

CASE Network Studies & Analyses

CIS Countries' Interests vis-à-vis the European Union and Its Eastern Policy

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No. 365/2008



Warsaw Bishkek Kyiv Tbilisi Chisinau Minsk

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This work has been prepared within the framework of the ENEPO project (EU Eastern Neighbourhood: Economic Potential and Future Development), financed within the Sixth Framework Programme of the European Commission.



Keywords: **ENP, CIS countries, EU**

Jel codes: **P36, P45, P48, P51, P52**

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Graphic Design: Agnieszka Natalia Bury

EAN 9788371784637

Publisher:

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Abstract

The CIS countries' EU-related interests are very heterogeneous. The countries themselves differ not only in terms of their geopolitical and geo-economic situations, and how those affect their relations with the EU, but also in their levels of ambition in relation to the Union, as well as their specific sectoral interests. Some Eastern Partners have set full EU membership as their strategic goal; others want to enjoy the benefits of the common free market, and the ambitions of others are limited to developing cooperation in selected areas. Similarly, the EU's policy towards its Eastern neighbourhood is multi-level and very diverse, considering as it must the different characters of mutual relations. The EU and most of its Eastern partners have a sufficient number of common or converging interests to expect reasonable cooperation between the two sides to develop and deepen. However, serious challenges and problems exist that may prevent this positive scenario from being realised.

Introduction

The turbulent processes that took place in the early 1990s in the post-Soviet area have had a significant impact on the situation in the European Union's immediate eastern neighbourhood. The EU's enlargement to the East, which has changed the geopolitical landscape of the European continent, has encouraged the Union to intensify its policy towards countries that are either its new immediate neighbours or which affect its vital interests. A successful continuation of this policy requires a systematic and in-depth analysis of the situation in the EU's eastern neighbourhood, including the interests of those countries linked to the EU.

The main objective of this paper is to present a comparative analysis of the diversified interests of CIS countries towards the EU. An overview of CIS countries' policies and interests towards the EU forms the core of the first section of this paper. It is supplemented in the second section with an outline of the EU's various proposals towards its Eastern neighbours, which in part constitutes its response to its partners' interests and needs. A comparison thereof has been used as the basis upon which to draw some general conclusions, characterising the major common interests, as well as the challenges and impediments in mutual relations in part three of this study. This last section also provides some recommendations for EU policy towards the CIS area stemming from analysis of CIS interests and expectations. The work on this paper was finished prior to the Russian-Georgian conflict of August 2008 and hence does not take into account its repercussions.

This paper clearly cannot claim to fully exhaust this very extensive topic. Nevertheless, it provides a basis for discussion on both the Eastern partners' policies and the EU's Eastern policy.

A companion study (Dura, 2008a) provides an account of the heterogeneity of interests and policies from the other side, namely among the EU member states in their relations with the CIS area and groups of CIS countries.

The authors would like to express their gratitude to the following persons who have contributed to the development of this paper: Wojciech Bartuzi, Anna Górska, Kamil Kłysiński, Witold Rodkiewicz, Krzysztof Strachota and Agata Wierzbowska-Miazga. The authors are also grateful to Marek Dąbrowski and Wojciech Paczyński for insightful comments on an earlier version of this paper.

Part I: The CIS States' Interests in Relation to the European Union

I.1. The CIS countries' position in relation to the EU

I.1.1. The current state of affairs

Due to their diverse geopolitical, political, economic and social conditions, the members of the Commonwealth of Independent States (CIS), have very different interests with regard to the European Union, and they therefore pursue different policies in relation to it. Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan differ significantly from each other in terms of their *political systems, levels of economic development and social structures*. Among them there are states that meet democratic criteria (Ukraine, Moldova, and to some extent Georgia), states considered authoritarian (Azerbaijan, Belarus, Russia, Kazakhstan and Uzbekistan) as well as totalitarian states (Turkmenistan). *The economic models within the CIS are equally diverse*: starting with the market economies of Ukraine, Russia, Moldova, and Kazakhstan, to economies with centrally-planned elements (such as Belarus, Uzbekistan and Turkmenistan). Complex *historical traditions* have also influenced current positions. Some CIS countries have been within the orbit of European civilisation for centuries (Belarus, Moldova, Russia, and Ukraine). Other states have been tied to it more loosely, although still consider themselves to be remote parts of Europe (Christian Armenia and Georgia, and to some extent Muslim Azerbaijan). In the case of the Central Asian states, their ties with Europe have always been very weak, and they have remained within the orbit of Islamic civilisation, with also some influences stemming from Russian colonisation. The *geographical factor* is another key aspect when analysing the policies of the CIS states, given that the region stretches over a vast territory in Europe and Asia, five times as large as the EU's total territory. At the same time, the combined population of the CIS member states is less than half that of the EU population. Moreover, the level of diversity among the CIS member states as regards their political and economic development is much greater than is the case among the EU countries.

