

# EU-Russian relations have been further strained by Georgia, Moldova and Ukraine's decision to sign agreements with the EU

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*Georgia, Moldova and Ukraine signed agreements with the EU on 27 June aimed at facilitating closer co-operation. **Sebastian Schäffer** writes on the impact the agreements will have for the economy of each state, the wider foreign policy issues, and for EU-Russian relations. He suggests that European governments should not seek to marginalise Russian influence over neighbouring states, but that they should nevertheless be prepared to defend their interests if the Russian government seeks to impede each state's co-operation with the EU.*



The recent signing of the Association Agreements (AA) between the European Union and Georgia, Moldova and Ukraine is an important step for both Brussels and the three target countries of the Eastern Partnership (EaP). After its launch in 2009, one of the goals of this initiative was to negotiate a new basis for the relationship with Tbilisi, Chisinau and Kyiv including Deep and Comprehensive Free Trade Agreements (DCFTA).

From the beginning, the EaP was met with a high level of scepticism from the Russian Federation as it directly targets countries in the near abroad which the Kremlin considers to be within its own sphere of influence. Despite the – very limited – efforts from the EU to communicate the common benefits of this Eastern dimension of the European Neighbourhood Policy (ENP), Moscow increasingly made use of Cold War rhetoric, implying that politics in the shared neighbourhood are a zero-sum-game.

With the Eurasian Union (EaU), the Kremlin has its own project for the countries of the former Soviet Union. One month before the Association Agreements were signed, Belarus, Kazakhstan, and Russia agreed to establish a Eurasian Economic Union (EEU) from 1 January 2015.

Georgia, Moldova and Ukraine had also been potential members for the EEU before the decision to further integrate with the EU. In fact, the debate about whether to join the customs union or to sign the AA led to the protests in Kyiv that eventually ousted president Yanukovich and subsequently to the insurgency in Donetsk and Luhansk. The Autonomous Territorial Unit of Gagauzia in Moldova held a – according to a court ruling unconstitutional – referendum in February 2014 in which 98.4 per cent voted in favour of joining the EEU and in a separate question, 97.2 per cent were against closer EU integration.

## **Economic impact of the agreements for Georgia, Moldova and Ukraine**

The economic benefits of the deep and comprehensive free trade agreements are very different for Georgia, Moldova and Ukraine. While Chisinau is expecting an increase of GDP up to 6.4 per cent, and exports up to 11.3 per



Leaders of Ukraine, Georgia and Moldova at signing ceremony on 27 June, Credit: European External Action Service (CC-BY-SA-ND-NC-3.0)

cent, according to a study by the Moldovan think tank “Expert Grup”, Kyiv would most likely not have a net benefit in the near future, due to the fact that Belarus, Kazakhstan, and Russia account for around a third of its exports, and around 40 per cent of its imports and trade will be restricted with those countries as a result of the signing of the AA. Moldova’s most important trade partner is already the EU, with 54 per cent of the total volume, followed by Ukraine (15 per cent) and Russia (12 per cent).

Trade restrictions between Georgia and Russia were lifted last year after Russia banned, among other items, trade in wine and mineral water in the wake of the conflict between the two countries in 2008. However, restrictions could be introduced again by Moscow as a response to the signing of the agreement with the EU. Nevertheless, the economic impact for Tbilisi will be much less than will be the case in Ukraine. In the long term, deeper economic integration with the EU will be beneficial for all three countries and – if Brussels and the members of the EEU find a way to negotiate trade relations – even for the whole region.

### **Impact of the agreements on foreign affairs**

With this stated, mid-term economic benefits have only a limited effect on current political realities in the three countries and Moscow is utilising this situation for its own ends. The annexation of Crimea is a prime example of Putin’s Machiavellian approach to seizing opportunities. The Kremlin is refraining from playing a constructive role in ending hostilities in Eastern Ukraine, which is further destabilising the country.

The authorities of Georgia’s breakaway regions of Abkhazia and South Ossetia are Russian-controlled and the 14<sup>th</sup> Russian army is still involved in the separatist Transnistrian region in Moldova. As Moldova is holding parliamentary elections in November, the pro-European path of the current government could potentially be reversed if the [Party of Communists](#) can return to power. Although European integration is stated as one of the goals in the latest party programme, it remains unclear if this commitment would remain after an electoral victory.

Compared to the potential Russian influence on the political and economic development in the three countries, the European Union has limited capacities. Modernisation is a very slow process and the long-term benefits aren’t immediately visible for the general population. A clear communication of a membership perspective, as has been stated by Enlargement and European Neighbourhood Commissioner Stefan Füle, could help to alleviate this process for the politicians in Tbilisi, Chisinau and Kyiv. This would also help to strengthen the EU’s position in relation to Russia.

### **Impact of the agreements on EU-Russian relations**

Moscow is an important trade partner for Brussels and an essential energy supplier. At the same time, Russia needs the European market. A firm and unified position from the member states of the European Union would make it much more difficult for the Kremlin to play its zero-sum game in the near abroad. President Putin is going to be the dominant figure in the forthcoming years in Russian politics and knows how to make use of this strong position.

While it is unrealistic and also undesirable for the EU to have a similarly powerful individual to counterbalance Russia’s influence, the new European Commission should be given a strong mandate especially in the areas of Energy, Enlargement and European Neighbourhood Policy, as well as the High Representative of the Union for Foreign Affairs and Security Policy. That doesn’t mean a transfer of power, but rather a clear policy formation backed by the member states.

Russia’s role in the region and its own perception must also be acknowledged. Rather than trying to marginalise Russian influence, the EU should seek cooperation where possible, but not refrain from openly disagreeing with Moscow’s positions. Brussels’ European Neighbourhood approach through the Eastern Partnership will neither help to transform the region as a whole, nor have an influence on the Kremlin’s politics in the near abroad – and even less on the domestic level.

Individual cooperation with countries such as Georgia, Moldova and Ukraine should be the focus of the EU's policies for the shared neighbourhood. Moscow is challenging Brussels with its own model of integration for the region and the EU should accept this challenge. In other words: if Russia wants a zero-sum game, the European Union and its member states should be ready to play.

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*Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

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