

## Chapter 13

# Western Policy toward Wider Europe

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The fall of the Berlin Wall in November 1989 marked the end of the Cold War. In the two and a half decades since then the former communist states in central and eastern Europe have been integrated into Euro-Atlantic institutions. Today they enjoy a degree of economic prosperity, political stability and external security exceeding anything most of them have experienced in their history.

However, two regions—the western Balkans and the states on Russia's western periphery (often referred to as “wider Europe”) are part of the “unfinished business” left over from the end of the Cold War. wider Europe includes six states—Ukraine, Georgia, Azerbaijan, Armenia, Moldova and Belarus—three of which want to join NATO.

The United States and the European Union share a common interest in extending democratic stability into the wider Europe region and promoting greater security there. As Daniel Hamilton and Nikolas Foster have noted, failure to deal with wider Europe's problems risks destabilizing competition and confrontation among its regional and external actors, leading to festering separatist conflicts, greater international challenges and dysfunctional energy markets, the negative consequences of which could spill over into Europe and Eurasia.<sup>1</sup>

However, projecting stability and democracy into wider Europe poses a difficult challenge for several reasons.

First, Russia's interests and political influence are much stronger and more resilient in wider Europe than was the case in central/eastern Europe or the western Balkans. The states in wider Europe are seen by Russian officials as part of Russia's sphere of “privileged interest”<sup>2</sup> Moscow regards the expansion of Western influence and institutions,

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<sup>1</sup> Daniel Hamilton and Nikolas Foster, “The Obama administration and Europe,” in Alvaro de Vasconcelos and Marcin Zaborowski (eds.), *The Obama Moment* (Paris: The EU Institute for Security Studies, 2009), p. 52.

<sup>2</sup> See George Friedman, “Geopolitical Diary: The Medvedev Doctrine,” *Stratfor*, 2 September 2008.

particularly NATO, into the former Soviet space as a threat to its national security, and Russia is determined to defend its interests in this region, with force if necessary, as Russia's war against Georgia in August 2008 and its military intervention in eastern Ukraine have underscored.

Second, the wider Europe region lacks strong regional institutions that can promote regional cooperation and mitigate conflict. Efforts have been made to foster closer regional cooperation, such as the establishment of the Black Sea Economic Cooperation (BSEC) organization. However, BSEC lacks strong mechanisms for policy coordination and it is not well-equipped to deal with security issues.

Third, the wider Europe area contains a number of potentially explosive unresolved or "frozen" conflicts. These conflicts include the dispute between Armenia and Azerbaijan over Nagorno-Karabakh, the Transnistria conflict between Russia and Moldova, the secessionist conflicts between Georgia and Abkhazia and South Ossetia and the separatist struggle in eastern Ukraine. These conflicts pose a threat to regional stability and are obstacles to the integration of the countries of wider Europe into Euro-Atlantic institutions.

Fourth, many European members of the EU and NATO have reservations about whether countries like Georgia and Ukraine—not to mention Azerbaijan, with its Muslim population and historical and cultural ties to Iran—are really part of Europe and European culture. This ambivalence about the "Europeanness" of the countries in wider Europe is an important obstacle to the integration of these countries into European and Euro-Atlantic institutions. In the case of central Europe, many European officials had reservations about the wisdom of inviting them to join NATO and the EU, but no one questioned whether these states were part of Europe.

Finally, many EU officials have concerns about EU's capacity to absorb new members at a time when the EU is still wrestling with demands imposed by the enlargements of the EU 2004 and 2007. These concerns have been reinforced by growing worries about a host of new challenges posed by terrorism, immigration, the influx of refugees from the Middle East, and the sovereign debt crisis. European officials fear that EU institutions, already facing a growing pile of challenges, may become "overwhelmed" and prove incapable of managing all these mounting challenges simultaneously.

## **NATO Enlargement**

The difficulty of projecting stability into wider Europe is compounded by the fact that the political and strategic context for eastern enlargement today differs significantly from the political and strategic context that existed in the mid 1990s and early 2000s when the first rounds of enlargement occurred.

The most important difference is that Russia's hostility to the expansion of the NATO and the EU into the post-Soviet space is much stronger today. As noted earlier, Russia regards the post-Soviet space as an area of "privileged interest"—that is, an area of special strategic importance for Russian security—and it views the expansion of NATO and the EU into post-Soviet space as a direct threat to its national security.

