

DGAP REPORT

The Future of EU's Eastern Partnership Beyond 2020

EU's Engagement in a Contested
Eastern Neighborhood Amidst
Internal Crisis and Geopolitical
Competition

Inputs from Russia-Eastern Partnership Strategy Group Reflections

Edited by Cristina Gherasimov

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INTRODUCTION

The year 2019 has marked the ten-year anniversary of the EU's Eastern Partnership (EaP) and seen the start of the development of a new strategy for the EaP, which is to be announced by mid-2020. A new European Commission took office on December 1, and according to its president, Ursula von der Leyen, "the European Union's future is shaped and tied in with the future of its neighbors and its partners. A stable, secure and prosperous region around our Union is therefore of paramount importance. The EU should be present and active across our neighborhood, cooperating on common challenges and opportunities and providing support for essential reforms."¹ In her mission letter to Commissioner for Neighborhood and Enlargement Olivér Várhelyi, von der Leyen asked him to "take the Eastern Partnership to the next level" by proposing a new set of long-term policy objectives for the EaP.

The EU lacks a clear strategy and a political vision for how to further engage with the eastern neighborhood

The changing domestic and geopolitical environment of the last ten years, and its effects on the EaP countries and the EU member states make this a challenging task. Zigzagging sociopolitical and economic developments in the EaP countries, the capacity to act of the EU (and of Germany, a particularly important player in the region), and the rising influence of third powers in the region are among the main factors that have profoundly changed the nature of the relationship between the EU and its neighborhood. The changing context therefore needs to be considered in the design of the next set of policy objectives and instruments. The EU and its member states, however, lack a clear strategy and a political vision for how to further engage with the eastern neigh-

borhood. This report analyzes these factors that the EU should consider when engaging with the EaP countries in times of crisis and external pressure beyond 2020.

In the opening chapter **Sergiy Gerasymchuk**, head of the South-Eastern Europe studies at the Foreign Policy Council "Ukrainian Prism," reflects upon the domestic developments in the last decade in the EaP countries and how they should be factored in the EU's policy thinking. The EaP countries did not evolve into the ring of stable and democratic friends that the EU had hoped for. They have experienced various degrees of change in their domestic politics and foreign policy orientations. While some embraced a pro-European reform agenda very quickly, others were more reticent. Moreover, the pro-European declarations of the most willing EaP countries – Georgia, Moldova, Ukraine – have not always been translated into full implementation of reforms. Georgia increasingly stalls in reforms and faces a highly unstable political environment. Moldova, with the exception of the recent half-year interregnum under the government of Maia Sandu (June–November 2019), is backsliding on its democratic progress. Ukraine not only struggles with entrenched oligarchic structures, including under its new president, Volodymyr Zelensky, but also faces an armed conflict with Russia in the Donbas region. Western countries have not always understood the nature of these changes and hence have lacked a strategy for how to address them.

As a result, a difficult relationship between the EU and these countries has produced a deep 'Eastern Partnership fatigue' in Europe and in the neighborhood in recent years. As the EaP was being conceptualized and launched, the EU was hit hard by the financial and economic crisis of 2008 and its reverberations. Since then, the EU has not only been dealing with ongoing internal challenges and divisions that have shifted the focus of Brussels and EU capitals inwards, it has also been in a constant mode of managing parallel external crises. While some member states are still interested in investing in and strengthening democratic and stable regimes on the EU's eastern border, others would like to reduce any such actions or initiatives. In his contribution, **Stefan Meister**, head of the Heinrich Boell Foundation Tbilisi Office – South Caucasus Region, analyses in particular Germany's capacity to act in the neighborhood in a changing geopolitical environment.

1 European Commission, Mission Letter, Commissioner-designate for Neighborhood and Enlargement, November 7, 2019. <https://ec.europa.eu/commission/sites/beta-political/files/president-elect_von_der_leyen_mission_letter_to_oliver_varhelyi.pdf> (accessed November 19, 2019).

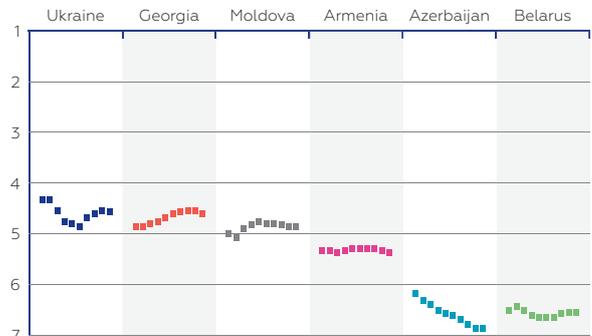
The eastern neighborhood is at the crossroads of a new geopolitical configuration that developed in a direction that the EU did not envision when it launched the EaP. In the third chapter, **Stanislav Secieru**, senior analyst at the European Union Institute for Security Studies, explains the rise of third powers in Eastern Europe and what it means for the EU. In the last decade the EaP countries have found themselves increasingly at the intersection of the interests of competing great powers that have changed the geopolitical environment. The ongoing conflict between an increasingly assertive and aggressive Russia and the West, the growing efforts at Russian-led regional integration, and increasing interests and financial investment from China as it implements its Belt and Road Initiative have put pressures on the EaP states. Additionally, a consensus between the EU and the United States on the region can no longer be taken for granted. Still, the EU needs a functioning security system on its eastern border while maintaining amicable relations with competing powers.

The hopes of the Eastern Partnership project have not been fully realized against this background of domestic challenges in EU member states, growing Russian assertiveness and third powers' influence shaping the new geopolitical and geo-economic environment of Eastern Europe, discontent with EU's slow and reactive mode of interaction with the EaP countries, lack of significant progress, and the emergence of new models of state development and foreign policy orientation in the EaP region. The EU needs a new approach towards its eastern neighborhood that would reflect these new realities.

The last chapter, authored by **Cristina Gherasimov**, research fellow at the German Council on Foreign Relations (DGAP), looks at whether the EU can use the June 2020 EaP summit to propose a common vision for its engagement with the region beyond 2020, and explains why the EU needs to offer a 'credible framework' for relations with its eastern neighbors.

