

## A reappraisal of the eastern neighbourhood

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**The context:** It was long thought that Russia was antagonistic to NATO but not the EU. But this has proven to be wrong: the current crisis in Ukraine was sparked by Russian opposition to the EU, not the transatlantic military alliance. Russia is bent on demonstrating to the countries of the region that signing Association Agreements (AAs) and deepening relations with the EU will cost them dearly. Thus, the current crisis in Ukraine is not the end but possibly only the beginning of a tumultuous new chapter in EU-Russia relations with ramifications for the entire eastern neighbourhood. This may drastically complicate the Union's capacity to achieve its goals to its east: the main challenge is now not just about implementing EU standards but also about helping neighbours build resilience to external pressures – from trade embargoes and energy shortages to direct threats to their security.

Such a crisis was not factored into the equation when the EU designed its neighbourhood policy. The EU-Ukraine Association Agreement is entirely compatible with the existing Commonwealth of Independent States (CIS) free trade area that governs the relationship between Russia and other post-Soviet states: article 18.1 of the CIS charter explicitly states that signatory countries can enter into free trade agreements with other countries. There are dozens of states in the world which belong to more than one free trade area: Serbia has (and Israel will have) free trade areas with both the EU and Russia. In theory, this should option therefore should have been entirely possible – and legal – for Ukraine. The EU did not force Ukraine to choose between Russia and the Union and, despite persistent Russian attempts to coax Kiev into joining the Eurasian Union, all Ukrainian leaders – former president Yanukovich included – steadfastly declined Moscow's offer.

The EU is also concerned with some aspects of the Eurasian Economic Union, which has already led (or will lead) to higher tariffs on EU goods in such countries as Kazakhstan, Kyrgyzstan or Armenia following their accession to the Russian-led Customs Union. Thus the conversation about the commercial effects of new arrangements should not be confined exclusively to the context of the EU AAs.

**Ukraine:** For over two decades the dominant narrative was of a country evenly split between an allegedly pro-Russian east and a pro-Western west. The current crisis has demonstrated that there is no pro-Russian east: the rebellion against Kiev is restricted to a small part of eastern Ukraine, and even there local support for armed secessionism is limited. In fact, the low levels of support eventually triggered the need for Russia to step up its military involvement.

The most urgent challenge facing Ukraine is how to stop the fighting: moving towards some kind of 'frozen conflict' would not be the worst outcome given the current circumstances, as it would provide Ukraine with more time and resources to focus on its other challenges – reviving the economy, fighting corruption, and improving governance (with a particular emphasis on reforms in the security sector and the judiciary). A 'grey area' in eastern Ukraine, without an agreed and defensible border and under constant threat, would indeed be worse than a 'frozen conflict' with negotiated demarcation lines between Kiev and rebel-controlled areas.

**The other neighbours:** The single biggest lesson from the crises in Ukraine is that the Union's neighbourhood policy needs a stronger security component. Before helping implement phytosanitary or energy standards, the EU needs to help states to consolidate democratic structures and practices, working closely with them on such delicate issues as police, intelligence, army, customs and border guard reforms. There is limited value in working on technical long-term transformation while states face short-term, acute security challenges such as the territorial conflicts affecting Ukraine, Moldova, Georgia, Azerbaijan, and Armenia.

**Moldova** has been the most successful Eastern Partnership (EaP) state so far: it managed to implement a wide set of reforms and achieved visa-free status with the EU. Nonetheless, many challenges remain: the need to fight against corruption and reform of the judiciary show that Moldova's transition is still incomplete. Chisinau will hold elections in late November: any outcome is possible – a centre-left and Eurosceptic coalition, or a centre-right, pro-EU coalition. Even in the event of a Eurosceptic coalition, however, the country is too dependent on its relationship with the EU to radically alter its foreign policy and the ratification of the AA is binding to future governments, even if significant support will still be needed for its full implementation.

In **Georgia**, the Georgian Dream government in Tbilisi will arguably continue to seek to destroy the opposition United National Movement through methods that have been described as 'selective justice', counting, *inter alia*, on the distraction provided by the crisis in Ukraine. The governing coalition seems also to have limited reform ambitions and visions, although the AA will provide a binding template. **Belarus** has recently played a more positive role by trying to mediate attempts to find a way out of the Ukrainian crisis. Not only did it not join Russia in its implementation of sanctions on Moldovan and EU products, it also positioned itself as a potential entry point into the Russian market for those goods by virtue of its Customs Union with Moscow. Perhaps the time is ripe for a reassessment of policy *vis-à-vis* Minsk.

Even though **Armenia** eventually rejected an Association with the EU, it nevertheless shows signs of wanting to salvage as much of the relationship as possible. Engagement with Yerevan could and should continue. **Azerbaijan** is mostly uninterested in what the Union has to offer or wants to achieve in the neighbourhood: the country wants to keep selling its energy resources and navigating between great powers while strengthening centralisation at home. There is almost no EU leverage, with the relationship based on energy cooperation and limited attempts to soften the sharpest edges of Azerbaijan's political system.

**The next steps:** The key priority for the Union will be assisting Ukraine, Moldova and Georgia in the implementation of the AAs. It will be equally important to help these three countries minimise the economic and political costs imposed on them by Russia's current and future retaliatory measures. A robust review of the EaP/ENP in light of events in Ukraine is imperative. Before the EU can help transform its neighbours into better states, it has to make sure it has proper states to deal with in the first place. And that means a strong investment in the build-up of proper security and law enforcement structures.