Within NATO, there are strong reservations about any further enlargement of the Alliance in the near future. The NATO summit in Bucharest in April 2008 represented an important turning point in the process to further enlarge the Alliance. At the summit, President Bush pushed for offering Georgia and Ukraine a Membership Action Plan (MAP)—a program designed to prepare aspirants for NATO membership. However, the proposal to award MAP to Georgia and Ukraine was blocked by France and Germany, who feared such a move would exacerbate tensions with Russia. However, in order to reassure Georgia and Ukraine and assuage their disappointment at having been denied MAP, the communiqué issued by the heads of state and governments of the Alliance at the conclusion of the summit stated that Georgia and Ukraine would be admitted to the Alliance, but without specifying a specific date for their entry.

In short, the Bucharest summit sent a confusing and ambiguous message. On the one hand, NATO refused to award Georgia and Ukraine MAP, which was considered to be an important step toward membership. On the other, the two countries obtained an unprecedented written promise that they would at some undefined time in the future become members of the Alliance. In effect, Alliance leaders tried to square the circle—to have their cake and eat it too—by reassuring Georgia and Ukraine that they would be become members at some unnamed point in the future while saying indirectly to Russia "But don't worry it won't happen soon."

The Russian invasion of Georgia in August 2008 underscored the dangers of giving an Article 5 security guarantee unless NATO members are fully committed and able to implement that guarantee. Prior to the Russian invasion of Georgia, NATO members, especially the new aspirants for membership, had focused primarily on the security benefits of NATO membership. The Russo-Georgian war was a sharp reminder that membership also entailed obligations as well.

This delicate balancing act, which had worked in the past, failed at Bucharest. It did not reassure Georgia and Ukraine because the timetable for membership was too vague. And it did not reassure Russia because the communiqué was seen by Moscow as meaning that NATO would enlarge sooner rather than later. Indeed, the summit not only failed to deter Russia but, as Ron Asmus has suggested, it may actually have emboldened Moscow to step up pressure on Georgia and contributed to the outbreak of the Russo-Georgian five-day war in August 2008.<sup>3</sup> It also threatened to slow down the transformation and reform process in wider Europe because without a strong sense of security these states would have difficulty introducing a coherent and effective reform program.

While the invasion was aimed at punishing Georgian President Mikheil Saakashvili for his pro-Western course, especially his pursuit of NATO membership, it was also designed to send a broader message to the West, especially the United States, that Russia regarded the post-Soviet space to be part of its sphere of influence, and that it was prepared to defend its these interests, with force if necessary

The invasion was thus a sharp reminder—to the countries in the West as well as those in wider Europe—that Russia was still a power to be reckoned with and that any attempt to establish close security ties to countries located on the former Soviet space would need to take Russian security interests more prominently into consideration. At the same time, it made clear to the Russian leadership that there would be no military response by NATO if Moscow took military action against a post-Soviet state that was not a member of NATO (or the EU)—a lesson that may have influenced President Putin to use military force against Ukraine in 2014.

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<sup>3</sup> Ronald D. Asmus, *A Little War that Shook the World* (New York: PalgraveMacmillan, 2010), p. 138.

## **EU Enlargement**

The momentum behind enlargement has significantly slowed within the EU as well. The global financial crisis forced a shift in the EU's priorities and outlook. Today the emphasis in Europe is on internal retrenchment, not external expansion. European governments are concerned with the continuing sovereign debt crisis in the EU, the social impact of the largest influx of refugees since World War II, the growing threat from terrorism, and reducing the costs of maintaining the social welfare systems built up in the decades since World War II. EU members have little enthusiasm for—and are less ready to underwrite—expensive policies aimed at integrating the EU's eastern neighborhood.

Within the EU a feeling of “enlargement fatigue “ has emerged in recent years. There is a strong sense among EU members that the EU needs to strengthen its institutional capacity to absorb the new members that were admitted during the latest rounds of negotiations—the most recent being Croatia, which was admitted in 2013—before considering a further “widening” of its ranks. In particular, there has been growing discontent and disillusionment among European publics with the process of enlargement. Right-wing political groups opposed to enlargement have gained ground in many European countries, especially France, Netherlands, Denmark, Finland, and Greece, and have made EU enlargement one of their prime targets.

