August 2014, will be an even more important date. Although Georgia is less dependent on Russia today because it has carried out reforms and has re-oriented its economy towards the EU and other neighbours, the Russian market remains the traditional destination for Georgia's main agricultural products – wine and other beverages, including mineral water. These products are highly appreciated in Russia, where a seven-year ban on them was finally lifted in 2013. In February 2013, the Winter Olympics Games in Sochi also allowed Russia and Georgia to build bridges; Georgian teams participated, and Georgian authorities cooperated in the regional security measures to prevent terrorist attacks.

Now that the Winter Olympics are over, Russia's stance on Georgia may harden – making the signature of the Georgia's AA an urgent priority. Within Georgia, attitudes may change; former PM Ivanishvili said in September 2103 (weeks before resigning) that he would be in favour of analysing the potential gains that Georgia would reap from joining the Russia-led Customs Union – remarks that surprised and worried Western observers. A number of other internal challenges could also cause impede the AA signature, particularly given the relative inexperience of PM Irakli Garibashvili's new government; these include not only pressure from Moscow, but also pressure from the conservative Georgian-Orthodox church, which has historic ties to Russia and tends to consider the 'western lifestyle' a threat to 'Georgian values'. Given such uncertainties, the EU should perhaps simplify the Association Agreement process to avoid any risk of derailing the agreement's signature.

The Georgian case is important because it may serve as an example for other Eastern Partnership countries: Georgia could demonstrate that prosperity and modernisation depend on democracy, and that these elements are necessary for further integration with the EU. The consolidation of Georgia's market economy will also increase its competitiveness and draw foreign direct investment.

Even after Vilnius, Georgia remains torn between east and west. On 11 December 2013 a fight broke between Georgian MPs during a parliamentary debate on a resolution to support demonstrations in Ukraine. The 2013 presidential elections also demonstrated the Moscow on-going pull in the country: unlike the 2012 legislative elections, in which the two principal political forces (the UNM and the GD) both agreed on the country's pro-western orientation, the more recent elections introduced a third force, Nino Burjanadze's 'Democratic Movement', which adopted a pro-Russian programme and obtained more than 10 % of the vote.

6 Moldova: a year of decisive elections for the frontrunner of the EaP

The AA, including the DCFTA, was initialled at the Vilnius Summit.

Since a pro-EU coalition came to power in 2009, Moldova has significantly strengthened its political and economic integration with the EU. The negotiations on an EU-Moldova Association Agreement, including a DCFTA, were launched in 2010 and concluded in June 2013 – record time. The initialling of the Agreement on 29 November 2013 was a highlight of the EaP Summit.

Yet Moldova's road to Vilnius was marked by political turmoil. Political deadlock followed the country's parliamentary elections in July 2009; the pro-EU coalition formed after the ballot, the 'Alliance for European Integration', could not secure enough votes to elect a president. The crisis only ended in March 2012, when Nicolae Timofti was elected to the post by a narrow majority. Yet tensions within the ruling coalition, which had included three of the main four political parties, led to the resignation of Prime Minister Vlad Filat. A new coalition, the 'Pro-European Coalition', was then formed, and Iurie Leancă appointed Prime Minister in May 2013. The new government pledged to pursue a pro-European reform agenda.

The initialling of the EU-Moldova Association Agreement, including its free

The AA/DCFTA will bring a number of opportunities for economic and democratic reforms.

trade element, presents the country with an incentive for democratic reforms and economic modernisation. According to [an independent study](#), the DCFTA is likely to eventually increase Moldova's GDP by 5.4 %, reduce prices by 1.3 % and lead wages to rise 4.8 %. The EU and Moldova worked out an agenda to guide the country's reform process until the AA is signed, likely in the autumn of 2014. The EU is particularly concerned about the reform of the Prosecutor's Office, the separation of powers, the de-politicisation of judicial institutions, the fight against corruption and discrimination, the effectiveness and independence of the National Anti-Corruption Centre, and the revision of the electoral code.

Moldova will be the first of the EU's Eastern partners to benefit from a visa-free regime with the EU. The partners launched the visa liberalisation process in 2010, with a 'Visa Liberalisation Action Plan' (VLAP) adopted the following year. In November 2013, the European Commission published its fifth progress report on the implementation of VLAP and concluded that Moldova fulfilled the necessary criteria for the EU to lift visa requirements for Moldovan citizens. On the basis of Commission recommendations, the European Parliament [decided](#) to add Moldova to the list of countries whose nationals are exempt from visa requirements when entering the EU³. If the Council of the EU confirms the EP's decision in March 2013, the EU-Moldova visa free regime may become operational as soon as the summer of 2014.

Moldova's political agenda is currently dominated by the upcoming parliamentary elections, tentatively scheduled for November 2014. Given the fragility of the ruling coalition and lack of trust between its members, political rivalry is likely to reappear again during the parliamentary campaign, threatening the stability of the government and its commitment to the European agenda. The communist opposition has organised a series of demonstrations throughout the country, calling for the resignation of the government; the opposition's ultimate aim is to prevent Moldova from signing the AA with the EU and reorient the country towards the Russian-led Customs Union. Despite being invited by the ruling coalition to cooperate, the communists have continued to play an obstructive role, even initiating a motion of censure against the government in reaction to the Vilnius Summit. [Opinion polls](#) indicate that the Communist party maintains a high level of support in the country.