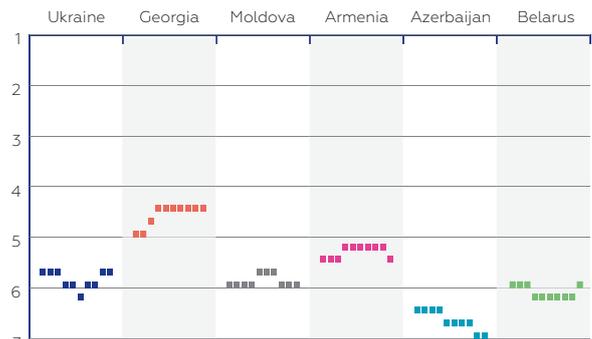
The Conclusions and Recommendations section of this report draws on the main findings of the Russia-Eastern Partnership Strategy Group which met between January and December 2019 at the German Council on Foreign Relations, in Berlin.

Figure 1: Democracy score in EaP countries between 2009-2018



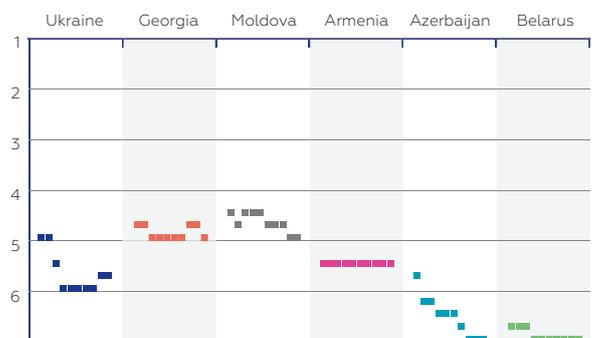
Data for each country is shown annually from 2009 to 2018 (left to right). Ratings are based on a scale of 1 (best) to 7 (worst).
The Freedom House "Nations in Transit Report" democracy score covers seven categories: electoral process, civil society, independent media, national democratic governance, local democratic governance, judicial framework and independence, and corruption.

Figure 2: Corruption in EaP countries between 2009-2018



Data for each country is shown annually from 2009 to 2018 (left to right). Ratings are based on a scale of 1 (best) to 7 (worst).
This indicator looks at public perceptions of corruption, the business interests of top policy-makers, laws on financial disclosure and conflict of interest, and the efficacy of anticorruption initiatives.

Figure 3: Judicial independence in EaP countries between 2009-2018



Data for each country is shown annually from 2009 to 2018 (left to right). Ratings are based on a scale of 1 (best) to 7 (worst).
This indicator assesses constitutional reform, human rights protections, criminal code reform, judicial independence, the status of ethnic minority rights, guarantees of equality before the law, treatment of suspects and prisoners, and compliance with judicial decisions.

Source for all figures: Freedom House, Nations in Transit Report data for 2009-2018

THE EU'S EASTERN NEIGHBORHOOD UNDER DOMESTIC CHANGE

After the last wave of enlargement, the EU elaborated a new kind of policy toward its neighbors, one that is less focused on further enlargement and more on establishing neighborly relations with them. Brussels has invested economic and political resources into forming a democracy and security belt around the union. That was an overall objective of the European Neighbourhood Policy, but for six eastern neighbors – Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine – the EU has applied a tailored approach under the Eastern Partnership (EaP), which was brokered mostly by Poland and Sweden. The EaP set up thematic platforms for multilateral dialogue and cooperation among the six partner countries, the member states, the European Commission and other EU institutions. The themes are good governance, stability, democracy, economic integration and convergence with EU policies, energy security,

and people-to-people contacts. The expert communities in these countries complain that security dimension is missing, however.

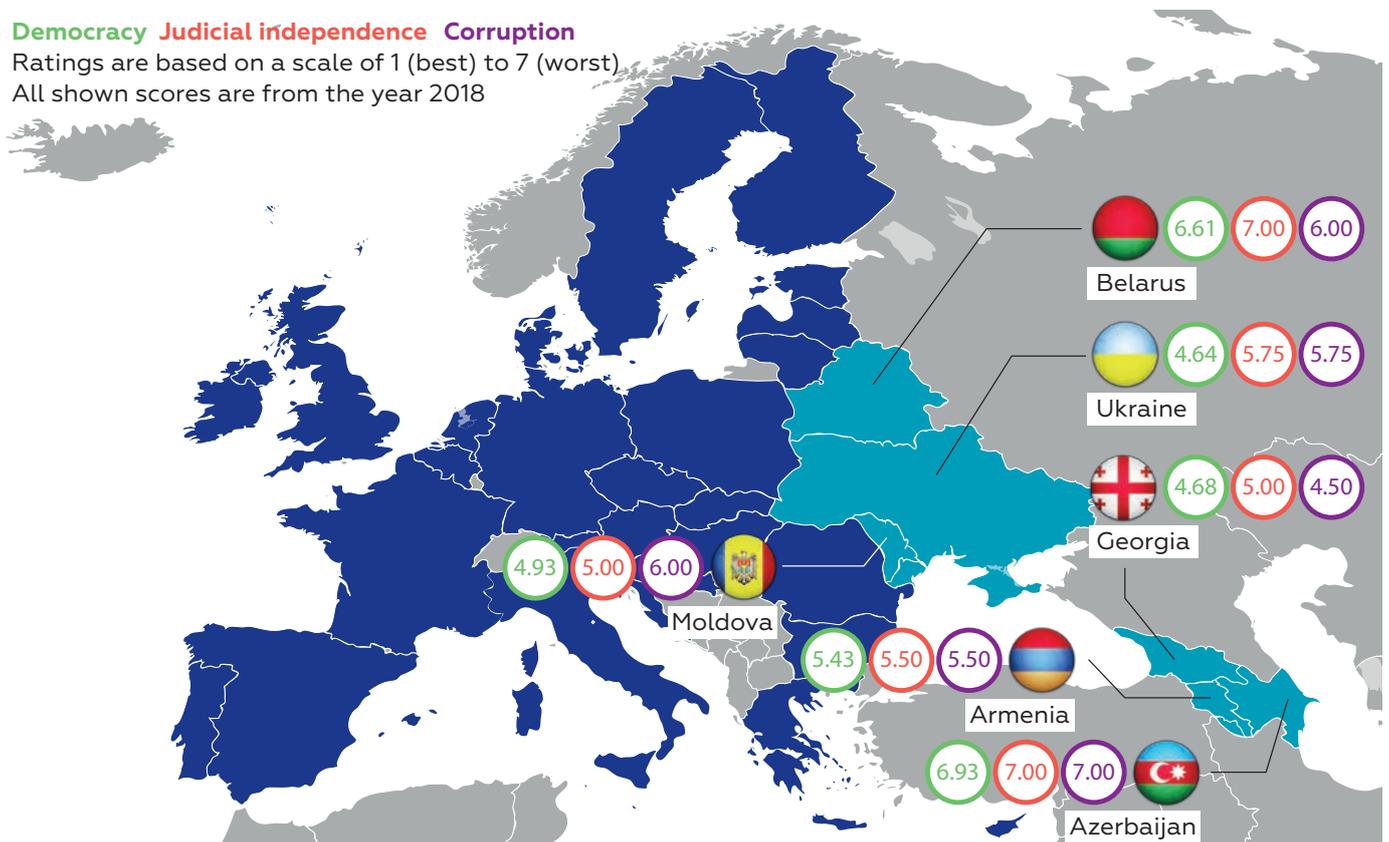
Although the EaP fueled many reforms in these areas in the countries concerned, the six still vary in their level of democratization and Europeanization. They also have different approaches in their relations with the EU (Georgia, Moldova, and Ukraine signed Association Agreements that were game-changers for setting reform agendas and accelerating their implementation), with Russia (which claims the EaP countries are part of its natural sphere of interest), and with other players active in the region.