Today there is little support in the EU for new initiatives aimed at further enlargement to the east. The Eastern Partnership—the EU's main policy instrument for dealing with countries on its eastern periphery—emphasizes trade and soft power as instruments for promoting closer ties with the countries on the EU's eastern periphery. However, unlike the association agreements with the states of the western Balkans, the Eastern Partnership does not offer the prospect of membership. Membership is the “golden carrot.” Without the incentive of membership, many of the countries in the Eastern Partnership are not likely to be willing to undertake the risks of introducing meaningful reform programs.

## **The Eastern Partnership**

In addition, since 2009, Russia's views regarding the EU have hardened. Initially Russia did not see the EU as a threat. Moscow's main concern was focused on trying to block the enlargement of NATO. However,

Russian attitudes began to change with the development in 2009 of the EU's Eastern Partnership. A joint Polish-Swedish initiative, the Eastern Partnership was designed to increase cooperation with six states in wider Europe: Ukraine, Belarus, Moldova, Armenia, Azerbaijan and Georgia. However, the Eastern Partnership never had the full support of the strongest EU member states, particularly Germany, which feared that the initiative could have a negative impact on its effort to deepen relations with Russia.

However, EU and Russian perspectives about the goals and benefits of the Eastern Partnership differed significantly. The EU saw the Eastern Partnership as a win-win situation for all concerned. EU officials believed the initiative could forge closer ties to Russia's neighbors in the post-Soviet space and simultaneously maintain good relations with Moscow—a view which proved to be naive and misguided. Russia, EU officials argued, would benefit from greater stabilization of its periphery and the members of the Eastern Partnership could act as a bridge between Russia and the EU.

Russia, however, saw things quite differently. To Russian officials the Eastern Partnership looked more like a “hostile takeover.” Russia envisaged the Eurasian Customs Union as a counter-initiative to the Eastern Partnership and confronted members with a stark either/or choice. Membership in the Eurasian Union was incompatible with the deep and comprehensive trade agreements that the EU sought to sign with the members of the Eastern Partnership.

## **The Western Policy Agenda**

The Ukrainian crisis marks an important watershed in relations with the West and raises a number of important questions and challenges regarding Western policy in the future. What should Western policy toward wider Europe be in the aftermath of the Ukrainian crisis? How can Western goals be achieved in the face of a more assertive Russia? What adjustments in Western policy need to be made in light of recent developments?

Pursuing an overarching Western policy towards wider Europe is difficult because of the region's great diversity. Each of the countries in the region is very different and faces very different problems. Thus a one-

policy-fits-all approach won't work. Western policymakers will need to adopt specific policies for each of the individual countries in the region.

### *The Eastern Partnership*

This is particularly true in the case of the EU's Eastern Partnership. The Partnership was launched in 2009 with goal of creating the necessary conditions to accelerate political association and further economic integration with the countries of wider Europe. In terms of their interest in promoting closer contacts to and greater integration with the EU, the countries of wider Europe can be divided into two groups. The first group consists of Belarus, Azerbaijan and Armenia. Belarus has shown little serious interest in forging close ties to Europe and is currently under EU sanctions; Azerbaijan has also shown little serious interest in close ties to the Eastern Partnership, particularly those elements of the Partnership that would require Baku to improve its dismal human rights record; Armenia was on the verge of initialing an Association Agreement with the EU in September 2014, but under strong Russian pressure put its plans on hold and joined the Russian-led Customs Union instead.

Thus, only three countries—Moldova, Georgia and Ukraine—subscribe wholeheartedly to the Eastern Partnership. And Moscow is fundamentally opposed to the Partnership and sees it as a threat to its basic interests. Thus as the Centre for European Reform has argued, rather than trying to keep all six partners in a single framework as they increasingly move along diverging paths, the EU should accept reality and try to structure its relations with the six countries on an individual basis that recognizes this diversity.<sup>4</sup>