The CIS, an integrative organisation established mainly on Russia's initiative in December 1991, was supposed to bring together the states that had emerged following the collapse of the Soviet Union (except for the Baltic States). However, since at least the mid-1990s it has remained a 'virtual' creation that has been largely unable to accomplish the objectives it set out for itself. Even though the CIS still exists, it remains something of an illusion of a united post-Soviet state association and merely in effect a symbol of Russia's ambitions in the region. At the moment, there is much more that divides the twelve member states than unites them, since most of the political and economic ties created within the Soviet Union have ceased to exist, or have become considerably weaker. It is therefore much more reasonable to use the notion of a '*CIS area*' in this context (Sushko, 2004; pp. 119-120, Konończuk, 2007; pp. 26-27).

I.1.2. Individual CIS states' policy ambitions towards the European Union

The CIS countries can be divided into five groups in terms of their levels of ambition in relation to the EU, as well as their perceptions of the EU's significance. *The first group* includes those states that aspire to integrate with European institutions (Ukraine, Moldova, Georgia). *The second group* includes states that have not to date announced any aspirations with regards EU integration, although have also not ruled it out in the future. At the moment, their cooperation with the EU is restricted to the European Neighbourhood Policy (Armenia, Azerbaijan). *The third group* consists solely of Belarus, which could be a potential active participant of the ENP because it is the EU's direct neighbour; it does not aspire to EU membership now, but might consider integration with the EU in the future. *The fourth group* is another single-state entity, Russia, which by emphasising its own potential, role and ambitions on the international arena, has worked out a special type of relationship with the EU. Russia's policy is aimed at limited economic integration with the EU and recognition of the two parties' parity but not at full EU membership. *The fifth group* includes the Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) for whom the EU is not a key international partner and who do not associate their future with the European project. At the same time, they attach significant importance to their relations with the EU, wherein they pursue their objectives (mainly economic ones).

The simplified division of the CIS area presented above does not mean, however, that all the states assigned to one group have exactly the same interests in relation to the EU or that they articulate their policies in a similar fashion. Despite similarities, there are clear differences between them. *In fact, each of the twelve CIS states has adopted its own specific policy in relation to the EU and each has its own interests, resulting from domestic and external circumstances.* At the same time, it should be stressed that *not all CIS states are carrying out an active policy in relation to the EU*, as will be shown later. Armenia, Azerbaijan, the Central Asian states and to some extent Belarus, merely respond to EU initiatives, and lack a defined policy in relation to the EU of their own. They attach much greater importance to bilateral relations with the EU's largest countries.

1.1.2.1. Ukraine, Moldova and Georgia

EU membership is a key foreign policy objective for Ukraine, Moldova and Georgia. There is a general consensus among all the major parties and political options concerning the aspiration to join the EU. A crucial argument in favour of European integration is widespread social support for the idea; ranging from around 51% of the population in Ukraine¹, 75% in Moldova², up to around 81% in Georgia³. Unlike integration with NATO, European integration is relatively uncontroversial in the eyes of Georgians, Moldovans and Ukrainians, and is considered a project that would bring many more advantages than harm⁴. Another key aspect is the conviction, widespread in the three states, that they have an undeniable right to be EU members because they have always been an inseparable part of Europe in terms of culture and history (Gromadzki et al., 2004, pp. 21-22; Furman, 2007; Silitski, 2006).

Despite Ukraine's, Moldova's and Georgia's declared priority of European integration, the various political camps within these countries are not equally ardent in their pursuit of EU membership. In addition, difficulties in coordinating the political centres' activity is noticeable. In *Ukraine*, the most passionate advocates of European integration are President Viktor Yushchenko, the Our Ukraine bloc associated with him, and Prime Minister Yulia Tymoshenko's party (BYuT). EU membership is a strategic civilisational option for them, seen as a key determining factor for Ukraine's future. At the same time, these two political camps often compete for the leading position regarding propaganda successes in Ukraine's EU integration (Volchuk, 2008, pp. 92-95). The opposition Party of Regions supports Ukraine's integration with the EU, although pragmatic benefits from membership are of much greater importance for the party than recognising any European value system. This attitude suggests that the party tends to articulate the interests of big business, which is interested in gaining access to the EU's markets.