Parliamentary elections are scheduled for late 2014 in Moldova.

On 2 February 2014, Moldova's autonomous southern region of Gagauzia, with a population of 155 000 people, held a controversial referendum about the region's future status and about whether voters would prefer to join the Customs Union or pursue European integration. The Customs Union was favoured by 98.4 % of voters, with the same proportion voting against closer ties with the EU. This strong anti-EU attitude in Gagauzia overlaps with a popular misperception about Moldova's intention to unite with Romania: 98.9 % of those polled in Gagauzia supported the region's independence if Moldova were to give up its sovereignty. While Moldova's government

³ European Parliament legislative resolution of 27 February 2014 on the proposal for a regulation of the European Parliament and of the Council amending regulation (EC) No 539/2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders of Member States and those whose nationals are exempt from that requirement

denounced the referendum as unconstitutional, Gagauzia could become another source of instability in the country, echoing the protracted conflict in Transnistria⁴.

Several new rounds of '5+2' talks on Transnistria (named for the talks' five participants and two observers) took place in 2012 and 2013 but resulted in little substantial progress. The last round of talks took place in Vienna at the end of February 2014. Some of the 2013 meetings were overshadowed by a border dispute: authorities in the breakaway state attempted to extend the border of their territory further into Moldova's uncontested territory, leading Moldova's Parliament to condemn their actions and President Nicolae Timofti to suggest that Moscow was behind the effort. While the Moldovan government has attempted to involve Transnistrian authorities in DCFTA negotiations with the EU, the reaction in Transnistria has been tepid. According to recent studies⁵, Transnistria would benefit from participating in a free trade area with the EU, with its GDP increasing by up to 3.6%. On the other hand, Transnistria is projected to risk losing some 5% of its GDP if it remains outside the new free trade area.

In 2014, Russia represents the major external barrier to EU-Moldova relations.

Russia will probably be the major external obstacle to Moldova's EU integration in the months to come. In September 2013, Russia's deputy Prime Minister, Dmitry Rogozin warned Moldova against signing the AA with the EU, suggesting that this would lead to serious consequences for Transnistria and the free movement of Moldovan products and workers. One week later, Russia introduced a ban on imports of Moldovan alcohol products on the basis of health and safety grounds. The EU responded by opening its own market to Moldovan wine from 1 January 2014. Although the scale of Russia's punitive measures towards Moldova will likely depend on the outcome of the Ukrainian crisis and the EU-Ukraine Association Agreement, the EU should be prepared for further attempts by Moscow to undermine the Eastern Partnership policy.

7 Ukraine in crisis over its future

The AA was initialled in March 2012.

Ukraine is the largest of the EU's six Eastern European partners and arguably the most important member of the EaP project. The crisis that has unfolded in Ukraine over the past few months originated from the country's debate on forging a closer association with the European Union.

Negotiations on the EU-Ukraine Association Agreement were finalised in December 2011, and the deal was initialled in March 2012. The signature of the Agreement, however, was made conditional upon progress in three areas outlined by the EU Foreign Affairs Council in December 2012: reforming the electoral system, addressing selective justice and pursuing the Association Agenda reforms. In February 2013, Commissioner Štefan Füle translated these requirements into eleven benchmarks to be met by Ukraine before the EaP

⁴ However the geographical morphology of Gagauzia does not facilitate such development, being surrounded by other Moldovan regions and consisting of several separate exclaves

⁵ Countdown to the Vilnius Summit: the EU's trade relations with Moldova and the South Caucasus, Workshop DG EXPO, Policy Department, November 2013.

Summit in Vilnius.

Just before the Vilnius Summit, President Viktor Yanukovich put the AA process on hold.

Several weeks before the Vilnius Summit, Ukraine appeared remarkably close to fulfilling the EU's conditions for signing the Association Agreement. The opposition and the government seemed to unite around the European agenda and set aside remaining differences. A draft law on parliamentary elections was adopted in November 2013, and another on the prosecutor's office was pending final adoption. The issue of selective justice – exemplified by the imprisonment of former Prime Minister Yulia Tymoshenko – remained the major obstacle. Yet a compromise appeared within reach.

When the government announced on 21 November 2013 that the country would abandon its efforts for the AA, the decision took many by surprise. The reversal appeared to contradict numerous prior declarations by President Viktor Yanukovich and Prime Minister Mykola Azarov endorsing the deal. Despite his surprising reversal, Yanukovich attended the Vilnius Summit, where he requested trilateral consultations – including Russia as well as the EU and Ukraine – a configuration unacceptable to the EU in a bilateral agreement. The Ukrainian delegation also demanded financial allowances from the EU to help mitigate the economic costs of creating a free trade area with the EU. Estimates suggested by Ukrainian officials varied from USD 10 billion to EUR 160 billion.