In addition, the geopolitical context has significantly changed in the last several years. The Ukrainian crisis has resulted in a sharp deterioration of the EU's economic and political relations with Moscow. Russian and EU policy are out of sync. Since the annexation of Crimea Russia has pursued an assertive policy that that emphasizes "hard security" while the EU continues to give priority to "soft security." This discrepancy in basic goals and behavior makes an attempt by the EU to seriously engage Russia in a meaningful way very difficult and has sparked a

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<sup>4</sup> <http://centerfor European reform.blogspot.de/2013/12/the-eastern-partnership-the-road-from.html>

wide-ranging debate within the EU regarding the future of the Eastern Partnership.<sup>5</sup>

In a thoughtful contribution to this debate, two German analysts, Kai-Olaf Lang and Barbara Lippert, argue that the countries to the EU's east are caught between a vague "wider Europe" proposal from Brussels and Russia's increasingly forceful idea of a "wider Russia." The Ukrainian crisis has forced the EU into a permanent crisis management mode in which security issues and the search for diplomatic compromise dominate the political agenda. The EU can only succeed in achieving its goals in this new phase, they contend, if it faces up to the Russian factor and realigns its relations with Russia on an Eastern policy of what they term "cooperative confrontation," which gives priority three goals: stability, cooperation and norm-driven transformation.

The problem is that Russia has shown by its recent actions in eastern Ukraine and Crimea that it is not interested in the three goals of their proposed Eastern policy—stability, cooperation and norm driven transformation—and that it is wedded to the pursuit of a policy based on hard power and maintaining political dominance over the states in wider Europe. Thus the policy of cooperative confrontation (an oxymoron if there ever was one) has little chance of being accepted as a basis for a new EU policy toward wider Europe.

### *Ukraine*

As far as Western policy is concerned, top priority should be given to stabilizing Ukraine and preventing the country's economic collapse. All the lethal weapons in the world will not help Ukraine if its economy collapses—and there is a danger that it could unless the West makes a stronger commitment to ensuring that Ukraine embarks upon a serious program of economic reform.

Some important steps in this direction were taken in the late summer of 2015. In August Ukraine secured an agreement to avert default and restructure billions of dollars of government debt. A group of Ukraine's largest creditors accepted an immediate 20 percent write-off on \$18 billion of the country's bonds.<sup>6</sup> The deal also includes a freeze on debt

<sup>5</sup> For a useful contribution to this debate, see Stefan Meister, "Rethinking the Eastern Neighborhood," <https://ip-journal.dgap.org/en/ip-journal/topics/rethinking-eastern-neighborhood>

<sup>6</sup> Elane Moore and Neil Buckley, "Ukraine secures debt deal for war ravaged economy," *Financial Times*, August 28, 2015.



repayments for four years. The restructuring allows Ukraine to maintain access to capital markets and provide the stable economic platform that will help the country to restore growth.

The agreement came at a crucial time, with tentative signs that the Ukrainian economy is beginning to stabilize. While output is still falling, the hryvnia has stopped its steep decline and inflation, which had reached 60 percent earlier in the year, is moderating.

Ukraine, however, is far from being out of the woods. The Ukrainian leadership faces several critical challenges. The first is to implement a coherent and sustainable domestic reform agenda. Ukraine finds itself in a highly vulnerable situation today largely due to bad decisions by its political leadership.<sup>7</sup> The previous leaders put off needed economic reforms because they feared that reforms would undermine their own political power and interests.

A second related challenge is posed by rampant and widespread corruption. Corruption reached alarming dimensions under President Viktor Yanukovich. Prime Minister Yatsenyuk accused Yanukovich of stealing \$37 billion from the state—equal to one fifth of Ukraine's GDP in 2013—during his four years in office.<sup>8</sup>

Energy security represents a third critical challenge. Ukraine needs a viable energy policy. It is one of the most energy-inefficient countries in the world. Ukraine needs to reduce its high level of energy wastage. It pays fuel subsidies equivalent to 7.5 percent of its gross domestic product (GDP). Its energy intensity—the ration of energy used to economic output—is twice that of Russia and ten times the OECD average.<sup>9</sup> A reduction in subsidies and higher fuel bills are unavoidable if Ukraine is to solve its energy problems.

A lot will depend on whether the United States and Europe can maintain a strong united front regarding the sanctions imposed on Russia in July 2015. In December 2015, the EU voted to extend the sanctions for another six months. But as the deadline for the extended sanc-

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<sup>7</sup> See Steven Pifer, "Taking Stock in Ukraine," *The American Interest* /<http://www.the-american-interest.com/articles/2014/10/28>.