The variety of interests in the different political centres in *Moldova* is even more evident. The Communist Party, which has been ruling the country since 2001, has pledged its support for EU integration on an official level, while it has in fact treated European integration rather instrumentally. The Communists cannot afford to abandon the idea of EU membership, since the majority of the population strongly supports this project. At the same time, they are reluctant to implement European standards (Dura and Popescu, 2007, p. 472), since the development of genuinely democratic institutions could eventually deprive them of power. As a result, the Communist Party has pledged its support for European integration, enigmatically presented as 'joining the united Europe of nations and states'⁵. This in effect empties its European policy of any real essence. Enthusiasm for real integration with the EU is displayed by the Moldovan opposition, who perceive it as a chance to accelerate the country's development, and also as a guarantee of protection against the Communists' authoritarian tendencies.

¹ A poll conducted by the Razumkov Ukrainian Centre for Economic and Political Research, quoted in *Natsyonalna Bezpeka i Oborona*, no 1, p. 43.

² Barometrul de Opinie Publica – Noiembrie 2007 (IPP, Chisinau, 2007), p. 111.

³ Quoted from Ghia Nodia, *Reviving Georgia's Western Dream*, Project-Syndicate, 5 January 2008, <http://www.project-syndicate.org/commentary/nodia1>.

⁴ This is particularly evident in Ukraine, where possible NATO membership raises a great controversy. For example, see Larrabee (2007) pp. 32-33 and 'The arguments over NATO expansion', *The Economist*, 15 June 2008.

⁵ See the project adopted at the 12th plenum of the Communist Party of Moldova in November 2007, published in the *Kommunist* magazine, issue 46, 19 October 2007. Available at: <http://www.comunist.md/index.php?idPaper=30&class=Articles&action=getDetail&id=56>.

In *Georgia* the idea of integration with the EU is supported both by the authorities and most of the opposition. However, once again a marked difference can be observed between the expansive declarations that Georgia must join the EU as soon as possible and the real implementation of European standards that would serve this objective⁶. The Georgian opposition has accused President Mikheil Saakashvili of using the idea of European integration purely for propaganda purposes and not taking any real action to fulfil the terms of accession, including adherence to democratic principles. An acute problem in the case of Georgia (as well as Moldova) is the lack of cooperation between the authorities and the opposition on their strategies for European integration.

The greatest problem for all of the three states mentioned here is that their fulfilment of EU membership criteria is a very slow process, often restricted to declarations and propaganda. In *Ukraine* this was particularly evident under the rule of President Leonid Kuchma (1994-2004), when the European idea did not go beyond rhetorical declarations (Volchuk, 2008, pp. 90-91). It was only after the 'Orange Revolution' that some integration-oriented actions were taken, albeit far from adequate. In *Moldova*, the policy of President Vladimir Voronin boils down to postponing any practical steps towards integration, especially as regards political reforms. At the same time, Moldova excels at consuming EU funds. The Moldovan Communist Party keeps exploiting the European idea to remain credible vis-à-vis a Euro-enthusiastic society (especially since Romania's accession to the EU). In *Georgia*, the first integration-oriented actions were only undertaken after the 'Rose Revolution' in late 2003. However, when it comes to implementing reforms, the post-Shevardnadze authorities often confine themselves to declarations.

Despite the permanent presence of the integration idea in the sphere of rhetoric and symbols, none of the states mentioned here has in fact been able to consistently implement a European integration policy. Even though Ukraine adopted a document entitled 'The European integration strategy' in 1998, Kyiv has never really implemented it, and the document remains mainly in the propaganda sphere. Moldova's activity has boiled down to renaming its Ministry of Foreign Affairs the 'Ministry of Foreign Affairs and European Integration', while Chisinau has failed to intensify its integration-oriented activity. Since the 'Rose Revolution' in Georgia, the authorities have decorated their state institutions and borders with EU flags and established a Ministry for Euro-Atlantic Integration. However, the actual execution of the integration projects remains insufficient, while in the sphere of adherence to fundamental European principles, Georgia has actually regressed (it was the only CIS country that was downgraded on two dimensions – political rights and civil liberties – in the last edition of the Freedom House (2008) index).