Armenia and Belarus are the EaP countries politically closest to Russia and most distant from the EU. Russian domination affects their domestic agenda and limits the speed of their reforms. The recent developments in Armenia do not prove that the country's domestic transformation is irreversible. In Belarus there is absolutely no ground to expect any

Figure 4: Eastern Partnership Countries

Democracy Judicial independence Corruption

Ratings are based on a scale of 1 (best) to 7 (worst)
All shown scores are from the year 2018



Source: Freedom House, Nations in Transit Report data for 2018; Flags: Vathanx, <https://www.iconfinder.com/iconsets/world-flag-icons> (CC BY-NC 3.0 NL)

serious political changes. Both countries often attempt to demonstrate their sovereignty and independent foreign policy but de facto they have to subordinate their choices to Russian priorities (their voting record on Ukraine-related resolutions in the United Nations General Assembly is indicative in this regard). This subordination is ensured by their close economic ties with Russia and the Russian military presence on their territory.

Under such circumstances it is highly unlikely that Armenia or Belarus would be willing and could change their relations with Russia and follow a European path. Both accepted membership in the Eurasian Economic Union, the Russian project designed as the alternative to EU integration. Russia can always use its economic, political, and security leverage to prevent any Western pivot by Armenia or Belarus, to ensure the loyalty of their political elites, and to limit the path of the reforms in both countries. Russia's propaganda also labels them as belonging to its exclusive zone of influence, signaling to the EU to abstain from additional integration efforts.

The same is true for **Azerbaijan**. Although it is less economically dependent on Russia, it still bears the burden of the frozen conflict with Armenia over Nagorno-Karabakh and relies on Russian security guarantees, including supplies of weapons, that prevent it from breaking ties. Besides, the country's authoritarian system, distinct lack of good governance, elimination of any kind of opposition, and lack of drivers for reforms (for example, an Association Agreement) limit its European integration and makes its democratization prospects murky.

The situation is different with **Georgia, Moldova, and Ukraine**. The explicit will of the voters who supported the pro-European elites in these countries and the signing of Association Agreements (which catalyze greater alignment with the EU and fuel trade with it) ensured significant progress in reforms, democratization, and Europeanization alongside an economic reorientation toward European markets. Besides, the open conflicts between Russia and Georgia in 2008 and between Russia and Ukraine since 2014, as well as the frozen conflict in Moldova since 1992, prevent these countries' security cooperation with Moscow. On the contrary, they perceive Russia as the main source of their security challenges.

However, this does not mean the Europeanization agenda is irreversible or inevitable for Georgia, Mol-

dova, and Ukraine. Notwithstanding the progress they have made, weak and corrupt elites that are rhetorically at least pro-Europe often compromise the idea of European integration per se. Slow and costly reforms also cause disappointment and "European fatigue" among the populations. In the case of Moldova, the attempt of Maia Sandu's short-lived government to accelerate reforms failed and the authoritarian trend endures. In all three countries, some politicians use security arguments to excuse lack of democratization and delays with the implementation of vital reforms.

Russia's hybrid aggression against the three countries that signed Association Agreements with the EU should not be underestimated. It does its best to make the price of European integration high for Georgia, Moldova, and Ukraine. Simultaneously, Russia's assertiveness is growing and its propaganda labels these countries as weak or failed states to limit European enthusiasm toward them and thus integration efforts.

In order to ensure further progress in the democratization and Europeanization of the EaP countries, additional efforts are needed. The experience of the Central and Eastern European EU member states proves that imposing conditionality alongside an explicit and credible accession perspective can significantly accelerate reforms. Adoption of EU norms and regulations can increase considerably with the launch of accession negotiations.

Given Russia's assertive approach and hybrid methods in the EaP countries, the EU also has to take into consideration their security concerns and invest more into hard security for them. Otherwise the prospects of converting the EaP countries into a European security and democracy belt will remain poor.



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RETHINKING THE EASTERN PARTNERSHIP: THE GERMAN PERSPECTIVE

Changing Environment

Ten years after the launch of the EU's Eastern Partnership (EaP), its main aims have not changed. The goal remains to create stable states in its eastern neighborhood, to open markets there, and help to transform the six countries concerned¹ into market economies and democracies. Despite some successes when it comes to Deep and Comprehensive Free Trade Agreements, Association Agreements, and visa-liberalization in the case Georgia, Moldova, and Ukraine as well as the growing role of civil societies in challenging selfish elites, typical post-Soviet patterns of vested interests, corruption, informal politics, and the lack of rule of law are still present in all six. At the same time, the environment in which the EaP policy is implemented has changed, and the EU itself and its relationship with the United States are in deep crisis. The conflict with Russia over the common neighborhood, most visible in the annexation of Crimea and the war in the Donbas region of Ukraine, has become a key challenge for the EaP. It also fuels the discussion among EU member states about how far they can go to integrate these states against Russia's wishes.

EU's decision-making processes are now unable to cope with the stress test posed by too many crises

Furthermore, the difficult relationship with Turkey, the war in Syria, the conflict with Iran, and China's growing activities in Eastern and East-Central Europe create a new environment for the EU's neighborhood policy. The deterioration in relations with the United States challenges not only global trade

and the economic basis for welfare in the EU but also the role of NATO in European security. The EU is not prepared for these comprehensive foreign and security challenges, and its member states are divided on how to react to them. At the same time, they lack serious political will to further integrate and to strengthen the role of EU institutions.