<sup>8</sup> For a detailed discussion of the disruptive impact of corruption on Ukrainian economic and social life, see Anders Aslund, "Ukraine's Old Internal Enemy," *Wall Street Journal*, October 1, 2014.

<sup>9</sup> *Ibid.*

tions to expire approaches, pressure is likely to increase for repealing the sanctions and returning to "business as usual" is likely to mount.

However, lifting the sanctions before Russia fulfills its obligations under the Minsk agreement would be a mistake. The sanctions are beginning to have an impact and intensify Russia's economic problems. The decline of price of oil and signs of a deepening recession have caused a cutback in on Russia's Russian defense spending. The draft defense budget for 2015-2017 calls for a cut in defense expenditures by 5.3 percent in 2016—the first cut in defense spending since 2008.<sup>10</sup> Russian government officials have warned that the Russian budget can be balanced in the next three years only if oil prices remain above \$100 per barrel. Most projections expect the price of oil to be well below that figure—closer to \$60 or \$70 per barrel. Some economists believe that oil prices could drop even lower, depending on events.

Russia's military intervention in Syria is likely to exacerbate the economic the growing economic strains. As the economic costs of Russia's military intervention in Syria mount, Putin may be more open to a Ukrainian settlement. Indeed, one of the motivations behind Putin's decision to launch the military intervention in Syria appears to have been to deflect attention from Ukraine. Militarily the conflict with Ukraine is a stalemate. Given its larger and better-equipped armed forces, Russia would win an all out military conflict with Ukraine. But the costs—financial, military and diplomatic—of such an intensification of the conflict would be very high.

Putin appears to believe that he can achieve his goals without engaging in an overt conventional invasion. Ukraine faces serious economic challenges. Its economy is expected to contract by 9 percent. Russia has threatened to eliminate all trade preferences if the EU-Ukraine free trade deal signed by the Ukrainian government in July 2015 goes fully into effect in January 2016, as planned. However, the impact of these restrictions will be significantly reduced because in the last several years Ukraine has systematically shifted its pattern of trade away from Russia.

In 2012, Russia accounted for one-quarter of Ukrainian exports and one-third of its imports. However, since then its share of trade with Russia has more than halved.<sup>11</sup> Ukrainian exports to Russia fell sharply in

<sup>10</sup>Katherin Hille, "Russia to cut defense spending," *Financial Times*, October 13, 2014.

<sup>11</sup>"Ukraine adjusts commerce ties as trade war with Russia deepens," *Financial Times*, November 23, 2015.

2015, while the proportion of its trade going to the EU jumped from below 25 percent in 2012 to nearly 35 percent in the first seven months of 2015.<sup>12</sup> In addition, trade with China jumped from 5 percent to 8 percent in the same period.

In short, Russia's ability to inflict economic pain on Ukraine is declining. Imports of Russian natural gas have sharply fallen to nearly a bare minimum not only because of the sharp contraction of the Ukrainian economy and disputes over unpaid bills, but because Ukraine has responded by increasing energy efficiency and diversifying sources of gas supply.

However, Ukraine's economic situation remains precarious. A number of other steps could be taken that would contribute to the stabilization of Ukraine. Western leaders should press Ukraine to

- reduce its dependence on Russian energy, particularly natural gas and oil;
- diversify its sources of supply by concluding deals with alternative energy suppliers such as Norway, Nigeria and Algeria;
- adopt measures aimed at increasing energy efficiency;
- develop new markets for food and agricultural products;
- strengthen political ties to the Visegrad group, especially Poland, which serves as Ukraine's "Gateway to Europe;"
- implement a serious anti- corruption campaign.

While the door to NATO membership should be kept open to Ukraine, the issue of membership should be kept on the back burner for the near future. Raising the membership issue at this juncture would be a mistake. It would simply antagonize Moscow and make improvements in other important areas more difficult.

### *Georgia*

The United States and the EU should give priority to encouraging the development of strong democratic institutions and strengthening civil society. The door to NATO membership should be left open. But the issue of NATO membership should not be actively pushed for the time being. As in Ukraine, the emphasis instead should be on intensifying political and economic reform.