The EU stressed its willingness to discuss implementation aspects, provided that the agreement was neither modified in form nor in substance. The differences of views were great enough at the summit to prevent the parties from even outlining a roadmap for reconciliation. The EU and Ukraine managed to find an understanding only a civil aviation agreement.

This decision brought the country into a deep political crisis, which finally led to the collapse of Yanukovich's regime.

Yanukovich's refusal to sign the Association Agreement with the EU resulted in massive pro-EU demonstrations in major Ukrainian cities. With a violent crackdown on protestors, peaceful demonstrations morphed into wider anti-governmental rallies, leading to the largest political crisis in Ukrainian history since 1991. The government and the President appeared for many weeks blind to protestors' demands, as though they expected that demonstrations would wither with time. Only when protests grew increasingly violent, and the first deaths were reported, in January 2014, did the authorities waver. Yanukovich accepted the government's resignation – one of the protestors' demands, while rejecting another – a return to the 2004 Constitution with limited presidential powers, leading to a new wave of violent clashes. On 18-20 February, more than 80 protestors were killed in Kyiv by police forces wielding automatic weapons and sniper rifles. The president and the opposition, assisted by European foreign ministers, drew up an agreement on 21 February, after which Yanukovich fled the country, fearing for his safety. The Parliament immediately filled the power vacuum, removed Yanukovich, reinstated the 2004 constitution and released Tymoshenko. Oleksander Turchynov was designated interim President, and a government of national unity appointed.

The debacle of the EU-Ukraine AA illustrates the extent to which Russia is able to influence the EU's Eastern partners. In an attempt to encourage Ukraine to join the Customs Union, Moscow had introduced an unprecedented trade embargo against Ukrainian imports in August 2013. Former Prime Minister

Azarov estimated that Russian trade restrictions led to USD 2-billion losses in revenues for Ukraine. Moscow's other threats – cutting gas to Ukraine and imposing labour market restrictions – also likely influenced Kyiv's political choices in late 2013. Following the EaP Summit, Ukraine's President turned to his Russian counterpart for financial help. On 17 December, the two presidents signed a number of bilateral agreements. Russia agreed to provide Ukraine with a USD 15-billion loan to stabilise its account deficit, as well as a significant reduction on the price of gas that it provides to Ukraine. When Azarov's government resigned on 28 January and the prospect of a new, pro-EU government emerged, the Kremlin announced it would suspend its financial assistance to Ukraine.

The EU maintained a position of engagement with Ukraine after the Vilnius Summit, reiterating that the Association Agreement remained on the table. All EU leaders expressed disappointment with Ukraine's turnaround and condemned Russia's interference. Yet massive protests and a violent suppression of democratic rights and freedoms in the country compelled the EU to go beyond political declarations and consider a set of pro-active policy measures, including mediation, political pressure and targeted sanctions.

Since the collapse of Yanukovich's regime, the new authorities have been confronted with growing tensions in the eastern parts of the country, as well as in Crimea, which are home to large Russian-speaking communities. Russia embarked upon a military intervention in Crimea, allegedly to defend the Russian-speaking community living there. The pro-Russian Parliament in Crimea has formally declared independence and asked to join the Russian Federation following the peninsula's controversial referendum of 16 March. The situation in Ukraine has unfolded into a major international crisis, with the EU and the US strongly condemning Russia's actions and assessing the referendum as contrary to the Ukrainian constitution and international law.

The EU has also proposed to step up its support for Ukraine's economic and political reforms. A package of EUR 11 billion was recently approved to help stabilise the country's economic and financial situation, and the two partners have recently announced they will sign the political chapter of the AA as soon as possible.

8 Outlook

As evidenced by the above overview of the EU relations with the EaP participating countries, the Vilnius Summit has delivered a number of tangible results: initialisation of Association Agreements with Georgia and the Republic of Moldova, signature of a Visa Facilitation Agreement with Azerbaijan, signature with Georgia of a Framework Participation Agreement for EU-led crisis management operations; initialisation with Ukraine of a Common Aviation Area Agreement.

However, the above overview also shows to which extent the effectiveness of the policy is affected by the overall regional context. One of the challenges for the EU will be to assess if a single framework can be maintained given that the six countries have divergent views on the type of relations they want with the

EU. The region is highly heterogeneous with countries that vary in size and population and that are geographically divided in two groups separated by Russia and the Black Sea. Some countries have made significant progress in transitioning to democracy (Georgia, Moldova), while others remain highly authoritarian (Belarus, Azerbaijan). The level of European integration and EU ambitions also varies with Moldova, on the one hand, enjoying the closest links with the EU in its aspiration to become an EU member and Belarus, on the other hand, remaining deeply suspicious to cooperation with the EU. Four out of six countries – Azerbaijan, Armenia, Georgia and Moldova – are parties to protracted conflicts.

Finally, the region is overshadowed by Russia's presence who perceives it as a 'near abroad' and sees itself in a direct competition with the West for the influence over Eastern Europe. Russia's de facto occupation of Crimea has unfolded a major international crisis, which will inevitably have wider repercussions on the Eastern Partnership Policy.

9 Map



Source: BBC