The challenges for the EU from the departure of the United Kingdom, growing populism, digitalization, terrorism, and migration fuel trends toward nationalism and national solutions to common problems. While in the past the EU was always more united in situations of crisis, its decision-making processes are now unable to cope with the stress test posed by too many crises. The lack of leadership or willingness to invest more resources in a common foreign and security policy becomes even more visible in the eastern neighborhood and the Balkans. The EU's new High Representative for Foreign Affairs and Security Policy, Josep Borell, has argued that the main priority of the EU should be these two regions, and that if the EU fails here it will fail as a global actor.² At the same time the block put by Denmark, France, and the Netherlands on the accession process for Albania and North Macedonia will also have consequences when it comes to developing any ambitious ideas with regard to the frontrunner states in the EaP, no matter what the European Commission or the high representative say.

Germany's Role and Ambitions

Germany – the biggest economy in Europe as well as one of the main drivers for eastern enlargement after the Cold War and the EU's policy toward Russia and the post-Soviet countries – is not willing and not able to lead the EU in the way needed in this situation. Its support for the Nord Stream 2 pipeline also divides the member states, and it undermines the stabilization and transformation policy of the EU toward Ukraine.³ While enlargement was crucial in stabilizing Europe and its eastern borders as well as in opening up new markets and providing a cheap labor force for German industry, Berlin's main aim toward the EaP countries has always been stabilization, not integration.

Germany now faces a dilemma. Its elites and society are traditionally very cautious about provoking Rus-

1 Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine.

2 "EU Top Diplomat Nominee Urges Bloc to Look East," Financial Times, October 7, 2019. <<https://www.ft.com/content/4b564d78-e919-11e9-a240-3b065ef5fc55>> (accessed October 20, 2019).

3 Stefan Meister, "Nord Stream 2: The Dead End of Germany's Ostpolitik," Berlin Policy Journal, February 20, 2019. <<https://dgap.org/en/think-tank/publications/further-publications/nord-stream-2-dead-end-germanys-ostpolitik>> (accessed October 20, 2019).

sia in their common neighborhood and are willing to accept a Russian sphere of influence. Russia still is a key supplier of gas and oil to German industry and is seen by many as a stabilizer for the whole post-Soviet region. However, as a result of the conflict in Ukraine, Moscow has become in the eyes of many German elites a destabilizing actor in the common neighborhood – one that stands against international law, democratization, and the rule of law, and creates or uses conflicts to keep its “near abroad” under control. Germany plays a leading role in maintaining the EU sanction regime against Russia in the context of the annexation of Crimea and the war in Donbas, but at the same time it wants to settle the conflict with Moscow and develop a new *modus vivendi*.

Against this background, there is no appetite in Germany for further enlargement of the EU. The May 2019 parliamentary motion of the ruling Christian Democratic Union/Christian Social Union and Social Democratic Party coalition in the Bundestag on the occasion of the tenth anniversary of the EaP⁴ shows that the country's current leadership is stepping back from its earlier position, shown in its 2017 motion, and is more openly arguing against a membership perspective for the six countries.⁵

The idea of a European *Ostpolitik*, the latest initiative of the German Foreign Office and promoted by Foreign Minister Heiko Maas, goes in the right direction by attempting to improve communication and coordination between Germany and EU member states in East-Central Europe on policy toward the EaP region.⁶ But, at the same time, this initiative reflects the lack of vision in Germany. It is an inward-looking policy for the EU that offers more intense exchange on eastern policy between Germany and Central Eastern member states rather than a conceptual or even strategic policy toward the neighborhood.

This lack of ambition and leadership reflects the status quo approach of German foreign policy in many areas under the current government. As the coalition's May 2019 motion argues, there should be more economic cooperation and civil-society funding for the EaP countries but no further steps to integrate

them or to upgrade the EaP. The motion supports differentiation and the “more for more” principle, and Germany is a country that invests a lot into economic development, educational exchanges, legal reforms, and democratization in the EaP countries.

There is need for a discussion about how to face the security challenges in all EaP countries

But to go beyond the current policy, which has not helped to overcome their domestic problems, and to rethink why many initiatives have failed, is not part of the government's approach. “Keep it up” is the logic of Germany's policy.

Ahead of Germany's EU Presidency in 2020

Germany's EU presidency in the second half of next year and the demand from the Bundestag for debates about the further elaboration of the EaP after 2020 (without specification), along with the start of a new European Commission, could offer an opportunity for new initiatives. But neither new European Commission President Ursula von der Leyen nor the current German decision-makers will perceive neighborhood policy as crucial. Although the EU has undergone a comprehensive, structured consultation process on the EaP, to which nearly everybody could contribute, there is no clarity as to what comes next and how to use this feedback.⁷ Even though von der Leyen asked in her mission letter to the new commissioner for neighborhood and enlargement for the development of new long-term policies for the EaP's next decade,⁸ political will from the member states is needed to go beyond by the issues she mentions, like

4 Deutscher Bundestag, “Antrag der Fraktionen CDU/CSU und SPD, 10 Jahre Östliche Partnerschaft der Europäischen Union – Für eine intensive Zusammenarbeit auf dem Weg zu Wohlstand, Sicherheit und Demokratie,” May 7, 2019. <<http://dip21.bundestag.de/dip21/btd/19/099/1909916.pdf>> (accessed October 19, 2019).

5 Deutscher Bundestag, “Antrag der Fraktionen CDU/CSU und SPD, Östliche Partnerschaft der Europäischen Union entschlossen gestalten und konsequent fortsetzen,” June 27, 2017. <<http://dip21.bundestag.de/dip21/btd/18/129/1812942.pdf>> (accessed October 19, 2019).

6 Auswärtiges Amt, Begrüßungsrede von Außenminister Heiko Maas anlässlich des Berliner Forums Außenpolitik, <<https://www.auswaertiges-amt.de/de/newsroom/maas-berliner-forum-aussenpolitik/2164430>> (accessed October 20, 2019).

7 European Commission, “Vertretung in Deutschland, EU startet Konsultationen über die künftige östliche Partnerschaft,” July 26, 2019. <https://ec.europa.eu/germany/news/20190726-konsultation-oestliche-partnerschaft_de> (accessed October 19, 2019).

