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The Eastern Partnership after Vilnius: stay the course and engage the people

Jos Boonstra, Balazs Jarabik, Kateryna Pishchikova, Natalia Shapovalova, Eleonora Tafuro, and Tika Tsertsvadze

»» The Vilnius summit, held on 28-29 November, showed that geopolitical competition risks crippling the drive of the European Union's (EU) Eastern Partnership (EaP) towards regional cooperation, reform and engagement with the societies of Eastern Europe and the South Caucasus. Russian pressure on Ukraine to delay the signing of an Association Agreement (AA) and a Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU, as well as Ukrainian President Yanukovich's attempt to secure further financial support by playing Brussels and Moscow against each other, attest to this danger. The EU has wisely abstained from reacting harshly to Russia or changing the rules of the game upon Yanukovich's request.

The Ukrainian U-turn has led to demonstrations in Kyiv and other Ukrainian cities demanding Yanukovich to sign the AA with the EU. After riot police brutally dispersed a few dozens of protesters in central Kyiv the night after the summit, protests have grown in number, as have the demands for Yanukovich to resign. The coming weeks will show if the country will be able to solve the political crisis peacefully.

The events in Ukraine have overshadowed the summit, but there was some good news, foremost the initiation of AA and DCFTA agreements with Georgia and Moldova, which should be signed in mid-2014. No substantial progress was registered regarding Armenia, Azerbaijan and Belarus, which are not a lost cause to the EaP but which so far have showed little to no inclination to pursue democratic reform.

HIGHLIGHTS

- The Vilnius summit was overshadowed by Russia's zero-sum policies and disappointment over Ukraine's unwillingness to sign an Association Agreement with the EU.
- The EU will need to act consistently as a democratic reform-driven partner to its Eastern neighbours while maintaining flexibility, in particular to countries facing economic pressure from Russia.
- Further European integration will increasingly depend on mobility and broader EU and Eastern civil society engagement.

»»»»» In the months ahead, three broad questions in particular should be addressed while the iron is still hot. First, shaping a broader EU approach to the Eastern neighbourhood, including Russia, that is consistent though flexible when necessary. Second, making progress regarding AAs and DCFTAs, on the basis of genuine democratic reform. And third, developing broader relations with Eastern partners' societies through visa liberalisation, civil society support, and public engagement.

A CONSISTENT ACTOR IN A FRAGMENTED NEIGHBOURHOOD

Throughout the past year, initiating and signing AAs and DCFTAs have come to be considered the ultimate litmus test for the EaP, which seems to have lost track of the actual reform intentions of Eastern partners while perhaps overestimating the importance of the agreements. It is understandable that the Vilnius summit needed to be presented as a landmark event, not least to engage some EU member states that so far have taken little interest in the Eastern neighbourhood. The EaP remains largely driven by the Visegrad countries, the Baltic states, Germany and Sweden.

Over the past few years, Eastern partners' performance in terms of democracy, human rights and fighting corruption has not improved, with some even backsliding on democratic norms and human rights values. This begs the question of whether a country such as Ukraine, whose government prioritises short-term gains over deep reform, was ready in the first place to meet the AA's commitments and implement the required reforms. Now the EU will need to act as a consistent partner to its Eastern neighbours, while maintaining flexibility where appropriate, for example in countries that face severe economic pressure from Russia, foremost Georgia and Moldova. Support may take the form of provisional application of DCFTA clauses or joint European Union-International Monetary Fund (IMF) macro-financial assistance. Those who have made a clear European choice and do

advance on reform should be offered economic rewards and *more for more* encouragement to underpin fragile democratic developments.

Meanwhile, the EaP's multilateral track should be further developed, as it has proven to be a valuable tool in fostering understanding between the EU and Eastern partners, as well as solidarity among Eastern European and Caucasus countries. This includes flagship initiatives and parliamentary meetings, as well as business and civil society fora. These provide a useful platform for countries to share experiences in specific reform aspects. Those who have limited bilateral engagement, especially Belarus, at least participate jointly with their neighbours.

However, divisions are likely to affect the EaP as Russia continues to use economic and security leverage to bind its neighbours, while building its own regional integration mechanisms in the post-Soviet space. So far the Customs Union has three members only – Russia, Belarus and Kazakhstan – but Moscow hopes that the Eurasian Union, to be established in 2015, will also incorporate Armenia, Kyrgyzstan and Tajikistan. The real prize would be Ukraine and, to a lesser extent, Uzbekistan, but at this stage it remains unlikely that these countries will join.

EU-Russia relations have grown increasingly confrontational over the EaP countries, pushing the EU into a zero-sum logic that it is neither comfortable with nor prepared to act upon. The EU should be ready to put diplomatic weight and invest resources into the region to tilt the balance in its favour. Yet, it should avoid being engaged in an endless tit-for-tat fight with Russia. The EU should pursue a positive-sum policy, which encourages EaP countries to make choices for themselves in the long run.