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<sup>12</sup>Ibid.

In the foreign policy area, the United States and the EU should insist that Russia withdraw its troops from Georgian territory, as called for in the ceasefire that Moscow signed ending the Five Day War. However, given the disparities in power between Georgia and Russia, achieving a Russian agreement to withdraw its troops will require firmness of purpose and a closely coordinated approach on the part of the United States and the EU.

The issues of Abkhazia and South Ossetia present a much more difficult problem. Here too the United States and EU need a firm, coordinated policy. The United States and the EU should encourage Georgia to increase economic, political and human contacts with Abkhazia and South Ossetia. The goal of these contacts would be to weaken the dependence of both entities on Russia and prevent their *de facto* annexation by Russia.

### *Moldova*

Moldova presents a difficult challenge for Western policymakers. The country is on the verge of political and economic collapse. Multiple government changes—including 3 interim governments in 16 months—have left Moldova without effective governance. The current government—a coalition of three major parties who advocate closer ties to Europe—is an interim government with limited constitutional powers. The parliament is splintered into a number of antagonistic parties and has been unable to pass any major legislation since the November 2014 legislative elections. All ministerial government and prime ministers since the summer of 2014 have essentially been lame ducks.

Economically, Moldova stands on the brink of financial insolvency. It has been unable to pass a state budget for 2016 or to amend the 2015 state budget following the depreciation of the national currency. Moldova's currency has been devalued by 25 percent since 2015. It is also under a Russian trade embargo, and the reforms it is being asked to introduce by the IMF and EU involve raising utility bills and reducing state spending, which if implemented would almost certainly result in the collapse of the pro-European government and its probable replacement by a coalition of pro-Russian parties, led by the Communist Party, which is the most popular party in Moldova.

Moldova's political and economic woes have been compounded by a \$1 billion banking scandal that could have far-reaching political and

economic repercussions for Moldova's political future. In October 2015, the Moldovan parliament lifted the immunity of Vlad Filat, the former prime minister (2009-April 2013) and leader of the Liberal Democratic Party of Moldova (PLDM), the largest non-communist party in the parliament (31 parliamentary seats in the 101-seat parliament) and the most important party in the three party ruling coalition. As prime minister, Filat pursued a strong pro-European course and oversaw the signing of an Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA) as well as a visa-free travel agreement for Moldovans within the Schengen area.

However, the PLDM is dependent on the support of the second member of the coalition, the Democratic Party (DP), led by billionaire oligarch Vlad Plahotniuc, who controls key positions in the court system, law enforcement agencies and business community. Plahotniuc has little interest in European integration. His main preoccupation has been to negotiate the spoils of governance in favor of the DP and he has continually threatened to withdraw its support from the government unless the government conceded key positions or business opportunities to Plahotniuc-related interests. The party has been responsible for much of the governmental paralysis and increase of corruption in Moldova over the last several years.

Moldova faces a double challenge: (1) It needs a comprehensive restructuring and overhaul of the basic institutions of the state, particularly the judiciary and party system; and (2) to reverse the process of state capture by local and Russian business interests. The two challenges are closely interlinked. Democratic Party leaders have continually frustrated the reform of the Justice and law enforcement agencies and used them as a means to pay back old (and new) political debts to friends and cronies.

As a result of the signing of the Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA) with the EU, Moldova stands to receive broad access to EU grants and credits and EU markets in the future. This will make Moldova more attractive to foreign investors. It also will make Moldovan passports significantly more attractive to citizens of Transnistria compared to Russian or Ukrainian passports.

However, unless the EU takes a stronger hand in helping Moldova to ensure a more open and transparent business environment and legal

framework, key local industries could be bought up by Russian oligarchs and Moldova could find itself deeply entangled in a web of non-transparent economic ties that restrict its economic freedom of maneuver and its political independence.

In addition, the conflict between Moldova and Russia over Transnistria poses a potential threat to Moldova's security. While the dispute is not of the same dimension as the conflicts between Azerbaijan and Armenia over Nagorno-Karabakh or the conflicts between Georgia and the breakaway provinces of Abkhazia and South Ossetia, it provides a convenient means for the Kremlin to exert pressure on Moldova.