8 European Commission, Mission Letter, Commissioner-designate for Neighborhood and Enlargement, September 10, 2019. <https://ec.europa.eu/commission/sites/beta-political/files/mission-letter-laszlo-trocsanyi_en.pdf> (accessed October 19, 2019).

the implementation of the Association Agreements or the full use of the Support Group for Ukraine. Therefore, there will be more actions such as youth exchanges, educational projects, and funding for civil society with German support, but no serious political debate about a vision for the future of the EaP countries in relation to the EU.

There will be no NATO membership for EaP countries anytime soon

The creation of the new position of an EaP ambassador is symptomatic of Germany's eastern neighborhood policy. This could be a strong signal that it wants to upgrade its EaP policy and lead the EU in the neighborhood together with those member states that also have an EaP ambassador.⁹ However, there is neither vision nor direction for action for this new position. The EaP ambassador appears to have no decision-making responsibilities and seems to focus on improving communication with the other member states. This is another step that is a reaction to the dynamics in the EU rather than in the neighborhood, and the holder of the position has no mandate to challenge the status quo in Germany's EaP approach.

Beside the discussion about more sectoral integration¹⁰ in the likes of digitalization, roaming and energy, there is need for a discussion about how to face the security challenges in all EaP countries, how to improve their socioeconomic development, and how to overcome their post-Soviet legacy. In early 2020 Germany will have a new, more liberal law on labor migration for some sectors; it could open up these areas of the labor market for those EaP countries that have a visa liberalization agreement with the EU. There will be no NATO membership for EaP countries anytime soon, but the EU could support the transformation and modernization of their security institutions, including in areas of human security. As long as key member states are not discussing the main areas of development for the societies of the EaP countries and not linking EU policy more closely to their civil-society support, the EU will keep failing in its goal of creating stable democracies and market economies in its eastern neighborhood.



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⁹ Other EU member states with ambassadors-at-large for EaP are Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, the Netherlands, Poland, Romania, Sweden, and Slovakia.

¹⁰ Radio Free Europe / Radio Liberty, "Poland proposes closer ties for EU Eastern Partnership nations," May 14, 2019. <<https://www.rferl.org/a/poland-proposes-closer-ties-for-eu-eastern-partnership-nations/29940556.html>> (accessed October 19, 2019).

THE RISE OF THIRD POWERS IN EASTERN EUROPE AND WHAT IT MEANS FOR THE EU

The EU has expanded its footprint in its eastern neighborhood over the last decade. But so did some “third powers,” meaning a group of countries other than Western ones and Russia. In the space of ten years China has become one of the top five trading partners of each of the countries of the Eastern Partnership (EaP), while Turkey is also among the top five for some of them. The Arab Gulf states have extended their diplomatic representations, made their first lucrative investments, and launched direct flights to the EaP capitals. China has opened cultural centers across the region, while Iranian tourists flock in greater numbers to Armenia and Georgia. Turkey supplied Ukraine with its first attack drones, while Israel helped Azerbaijan strengthen its naval forces in the Caspian Sea. Compelled since 2014 to focus more on Russia's malign actions in the region, the EU overlooked the rise of the third powers. As the EU mulls upgrading its eastern neighborhood policy in 2020, it needs to better understand the greater presence of the third players there, to assess their influence and impact, and to devise a set of responses.

The EU needs to better understand the greater presence of the third players in the EaP countries

Reciprocal Embrace

Two mutually reinforcing trends explain the rise of the third powers in the EU's eastern neighborhood: their growing relative power at the global level and the greater penchant of the EaP states for diversifying their economic and diplomatic ties.

The third powers' greater presence in the region is linked to their respective transformations. Over the last decade or two, almost all of them became more prosperous, more potent militarily, and/or more confident diplomatically. As their standing as in-

ternational powers rose, they became more outward-looking. As a result, the third powers' outreach has extended to regions previously untouched or where they had played only a minor role. The EU's eastern neighborhood is a case in point.

However, this does not mean that the EU's eastern neighborhood has become a priority for the third powers; their vital security and economic interests still lie elsewhere. Iran and Turkey focus overwhelmingly on managing wars and supporting clients in the Middle East. China's foreign policy resources are mostly channeled to ensuring preeminence in the Pacific Asia. Nevertheless, the third powers do not hesitate to seize any opportunities in the region to make financial gains, to recruit diplomatic support for their international initiatives, to secure access to the natural resources necessary to sustain their respective economic boom, to obtain military and space technologies, or to gain access from there to the vast European market. So far, this opportunistic approach has tended to pay off.

This drive to exploit opportunities falls on fertile ground in the region. Guided by imperatives to avoid, diminish, or escape from overreliance on any single power, the EaP states eagerly welcome and also encourage the third powers' overtures. They facilitate or remove visa requirements, bestow honors and titles on their leaders, organize trade missions, and invite wealthy investors to attend business forums. This approach is often a reaction to Russia's military and economic assertiveness across the region. For this reason, outreach to the third powers is practiced not only by Moldova and Ukraine, who have sustained trade restrictions from Russia prior to and after signing their EU Association Agreements, but also by Armenia and Belarus, which are Russia's economic and military allies. For example, as Russia openly conditioned in 2019 further financial assistance to Belarus to closer economic and political integration, the latter contracted a \$100 million loan with the China Development Bank and it is negotiating another \$500 million loan with it. The more Russia pushes its neighbors, the keener they are to initiate and deepen relations with the third powers to fend off economic pressure, defend their political sovereignty, and, if possible, reach a deal with Moscow on better terms.

At the same time, the EaP countries leverage their growing relations with the third powers to elude or weaken the EU democratic conditionality. The region's authoritarian rulers wish to signal to the EU

that they have alternative sources of international legitimacy and funds if it does not soften or give up on its principled stance (for example, regarding the release of political prisoners, respect for free media, and conducting free and fair elections). Thus, the third powers' rise has direct implications for the EU's neighborhood policy.