1.1.2.2. Armenia and Azerbaijan

Even though Armenia and Azerbaijan do not aspire to European integration, the EU plays a very significant role in their internal politics, and is one of their key international partners (Linotte, 2007). Armenia's priority is political and economic cooperation with Russia, whereas the EU's significance is manifested in Armenia's bilateral relations with individual EU member states, especially France. Azerbaijan's main political partners are the United States, Russia, some EU states (mainly the UK and Italy) and Iran. Nevertheless, the EU is the most important economic partner for both Armenia and Azerbaijan. The EU also plays a significant role in the context of the Nagorno-Karabakh region, though it must be said that Armenia and Azerbaijan have contradictory expectations, with each expecting Brussels to support their position in this conflict⁷.

Although neither Armenia nor Azerbaijan aspire to EU membership, their positions might change if one day Georgia and/or Turkey joins the EU. In the case of Armenia, one factor that could foster a change in this sphere could be a change of ruling elite; in other words, the replacement of the currently ruling 'Karabakh clan' (headed by the former President Robert Kocharyan and his successor Serzh Sargisyan) by the European-oriented opposition. Another factor in favour of EU integration is the position of Armenian society, with the majority of citizens supporting the idea, even though they consider it rather unrealistic⁸.

⁶ Cornell et al. (2007); 'Georgia: EU Official Calls On Tbilisi To Address Election Shortcomings', RFE/RL, 8 February 2008.

⁷ Ahto Lobjakas, 'Caucasus: EU, Azerbaijan Discuss Nagorno-Karabakh', RFE/RL, 19 May 2004.

⁸ *Armenia in a Transforming World*, ACNIS, Yerevan 2006.

1.1.2.3. Belarus

Belarus has never shown any official aspirations for EU membership, although its government has displayed its readiness to expand its relations with the EU in selected spheres (Rontoyanni, 2005, pp. 48-57). Minsk's key international partner is Russia. Belarus' relations with the EU are not considered a priority, although the authorities attach great importance to bilateral relations with some EU states. EU-Belarus relations have been frozen for years, due to the undemocratic political system that has developed in Belarus since Alyaksandr Lukashenka's assumption of power in 1994. Currently, Belarus is appealing for 'a shift towards pragmatism' and 'depoliticisation' of its cooperation with the EU, referring to the idea of a 'neighbourhood in the common European home'. Belarus's priority is to activate economic exchange (the EU is its main export partner) and cooperation in non-political spheres (economy, energy, transit, ecology). Belarus has not refused to participate in EU aid programmes, although Minsk treats them 'pragmatically' – in other words, merely as a source of financial support. Moreover, *in the last few years Belarusian policy in relation to the EU has been heavily influenced by the state of Russian-Belarusian relations* (Dura, 2008b, pp. 4-5). At some points Minsk has tried to activate its dialogue with Brussels in order to strengthen its position vis-à-vis Moscow (especially in early 2007, following Belarus's conflict with Russia over energy issues).

The Belarusian opposition, marginalised and discriminated by the authorities, takes a completely different stance towards the EU. *Most of the opposition parties are in favour of Belarus's integration with the EU*. They consider their country to be an integral part of European civilisation, which should be entitled to become a member of united Europe (Vesely, 2007; Heinrich and Lobova, 2006). It should be stressed, however, that the level of social support for the idea of integration in Belarus is decreasing. In 2002, 60% of Belarusians supported the idea of joining the EU, and a mere 10% were against, while in 2007 only 30% were in favour of this idea and 46% were against⁹. This decrease may have resulted from the Belarusian people's perception of the consequences of the new visa regime for Belarusians introduced by Belarus's neighbours (Latvia, Lithuania and Poland). These three states are often visited by Belarusians, and so the subsequent tightening of visa procedures and substantial rise in visa costs (especially after the Schengen area enlargement in December 2007) have posed a problem to travellers. Another factor strengthening the scepticism in relation to the EU has been Belarusian state propaganda.

