



## Horizon 2014: eastern Europe

by Nicu Popescu

Since the collapse of the Soviet Union, rarely has it been uneventful in eastern Europe – and 2014 will be no exception. A number of trends are converging this year that may push some countries to make bold policy choices with which they are not necessarily comfortable. And the events in Ukraine will continue to cast a large shadow over the entire region – on Russian domestic politics, EU-Russia relations, and Moldovan and Georgian efforts to finalise Association Agreements with the EU.

**Russia:** The year will begin with the Olympics in Sochi. If the 2008 Beijing Olympic Games were designed to symbolise the coming of age of Chinese power, the Sochi Olympics can be perceived as Vladimir Putin's pet project and a means to boost his personal grandeur. After Sochi, however, two countervailing trends are likely to shape events in 2014. Russia's GDP growth for 2013 was a paltry 1.2% – despite the spending on the Sochi Olympics – and this *de facto* stagnation is set to continue. Domestically, Putin is expected to keep toying with the opposition but, despite his skilful tactics, he has little to offer the population in the way of a positive agenda or concrete economic benefits. In this grim economic climate, social spending in Russia might even be revised downwards. The political crisis in Ukraine will, in all likelihood, encourage a further tightening of laws in Russia in order to deter potential protesters. As a result, foreign policy victories will become even more important for the president as a way of distracting the populace from domestic shortcomings.

2014 is to be the year when the Eurasian Union – due to be launched on 1 January 2015 – is signed into existence (by 1 May). In the run-up, there will certainly be much diplomatic horse-trading between Russia and the other founding members – Kazakhstan and Belarus. Some of this will no doubt spill over into the media, with Russia's partners attempting to use public pressure in order to extract greater concessions from their larger neighbour.

There will also be talks on accession to the Eurasian Union with Armenia, Kyrgyzstan, and Tajikistan. Whilst having these countries on board would be symbolically important for Russia, it is problematic in other ways. First, Russia would be expected to pay subsidies in order to sweeten the deal. Second, Kazakhstan fears that Kyrgyz accession might allow smuggled Chinese goods into the Customs Union area due to 'weak governance' (read: corruption) in border management. And third, while the Eurasian Union presupposes the free movement of labour – perhaps its single most attractive aspect for most Central Asian states – Russian citizens appear to be dead against such a move. Rather than being in favour of opening up the labour market, over 80% of the Russian public wish to see the introduction of visas for Central Asian countries in order to restrict immigration. For Putin, pushing too hard to expand the Eurasian Union may therefore trigger a domestic backlash, not least because Russia has already experienced quite a number of violent anti-migrant riots in recent years – and more can be expected.



Ukraine will be high on the agenda in Russia's foreign policy. 2014 may well be the year when Russia will try to press Ukraine to join the Russian-led Customs Union. But the ongoing protests in Kiev are – for now – blocking the country from joining the Customs Union. There will be much diplomatic activity concerning Ukraine, and both private pressures and widely-publicised lavish incentives will be employed in order to lock Yanukovich in a closer embrace with Russia and boost his chances of being re-elected. Russia may also try to put pressure on Moldova and Georgia in an attempt to derail their path towards an Association Agreement with the EU, though its leverage is increasingly limited in both cases.

In the wider Middle East, especially with regard to Iran and Syria, Moscow will continue to play its tactically skilful – and vocal – game. Russian self-confidence is boosted by the fact that policy makers in Moscow consider that they have been right all along – and that it is the West that has moved closer to the Russian position on Iran, Syria, and the Arab Spring in general. Beyond showcasing clever diplomacy, however, there is little Moscow can tangibly achieve, for Russian power is too distant and too limited to effectively influence the region.

## The neighbourhood

**Ukraine:** The country will increasingly be gripped by a form of pre-election fever this year, and although it is uncertain if protests against President Yanukovich will lead him to step down, political and social tensions will continue to simmer. Meanwhile, the opposition will be focused on negotiating a single candidate for the spring 2015 elections. But they may not succeed. For now, their unity is weakening Yanukovich, but also allowing him to re-energise parts of his electorate which had become disillusioned with his rule.

Moscow will continue offering financial assistance to Yanukovich in the form of credits and cheaper gas, but will negotiate hard to receive concrete gains in exchange. These will most likely be the takeover of certain Ukrainian assets, and various interim steps that, short of accession, may still bring Kiev closer to the Customs/Eurasian Union.

**Moldova and Georgia:** Politics in both countries will be dominated by elections and the expectation of signing Association Agreements with the EU in *late summer/early autumn*. Moldova faces parliamentary elections at the end of the year, and Georgia will hold local elections in *May*.

For Moldova, 2014 could be the year for a European breakthrough via the Association Agreement and,

possibly, visa-free travel to the EU. Chisinau's success could also send a clear signal – first and foremost to Ukraine – that integration with the EU can bring about immediate and tangible benefits. Successes on the EU front could also place the current governing coalition – with its popular support currently being eroded by austerity measures, internal bickering, and insufficient action against corruption – in a position to win another mandate after the parliamentary elections in *late 2014*.

In Georgia, the government of the Georgian Dream coalition is expected to extend its electoral success to the local level. Such consolidation, however, may also generate further tensions within the ruling alliance. While these disputes may not amount to an open split, they could nevertheless become quite visible. The United National Movement will continue its fight to remain united and relevant as a political force in post-Saakashvili Georgia. Its members may well succeed, though some of the party's key political players are likely to face sustained legal pressure – some for genuine transgressions, but others mainly for political reasons.

**Belarus:** A future co-founder of the Eurasian Union, Belarus will hold local elections in *March*, but no major political change is expected. Both the government and the opposition will start positioning themselves this year for the next presidential elections to be held in the autumn of 2015.

**Armenia:** Armenia is also expected to join the Eurasian Union, which will limit its ability to pursue independent economic relations with the EU. Low-level tensions with Azerbaijan over Nagorno-Karabakh will continue, but neither a major escalation of violence nor a significant step towards peace appears likely.

**Azerbaijan:** Azerbaijan will continue to pursue its foreign policy of navigating between various centres of power while maintaining an authoritarian political regime and profiting from its energy resources. The country's relations with the EU will probably remain on a steady course – mainly focused on energy. Azerbaijan will also hold the rotating presidency of the Committee of Ministers of the Council of Europe *between May and October 2014*, which is likely to cause some discomfort for the organisation and its members. Yet this will also allow human rights campaigners draw attention to the country's human rights record.

**Nicu Popescu is a Senior Analyst at the EUISS.**