A Blessing and a Curse

The rise of the third powers in its eastern neighborhood simultaneously upholds and undermines the EU's interests. They contribute to the capacity of the EaP states to survive sustained economic shocks induced externally on purpose. Seen this way, they are stabilizers acting in tune with the EU policy goals. China's burgeoning agricultural imports from Ukraine (it became a top-five purchaser of Ukrainian food products in 2018) make Russia's market-access lever over the country less effective. Similarly, more transport connections, visa-free regimes, and a larger influx of tourists from the third powers weakens Russia's capacity to use tourist flows as a political lever. The number of visitors from China to Armenia increased by 107 percent in first nine months of 2018, albeit from a low base. The trend is expected to continue after the two countries signed a visa-exemption agreement this year. In Moldova, a growing volume of remittances from the third powers (for example, Israel, Turkey, and the United Arab Emirates) is challenging Russia's position as the second principal source (after the EU) of such funds and thus erodes another of the Kremlin's lever. Investments and the potential relocation of production from the third powers could help integrate the EaP states in global chains of production, thus helping to diversify their economies. For example, an Israeli company has invested \$85 million in a plant in Georgia that produces spare parts for manufacturers of civilian aircrafts, such as Airbus, Boeing, and Bombardier.

In the political field, more often than not the third powers support the territorial integrity of the EaP states or at least take a neutral stance on the issue. While Turkey and Arab Gulf States voted for the 2008 UN resolution on Nagorno-Karabakh supporting the territorial integrity of Azerbaijan, China refrained from vetoing the 2014 UN Security Council resolution condemning the "referendum" in Crimea, leaving Russia isolated. The third powers also often play a positive role in the management of the protracted conflicts in the region. For instance, Turkey negotiated the release of Tatar leaders from annexed Crimea in 2017 and Iran helped calm down the situ-

ation between Armenia and Azerbaijan in the wake of the Four-Day War in Nagorno-Karabakh in 2016. Arguably, the more they are drawn in economically into the region, the more they will care about the security of their newly acquired assets, of infrastructures that facilitate trade, and of their citizens who reside or spend vacations there. This could have a positive impact on security in the region by reducing the appetite of other powers to resort to force there.

However, there is another side of the coin that is less positive for the transformative agenda the EU has for the region. Sometimes the third powers blunt the EU's normative influence by floating the possibility of or offering loans lacking any conditionality to the EaP countries. For example, as the EU suspended financial assistance to Moldova, whose authorities embarked on an authoritarian path, the govern-

A greater economic presence of the third powers might undermine EU's efforts to strengthen the rule of law

ment approached the Chinese Development Bank for a \$190 million loan to repair the country's roads. Injections of cash from the third powers can alleviate the financial situation in the EaP countries in the short term, but they may also lead to a debt trap and imperil the macroeconomic stability of borrowers in the long term, due to much higher interest rates than those offered by the EU financial institutions. Another effect of the greater economic presence of the third powers is the swelling of trade deficits run by some EaP states as the value of their imports from, say, China or Turkey often grow faster than their exports to these countries. For example, in last decade, Belarus's negative trade balance with Turkey swelled from \$108 million to over \$600 million.

The third powers also often lack, or have a weak tradition when it comes to, the application of the rule of law. Therefore, they might export harmful,

non-transparent business practices or promote authoritarian solutions in the political realm in the region. For example, Turkey's recent campaign against the Gülenist movement network and to repatriate, sometimes forcefully, its members living abroad have led to human-rights violations in the EaP countries to which their governments were accomplices. Turkey appears to have relied on its economic clout to ensure the cooperation of the local authorities. Thus, a greater economic presence of the third powers might undermine EU's efforts to cultivate and strengthen the rule of law in the region.

The EU's Transformative Power in a Multi-Player Neighborhood

The third powers' growing footprint in the EU's eastern neighborhood is not a passing phenomenon; it is a trend that heralds a change in the region's political, economic and, to an extent, security climate in the coming decade. The region is firmly moving away from a two-dimensional environment shaped by the West and Russia to an increasingly competitive multi-player one. This imposes constraints on the EU, but it also offers opportunities. First, the EU has to scrutinize more the growing diversification of trade relations and diplomatic partnerships in its eastern neighborhood. But greater awareness and knowledge is only the first step. The next one requires devising a dual-track strategy that reinforces and multiplies the benign elements of the rise of the third powers in the region and neutralizes its negative consequences.

The EU's agenda often overlaps with that of the third powers (for example, boosting trade or preventing conflicts) and this provides space for cooperation, coordination, or parallel actions that ultimately strengthen the statehood and economic resilience of the EaP states. The EU could increase its assistance aimed at making the EaP countries' exports more competitive, thus helping them to get the most not only from the Deep and Comprehensive Free Trade Agreements with the EU, but also from their free-trade agreements with Turkey, China, or Israel. EU assistance for developing their respective tourism sector may create new jobs in the EaP states and lure even more tourists, including those from the third powers. As Iran mends its relations with Azerbaijan and deepens its ties with Armenia, it could be a useful diplomatic partner in averting a re-escalation of the conflict in Nagorno-Karabakh. Turkey could prove to be a valuable partner in endeavors to restore and guarantee the rights of the Tatars in an-

nexed Crimea, as well as to ensure the harmonious development of Gagauzian autonomy within Moldova's internationally recognized borders and to complement the EU's policy of 'engagement without recognition' in Abkhazia.

To defuse the negative effects of the third powers' rise in its eastern neighborhood, the EU will have to rely more on closer alliances with like-minded actors (the United States, Canada, Japan, the International Monetary Fund, the World Bank and the European Bank for Reconstruction, and Development). This will help it muster bigger financial resources in support of its transformational agenda. It will also facilitate a more coordinated and effective conditionality aiming to promote the rule of law, to undercut corruption, to foster functional institutions, and to create a welcoming environment for investors across the region.

The EU will also have to foster deeper partnerships with various segments of local civil society whose role in shaping politics in the EaP countries has dramatically increased. And, as the latest elections in Armenia, Moldova, and Ukraine have shown, the fight against corruption and for the rule of law enjoys overwhelming popular support and coincides with citizens' expectations. Moreover, these changes are often associated in the mind of the region's peoples with increasingly close cooperation with the EU. Thus, as long the EU stays true to its transformative credo, it will enjoy a significant advantage in its eastern neighborhood despite the rise of the third powers there.



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A NEW 'MOMENTUM' FOR THE EASTERN PARTNERSHIP IN 2020

The 2019–2020 period is an important one for the states of the Eastern Partnership (EaP) and the European Union (EU). It marks a decade since the EaP was launched, as well as the endpoint for the implementation of the 20 Deliverables for 2020. Europe also celebrates thirty years since the fall of the Berlin Wall, and it is almost three decades since the collapse of the Soviet Union. This is a historically resonant time for the EU and its eastern neighbors to redefine their partnership.