1.1.2.4. Russia

Due to its size and potential, Russia obviously stands out against all the other CIS states. This implies a specific approach to and the specific interests of Moscow in relation to the EU. *Moscow has repeatedly stressed that it does not intend to become an EU member, although it is interested in partial economic integration with the EU* (within the framework of the Common European Economic Space)¹⁰. *Still, the EU is Russia's most important economic and a key political partner*. In its relations with the EU, Russia ostentatiously stresses the necessity to respect both parties' parity; it demands to be treated in a privileged manner, and not just as one of the EU's neighbours (this was the reason behind Moscow's decision not to accept participation in the ENP). Russia wants the new EU-Russia basic agreement to guarantee special relations between the parties in the form of a 'strategic partnership'¹¹. In Moscow's perception, cooperation with the EU should emphasise Russia's privileged status on the international arena as an independent centre of influence. Moscow also perceives the EU as a player that could partially balance the global domination of the United States (based on the fact that the EU and Russia have a similar approach to a number of international issues). Still, it must be stressed that the EU only appeared on the 'map' of Russian interests around 2000, when the final decision concerning the EU's eastward enlargement was taken. Regardless of its relations with the EU as a whole, Russia's relations with selected EU

⁹ Polls conducted by the Belarusian Independent Institute of Socio-Economic and Political Studies (IISEPS), <http://www.iiseps.org/e9-07-07.html>. See Rakova (2008).

¹⁰ V. Chizhov, 'Rossiya nuzhdayetsya v silnom Yevrosoyuzye', *Nezavisimaya Gazeta*, 22 October 2007.

¹¹ In a speech by the permanent representative of the Russian Federation to the European Communities, Vladimir Chizhov, entitled 'Objectives and perspectives of the relations and cooperation between Russia and the European Union after 2007', delivered at the 6th International Public 'St Petersburg Dialogue' Forum in Dresden, 9-10 October 2006.

member states remain a priority. This reflects Moscow's conviction that it can achieve its main objectives in the EU by successfully negotiating with the EU's largest member states (principally Germany and France) and omitting the EU's institutions¹².

1.1.2.5. The Central Asian states

From the perspectives of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, the EU is a distant international partner, not regarded as a priority. The existing geographical, geopolitical and civilisation barriers are so significant that the post-Soviet Central Asian states do not envisage the EU becoming an important partner in either their foreign policies or in a regional dimension¹³. Regardless of some differences, the Central Asian states' interests in relation to and perceptions of the EU overlap, which makes it possible to treat them as a single region. Turkmenistan stood out until late 2006, isolated and distant as it was from any international initiatives. The death of President Saparmurat Niyazov and the assumption of power by Gurbanguly Berdimukhammedov finally induced Turkmenistan to start opening up to the world, albeit with great caution¹⁴.

Russia still remains the main political and economic point of reference for all the Central Asian states. The EU is not considered a strong enough player to influence the region, and is also surpassed in its influence by China, the United States, India and Iran. Certain EU member states (like Germany, France, the UK and Italy), and even some European energy companies, matter more to the Central Asian states than the EU itself. As a result, Central Asian countries have not developed a concrete policy in relation to the EU. What can be noticed is an *important symbolic dimension to EU-Central Asian relations*. Political contacts with EU institutions give the Central Asian states the feeling of importance in international relations, and are perceived as a factor that boosts their position. *Kazakhstan* has been using the EU's symbolic weight in its regional policy in order to support its aspirations of becoming the region's leader (Olcott, 2005, pp. 38-43). The ability to carry out a dialogue with Brussels is one of the factors underpinning Kazakhstan's position in Central Asia, also vis-à-vis its traditional rival Uzbekistan, which has been marginalised since Brussels imposed economic sanctions following the Andijan massacre in 2005¹⁵. Another indication of Kazakhstan's position in the region is its repeated requests to be included in the European Neighbourhood Policy. Even though the possibility is not big, the appeals Kazakhstan has made on this front are seen as raising the national profile¹⁶.

1.2. The political interests of the CIS states in relation to the EU

1.2.1. Expectations regarding the level of EU involvement in the CIS area

The relations of all the CIS states with the EU are influenced by their relations with Russia. The 'Russian aspect' is always present, although its importance varies from country to country. Russia exerts the most powerful influence on the foreign policies of Armenia, Belarus, Moldova and the Central Asian states. To a lesser (though considerable) extent, Russia's influence can be noticed in the policies of Ukraine, Georgia and Azerbaijan. *The CIS countries can be divided into four groups as regards their expectations of the EU's activity on CIS territory:* 1) those who expect the EU to increase its political support; 2) those interested in limited activity by the EU (maintaining

¹² Compare 'Obzor Vneshney Politiki Rossiyskoy Federatsii', 27 March 2007, pp. 47-57, www.mid.ru.