These measures, however, need to be embedded in a practical strategy to deal with Russia, addressing in particular the future development of the Eurasian Union and to what extent it can be compatible with EU trade area regulations. Currently, Customs Union membership excludes

free trade with third parties, while DCFTAs do not. This matter needs to be taken up in EU-Russia encounters, as well as through the World Trade Organisation (WTO). Trilateral trade talks on DCFTAs that include Russia, as proposed by Ukraine and declined by the EU, should indeed be avoided, as Russia should not have a stake in bilateral dealings between the EU and partner countries. The EU must make it clear that a more stable and economically reformed and regulated neighbourhood would benefit both sides, while stressing that it will always remain a neighbourhood of Europe and Russia alike, regardless of the choices made by Eastern partners or pressure exerted by Moscow or Brussels.

ALIGNING POLITICAL AND TRADE AGREEMENTS WITH REFORM

Association Agreements are no substitutes for EU membership, but they could become an important milestone in the integration process over the coming decade. Their success, as well as that of DCFTAs, will depend on a series of factors.

First, the willingness and capacity of the political elites in EaP countries to pursue the required reforms. While Brussels does not pursue a policy of coercion, it will continue to apply the *more for more* principle, rewarding countries that perform well. The Comprehensive Institution Building Programmes (CIB) that were concluded with all countries (with the exception of Belarus), but also other mechanisms such as the Council of Europe's Venice Commission, can help advance deep reform.

Second, the capacity of the EU effectively to monitor implementation and assess reforms based on genuine merit, not political convenience. Most governments in EaP countries remain opportunistic and corrupt, prioritising financial gains over long-term development.

Third, the role that civil society organisations can play in EaP countries not only to monitor

reforms, but also contribute to the reform process alongside the authorities. For this, EaP governments need to open up further, while civil society needs to go through a steep learning curve in order to contribute knowledge and opinions beyond democracy and human rights related matters.

Finally, increased EU visibility and awareness-raising among the population about what the agreements entail. Reforms and regulatory convergence will directly affect citizens, consumers and producers.

The process in Ukraine is highly uncertain as demonstrations in Kyiv are mounting and have encountered police violence. President Yanukovich has denied giving the police orders to disperse the crowds and is arguing that he is still committed to a European course. But it might be too little too late. If the current government survives this crisis, the debate on Europe will stand central in the electoral campaign period in the run up to the 2015 presidential elections. The EU will need to choose between a wait-and-see policy and a more pro-active stance, mediating between government and opposition forces. At the time of writing, the people of Ukraine seem to have made up their mind in favour of seeking a new government that can guide the country towards agreements with Europe and, hopefully, democratic reform.

In Moldova, citizens will go to the polls in 2014 and the EU would be well-advised not to take sides between the pro-Europe coalition and the Communist party. Brussels' approach should be three-pronged: being tough on Moldova meeting its reform commitments, for instance in the judiciary and law enforcement agencies; signing an Association Agreement and granting visa-free travel before the elections; and offering assistance to counter potential Russian efforts to lure Moldova back into its grip.

In Georgia, the EU should push for reform now that two election years have been concluded

»»»»» peacefully and the new government has the mandate to speed up reforms. Visa-free travel would send a positive message to Georgians, while the EU should carefully monitor domestic developments in the country, including possible political retaliation by judicial means by the Georgian government against former government officials.

As regards Belarus, Armenia and Azerbaijan, Association Agreements will not be concluded in the short term. In Belarus the focus should be on more political dialogue with the regime, at a time when Lukashenko is seeking to downplay future Eurasian Union membership and when Minsk's economic forecasts are bleak. This dialogue will depend on Belarus meeting some core requirements, such as the release of political prisoners.

Armenia is still in limbo; it will not be a member of the Customs Union for some time since it does not border Russia, and the Eurasian Union barely exists on paper. The EU and Armenia should thus continue to work on sectoral agreements and even keep the possibility open for association over time.

Meanwhile, Azerbaijan signed a Visa Facilitation Agreement in Vilnius but not the expected Strategic Modernisation Partnership. Baku has been unwilling to agree to EU proposed democracy and human rights language in the text, and seeks to focus primarily on energy aspects. Clearly, Azerbaijan has no interest in signing up to values-driven documents that it knows it will not honour. This will have an effect on prospects for closer association between Azerbaijan and the EU, but probably not on trade or on Baku's participation in the EaP's multilateral track.

Next to political agreements, DCFTAs are surely the most tangible aspect of the EaP. They should lead to clear rules and norms for business and a more secure investment climate. Many foresee that DCFTAs will lead to a significant rise in GDP in EaP countries. However, implementing EU requirements and regulations will imply considerable costs over the next decade or two.