The core problems the EU needs to solve to arrive at a common vision are still the same

In June 2020 a new Eastern Partnership summit will take place during Croatia's EU presidency. Deriving from European Commission President Ursula von der Leyen's mission letter to Commissioner for Neighborhood and Enlargement Olivér Várhelyi, there is an expectation that the EU will present a long-awaited new strategy for the EaP, which will be underpinned by a common EU vision for its eastern neighborhood.¹ But the new European Commission taking office on December 1 has only a few months left before the EaP Summit. At the same time, the EU has numerous other immediate priorities to deal with, including reaching consensus on how to mitigate risks to 5G networks by the end of the year, putting forward legislation on artificial intelligence, and laying out the European Green Deal.² There is also a very tight calendar with the last European Council meeting before the EaP Summit currently scheduled for the end of March 2020. Effectively, the European Commission has only until mid-February to process all the feedback it has received from the structured consultation process on the future of the EaP (which closed

on October 31, 2019) and to put together a comprehensive proposal. It will then have to steer its proposal through the European Council where the member states will seek many changes before they arrive at a common denominator. The time for internal discussions and forming a sound, lasting consensus around the future EaP policy is therefore very short.

Hostage to Bigger Issues

The core problems the EU needs to solve to arrive at a common vision are still the same as ten years ago when the EaP was launched: the future of enlargement and the Russia factor. In the past few months, both issues have become even more divisive in the context of France's initiatives for rapprochement with Russia and an overhaul of the EU accession process.

President Emmanuel Macron's veto on opening accession talks with Albania and North Macedonia in October 2019 was a reminder that the member states are in the driver's seat when it comes to enlargement. More broadly, there is little appetite for further enlargement, and no consensus on whether providing a membership perspective, however distant, for EaP frontrunners such as Ukraine is a credible promise that could be made in 2020. The latter is mostly favored by Poland and the Baltic countries, but strongly opposed by many other member states. Germany is not in favor, pointing out EU's divisions and sensitivities on the matter. Another related issue is the lack of leadership on the EaP among the member states within the European Council. While ten years ago Poland and Sweden largely drove the process behind the launch of the EaP, the driving seat is now mostly empty.

Like a decade ago, member states differ in their views on how to deal with Russia when it comes to the neighborhood they share. The region has become much more contested, in particular after Russia's annexation of Crimea and the armed conflict in eastern Ukraine since 2014. Russia's assertiveness in the region, its hybrid warfare with the West, and its clear signals about not tolerating further expansion of the EU and NATO to the east have achieved the desired effect in many European capitals, where there is a strong hesitation about any kind of confrontation with Russia. The EU needs to straighten its common position vis-à-vis Russia, regardless of the EaP, so as

¹ European Commission, Mission Letter, Commissioner-designate for Neighborhood and Enlargement, November 7, 2019. <https://ec.europa.eu/commission/sites/beta-political/files/president-elect_von_der_leyens_mission_letter_to_oliver_varhelyi.pdf> (accessed November 19, 2019).

² "Von der Leyen's real 100-day challenge," Politico, November 28, 2019. <https://www.politico.eu/article/ursula-von-der-leyen-european-commission-first-100-days-timeline/?mc_cid=8764787057&mc_eid=6691982ad9> (accessed December 3, 2019).

not to undermine its aspiration to become a geopolitical power – but this is unlikely to happen before the EaP summit. Moreover, Macron's wish for a rapprochement with Russia without consulting or coordinating with other member states suggests more division than unity around the Russia question in the months to come.

Against this backdrop, the EaP issue is likely to be peripheral to other EU discussions. This limits the scope for more ambitious designs even more.

Not a Priority, but Worth Prioritizing

At the start of the new European Commission's mandate, and amid other priorities for the EU, the EaP currently ranks low on the agenda. Brexit and its repercussions, the negotiations for the EU's next Multiannual Financial Framework, improving EU defense and security coordination, the difficult transatlantic relations with President Donald Trump's aggressive protectionist policies, and China's growing influence – to name only a few – all rank above the EaP among EU's short- and medium-term priorities, and for good reason. Looking for consensus on a neighborhood policy that divides more than it unites the member states is not what the EU currently needs the most. In parallel, Germany had the opportunity to host the EaP summit during its EU presidency, which starts in mid-2020, but it chose to give priority to other issues such as hosting the EU-China summit. As a result, Croatia will host the long-overdue EaP summit during its presidency in mid-June 2020 in Brussels, just after a Western Balkans summit.

While the EU is divided on how to deal with its eastern neighborhood, the EaP states are not in good shape either. The challenges of protracted transition processes, such as entrenched vested interests, have made it difficult for them to make any breakthroughs in the last decade when it comes not only to their overall democracy scores (see Figure 1), but also to specific issues such as rule of law (see Figure 2) and anti-corruption reforms (see Figure 3). The question that arises against this background is why the EU should bother with the EaP?

In the context of increasing multipolarity, its eastern neighbors are natural allies for the EU. Leaving these states as a buffer zone between Russia and the EU, with no clarity on their membership perspective, will alienate these societies at a time when the

EU is still striving for a ring of friends in its neighborhood while Russia attempts to reassert itself as a global power by violating the international order on the EU's doorstep. Moreover, leaving the EaP countries as a buffer zone is no panacea for the EU's lack of a coherent and coordinated policy towards Russia, and it will not eliminate the risk of a conflict.

In the long run, the EU wants a functioning eastern neighborhood, rather than failed states

In the last decade, the EU has invested a lot of efforts in the EaP countries that have already produced tangible long-term results. The EU became the top trading partner for Azerbaijan, Georgia, Moldova, and Ukraine. There has been a steady increase in EaP citizens going to work and study in EU countries rather than Russia, and they are likely to bring back EU values and new standards to their home countries. Moreover, vast majorities in Armenia, Georgia, Moldova, and Ukraine do not believe anymore in a comeback of the Soviet Union.³ Modernizing societies, stronger civil society groups that act as watchdogs to keep their governments accountable, and better functioning and more diversified market economies are all the result of EU's transformative power in the region. It is only a matter of time before generational change and political conjuncture lead to changing governance patterns as well.

In the long run, the EU wants a functioning eastern neighborhood, rather than failed states, for its own security and stability. As an aspiring geopolitical power, it needs to see itself as a long-term player in the region, with investments that do not necessarily yield results immediately. The EU needs to assess its efforts through a state-building and sustainability lens.