### *Belarus*

Together with Azerbaijan, Belarus has shown little interest in significantly intensifying ties to the Eastern Partnership. However, in the past several years Belarus has shown some small but important signs of change. These changes have been forced on Belarus by shifts in Russian policy. After 2004 Russia began to push for a restructuring of its economic relations with Minsk, especially energy ties. The loss of Russian energy subsidies posed an existential threat to the regime in Minsk and forced Belarus President Alexander Lukashenko to seek a controlled opening to the EU after January 2007.<sup>13</sup>

The controlled opening resulted in a growing divergence between U.S. and EU policy. Prior to 2007, both the United States and the EU sought to isolate the Lukashenko regime and use coercive diplomacy to force Minsk to liberalize. However, after 2008 this unity began to crack. The EU increasingly pursued a policy of greater engagement with Belarus while the United States continued to pursue a policy of 'hard conditionality' designed to isolate the Lukashenko government.

After the December 19, 2010 presidential elections in Belarus, Lukashenko adopted a harder line. The elections, which were characterized by ballot-rigging and repression of the democratic opposition, marked a sharp rebuff of the EU's engagement strategy. The brutal crackdown in the aftermath of the December 19 election dashed hopes

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<sup>13</sup> For a detailed discussion of the reasons for the shift in Belarusian policy, see Margarita M. Balmaceda, "At the crossroads: The Belarusian-Russian energy-political model in crisis," in See Sabine Fischer (ed.), "Back from the Cold? The EU and Belarus in 2009," *Chailot Paper no. 119*, EU Institute for Security Studies, Paris, November 2009, pp. 79-91.

of any meaningful liberalization in Belarus and left the EU's policy of engagement in tatters.

Belarus depends heavily on Russian gas and oil and loans from Moscow. However, as Russia's economic problems have intensified and threatened to drag down Belarus' economy, Lukashenko has sought to distance himself from Moscow and cultivate closer ties to the EU. In August 2015, with an eye on the upcoming presidential election on October 11, 2015 he released some political prisoners. He also added a surprising bit of political theater to the electoral campaign, going out of his way to bluntly deny publically that there was any truth to reports that Russia would open an air base in Belarus.<sup>14</sup>

But Washington and Brussels have good reason to be skeptical that the leopard has changed his spots. Before the 2010 election, Lukashenko also made a few liberal gestures designed to convince Western officials that he wanted better relations with the West. But soon after the polls had closed he sent in the riot police who violently crushed a protest and arrested many of his political opponents, ending all talk of a "new" more moderate Lukashenko.

Lukashenko easily won the October 11 election, gaining 83.5 percent of the vote. While there was no repeat of the brutal crackdown that followed the December 2010 election, the U.S. State Department noted that the elections were far from free and fair, and criticized the inability of the international and domestic monitors to observe the vote count and the almost complete lack of opposition party or independent members on election commissions. However, the EU agreed to suspend sanctions against Belarus for four months in an attempt to encourage further gestures toward liberalization on Lukashenko's part.

The likelihood that this approach will generate serious change, however, is slim. In the past Lukashenko has made small tactical gestures toward relaxing repression (usually before elections) These were usually followed by a crackdown after the election was over. There is little reason to think that this time will be any different.

In the future, the United States and EU should closely coordinate their policies toward Belarus in order to prevent Lukashenko from playing one side off against the other. Economic assistance should be closely tied to support for a coherent program of economic and political reform.

## **Whither Wider Europe?**

With the exception of Ukraine, the prospects for the stabilization and democratization of the countries of wider Europe remain highly uncertain. All the countries in the region face major political and economic challenges due to their underdevelopment, lack of strong democratic traditions and structures, and the legacy of Soviet rule. Russia continues to see the region as a part of its sphere of “privileged interests” and remains intent on preventing the expansion of Western democratic ideas and norms into the post-Soviet space. Finally, and perhaps most importantly, the political and strategic context in Europe has significantly changed. Hostility to further enlargement of the EU has gained considerable ground in the last decade. At the same time, the EU faces a number of new challenges—the sovereign debt problem, growing pressures related to immigration and refugees, terrorism and the growth of right-wing extremism, which will increasingly preoccupy European leaders in the coming decade, leaving less time, interest and resources for stabilizing wider Europe.