The EU will open its market to EaP countries fairly quickly by eliminating or significantly decreasing existing tariffs, although the liberalisation of some sectors such as agriculture and services will only be partial. EaP countries will open their markets much more gradually over more than a decade. This time is necessary to allow DCFTA signatories to modernise potentially affected industries to withstand European competition. Benefits are thus long-term, while costs are largely short-term.

The process will be long and could be interrupted by potential trade sanctions from Russia. The EU should provide assistance and advise EaP countries on how to benefit from reforms at an early stage, especially with a view to increasingly export to EU countries. EU member states could be more involved by supporting partnerships and information exchanges between public administrations and non-state actors on how to deal with adaptation challenges. Lastly, EU and EaP governments will need to explain to the wider public on both sides why such an agreement is beneficial, while lowering unrealistic expectations.

EU-Russia relations have grown increasingly confrontational over the EaP countries

SOCIETAL ENGAGEMENT

The EU should upgrade its engagement with EaP societies in two inter-linked but distinct ways: visa liberalisation and civil society support.

Visa liberalisation will be essential in tying Eastern neighbours to Europe and will have substantially more positive aspects than risks involved. Visa-free travel will spur people-to-people contacts, which in turn are likely to benefit the democratisation and Europeanisation of Eastern partners' societies, as well as engender economic benefits such as increased tourism,

trade and business opportunities for both sides. Risks of visa free-travel seem small. Only a minor part of illegal border crossings to the EU take place through the Eastern borders, and the number of asylum seekers is relatively low. The labour migration potential is also small due to the on average aging populations of Eastern neighbours, while an unlikely but sudden rise in irregular migrants could be mitigated through the introduction in EU legislation of a visa waiver suspension mechanism that allows re-imposing a visa regime on a temporary basis in emergency situations.

Moldova is the first among EaP countries to meet all the requirements of the Visa Liberalisation Action Plan that was initiated by the European Commission in early 2011. Ukraine and Georgia are also implementing this action plan; the former is lagging behind in the adoption of legislation to fight discrimination and corruption, while the latter is making good progress. Armenia, Azerbaijan and Belarus have not yet initiated concrete steps towards visa liberalisation.

Following the Commission's proposal to grant Moldova visa-free travel, the final verdict now lies with the European Parliament and EU member states that can block or endorse visa liberalisation. EU institutions and member states should act quickly and decisively to grant Moldova visa-free travel already in 2014. This would ensure that the country remains firmly committed to finalising an AA and a DCFTA, and thus cushion the possible negative impact on the country's pro-European orientation of the upcoming parliamentary elections or of additional Russian economic and political pressure. Visa liberalisation would also be a positive example and encouragement to other countries in the region to get serious on reform.

Besides visa liberalisation, strengthening civil society organisations in the Eastern neighbourhood will be a priority for the EU. Civil society in all six EaP countries remains fairly weak and mostly confined to political analysis think-tanks and small grass roots organisations focussing on specific social subjects. A broader

civil society, including free media, that shapes policy debates, holds the government to account and is a driver of social, political and economic development is largely absent.

In supporting civil society through the Civil Society Forum, the European Instrument for Democracy and Human Rights (EIDHR) and the Non-State Actors Programme, the EU should avoid injecting too much funds too quickly into a civil society that might not be able to absorb them. A smart and flexible combination is necessary of continuous funding with training and cooperation with counterparts from the EU. Broader civil society should receive extra attention, including cooperation with labour unions, pressure groups and students associations.

Overall people-to-people contacts should be expanded. Visa-free travel but also increased investment into student and professional exchanges are crucial channels in this respect. They are also likely to be highly popular with EaP citizens, especially among the younger generations that will be shaping the future of these countries. Some citizens will feel the benefits of greater rapprochement with the EU quicker than others, as for example students, in case opportunities to study in the EU grow. The EU must make sure it reaches out to all categories and works with them to strengthen domestic constituencies for reform.

CONCLUSION

The buzzwords for a revamped EaP should be consistence, flexibility and engagement. They should shape the EU's dealings with the broader Eastern neighbourhood, including Russia; drive the signing and implementation of agreements; and inform engagement with civil societies at large.

Winning societal support for the European option is essential, in particular as current governments in Armenia, Azerbaijan, Belarus, and Ukraine have shown little will to steer their countries towards economic and democratic

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development and remain largely fixated with financial gains and clinging to power. The current events in Ukraine, but also the direction that the Georgian and Moldovan governments have taken, show that the people of Eastern Europe and the South Caucasus seek a European future. One that brings prosperity and rights, and one that can be shared with all neighbours.

Jos Boonstra is senior researcher and head of the EUCAM programme at FRIDE; Balazs Jarabik is associate fellow at FRIDE; Kateryna Pishchikova is visiting scholar at CIES; Natalia Shapovalova is associate fellow at FRIDE; Eleonora Tafuro is junior researcher at FRIDE; and Tika Tsertsvadze is EUCAM programme manager and advocacy officer at FRIDE.

e-mail: fride@fride.org
www.fride.org