What is more, the EaP societies perceive themselves to be European. They strive to achieve Euro-

³ Stanislav Secieru and Sinikkua Saari, "The Eastern Partnership a Decade on. Looking Back, Thinking Ahead," Chailot Paper / 153, July 2019, pp. 13. <https://www.iss.europa.eu/sites/default/files/EUISSFiles/cp153_EaP.pdf> (accessed November 19, 2019).

pean living standards despite the challenges of transition and democratization. The EU is their pole of attraction, not Russia. Russia treating the region as its privileged zone of influence pushes these countries away in search of alternatives that would help strengthen their threatened statehood and sovereignty. The EU and the EaP countries face similar challenges to a large degree, be they demographic or security-related, and these need to be solved together to enhance EU's credibility, reputation, and reliability, which are currently at stake not only in the region but also in the Western Balkans.

The year 2020 will give the EU an opportunity in its immediate neighborhood to prove it is a global actor able and willing to project power and influence. Though time is not on its side with a summit scheduled within half a year since the start of a new European Commission, which has more immediate priorities to deal with, the EU needs to take the EaP to the next level to safeguard its strategic interests and to elevate the union itself to the next level.



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CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations below draw on the four contributions in this report and the discussions during the sessions of the Russia–Eastern Partnership Strategy Group held throughout 2019.

Addressing EaP Domestic Challenges

Due to strong Soviet legacies, democratization processes in the EaP countries are complex processes that are frequently non-linear. Strong economic and security interdependencies with Russia still exist and, depending on how local elites deal with them, they can define the limits of the democratization efforts in these countries that Western partners support. Domestic challenges such as entrenched vested interests and weak institutions of rule of law shape these limits further. As a result, the reform efforts the EaP governments undertake often prove to be inconsistent or reversible, which creates confusion, discontent, and fatigue among their international development partners such as the EU and Germany.

In each EaP state, however, there are like-minded segments of society that are willing to break with past dependencies and strive for a new democratic model that is closer to European standards and norms of good governance, thus paving the way to stronger democracies and a consolidated 'ring of friends' on the EU's eastern border.

Recommendations for the EU:

- 1) *Continue applying strong conditionality to the financial support and technical assistance that the EU provides to EaP governments. The EU should apply not only the 'more for more' principle, but also develop credible 'less for less' mechanisms for situations when countries roll back their reforms.*
- 2) *Work more intensely with like-minded civil society groups in the EaP countries to strengthen domestic oversight over the reforms governments embark upon but are not always able to keep to.*
- 3) *Pursue a differentiated approach towards the six EaP countries, and provide a credible membership perspective, however distant, for those willing to embrace genuine democratic reforms. This will empower national elites that are willing to bring their societies closer to the EU.*

Addressing the EU's and Germany's Capacity to Act in the Neighborhood

While they acknowledge the strategic importance of the eastern neighborhood, the EU is not prepared for the comprehensive foreign and security challenges it faces there and its member states are divided on how to approach them. Moreover, the EU is currently missing a driving force that would be able to build a political consensus among member states around an EaP policy beyond 2020. Consumed by internal crises and external pressures, there is no political will to go beyond the implementation of the Association Agreements with Ukraine, Georgia, and Moldova.

Recommendations for the EU:

- 1) *While no EU member state has the capacity to lead towards an enhanced relationship with the EaP states, the ones interested in driving the debate forward should work together within 'coalitions of the willing.' Germany should strengthen its dialogue with interested member states (such as the Visegrád, Baltic, and Scandinavian countries), in particular if there is very limited EU consensus in June 2020.*
- 2) *Enable faster and deeper integration with the EU in the fields of energy, trade, transport, the digital economy, and customs for Georgia, Moldova, and Ukraine, which seek more ambitious integration with the union.*
- 3) *Strengthen security cooperation with the EaP states by supporting the transformation and modernization of their armed forces and their security and defense sectors. This will help strengthen state and societal resilience to security threats and Russian propaganda and disinformation, thus making the EU and the eastern neighborhood more secure and resilient. While some member states (including France) are reluctant to go in this direction at all as long as it antagonizes Russia, such security-related initiatives should be driven by a coalition of member states willing to cooperate in this policy domain.*

Addressing Rising Geopolitical Competition

Third powers such as China and Turkey have become more prominent players in the EaP countries during the last decade. This has been driven mainly by their growing relative power at the global level and their quest for new economic and diplomatic opportunities. In parallel, the EaP states are willing to initiate and deepen their relations with these third powers as a reaction to Russia's military and economic assertiveness in the region. One effect of this diversification of their economic and diplomatic ties is the weakening of the EU's democratic conditionality and the development of alternative sources of international legitimacy for authoritarian-like elites in the region. The rise of third powers in

the EaP is here to stay as the region moves from a two-dimensional environment shaped by the West and Russia to a multi-dimensional one.

Recommendations for the EU:

- 1) *Scrutinize more closely the growing diversification of trade relations and diplomatic partnerships in the EaP countries.*
- 2) *Devise a dual-track strategy that reinforces and multiplies the benign elements of the rise of third powers in the region and neutralizes its negative consequences.*
 - a) *Coordinate and cooperate on overlapping agenda items with third powers to help strengthen the statehood and economic resilience of the EaP states.*
 - b) *Rely more on closer alliances with like-minded actors (the United States, Canada, Japan, the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development) to defuse the negative effects of the third powers' rise in the eastern neighborhood.*

Defining EaP Objectives Beyond 2020

Against multiple competing short- and medium-term priorities for the European Commission and the member states, the June 2020 summit will most likely not see bold proposals for the EU's EaP policy beyond 2020 – not least because the EU lacks a common vision for how to engage with the region. Divisions among member states on enlargement and how to deal with Russia, similar to the ones present also in 2009, will most likely curb the enthusiasm for what could be a truly historic moment for the EU and its eastern neighborhood. Considering, however, the strategic importance of the region for the EU's security, the investments that it has made through its EaP policy as well as the strong ties that it has developed with segments of societies in the region that work for more sustainable and resilient democracies, the EU could use the opportunity of the next EaP Summit to boldly redefine its relationship with its eastern neighborhood.

Recommendations for the EU:

- 1) *Refocus policy in the EaP countries on pursuing democratization rather than stabilization.*
- 2) *Prioritize the development of a sustainable and credible framework for long-term engagement with the EaP countries that suits the levels of local demand and aspirations for closer ties with the EU.*

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