¹³ 'Central Asia: What Role for the European Union?', International Crisis Group, Asia Report no 113, 10 April 2006, pp. 1-3, http://www.crisisgroup.org/library/documents/asia/central_asia/113_central_asia_what_role_for_the_eu.pdf.

¹⁴ 'Turkmenistan: Leader Proclaims 'Open Door' Investment Policy', Eurasianet.org, 27 March 2008.

¹⁵ 'Uzbekistan: Europe's Sanctions Matter', International Crisis Group, Asia Briefing No. 54, 6 November 2006, pp. 2-4, http://www.crisisgroup.org/library/documents/asia/central_asia/b54_uzbekistan_europes_sanctions_matter.pdf.

¹⁶ For the EU's part, the MEP Charles Tannock has submitted such a proposal, as has the rapporteur for the ENP's Eastern dimension. For more, see Charles Tannock, 'Back to the Great Game in Kazakhstan', 29 February 2008, *Project-Syndicate*, <http://www.project-syndicate.org/commentary/tannock13>.

the status quo); 3) those who expect the EU to limit its activity, and 4) those who do not perceive the EU as an actor that could influence the situation in the region.

1.2.1.1. Desire to increase the EU's geopolitical role

Recent years have seen the emergence of a group of CIS states interested in increasing the EU's (and generally, the West's) activity in the post-Soviet territory. In their perception this would at least partially balance Russia's influence in the region. A symbolic manifestation of this attitude is the GUAM organisation, founded in 1997, and composed of Georgia, Ukraine, Azerbaijan and Moldova (GUAM is an acronym for the names of the states). These states are the strongest supporters of the EU's increased involvement in the CIS area, and perceive its activity as a possible counterbalance to Russia's actions, and a reinforcement of the pro-European direction of their foreign policies. Azerbaijan is probably an exception here, given that the country does not consider the EU as a key partner. In the case of *Ukraine*, the emphasis on 'Europeanisation' is also meant to strengthen the national identity and accentuate the differences between Ukraine and Russia (Samokhvalov, 2007, pp. 27-31).

The policy of *Moldova* shows a certain ambivalence. On one hand, the state has announced its EU aspirations, while on the other the ruling Communist government has also declared that Moldova should participate in the CIS economic integration project – and the two projects are *de facto* mutually exclusive¹⁷. The two attitudes, pro-Russian and pro-Western, are evidently competing in Moldova's foreign policy. In late 2003, Chisinau took a swing towards the EU, rejecting the Russian project for resolving the Transnistria conflict. The second half of 2006 saw a certain rapprochement with Russia, which in turn decreased Chisinau's activity in relation to the EU¹⁸. This ambivalence in Moldova's foreign policy is a result of its subordination to the ruling Communist Party's interests. The Communists are forced to ask Russia for support, especially in the context of resolving the Transnistrian conflict (Rodkiewicz, 2008).

In the Southern Caucasus, *Georgia* has a strong interest in stronger EU involvement in the region (Coppieters, 2007, pp. 5-6). Tbilisi has placed its hopes on the EU to be able to help in resolution of the separatist problems in Abkhazia and South Ossetia. Georgia also hopes for political support vis-à-vis Russia's policy, which Tbilisi regards as aggressive and 'imperialist'.

Azerbaijan, for its part, does not have such high expectations in respect to the EU. Baku would like the EU to strengthen its economic activity in the region, especially as regards projects for oil & gas transportation via Azerbaijan¹⁹.

1.2.1.2. Desire to limit increases in the EU's role

Belarus and Armenia are interested in only a limited increase in the EU's role in the region. *Belarus's* objective is to sustain a certain amount of contact with Brussels in order to strengthen its position vis-à-vis Moscow²⁰. The Belarusian authorities treat dialogue with EU purely instrumentally, and use it mainly for propaganda purposes vis-à-vis Russia. In fact Belarus does not intend to meet the majority of the EU's requirements, which were laid out in late 2006 in a twelve-point document entitled 'What the European Union could bring to Belarus.'²¹ This document made the development of bilateral relations dependent on democratisation of the Belarusian system. All

¹⁷ The project of the Common Economic Space in the CIS area (covering Russia, Ukraine, Kazakhstan and Belarus but with prospects for enlargement to include other post-Soviet states) envisaged establishing a supranational regulatory body. Iulian Chifu, 'Moldova between East and West', 7 August 2007, [http://www.viitorul.org/public/864/en/IC%20-%20Relations with the EU and CIS eng%20rivesed .doc](http://www.viitorul.org/public/864/en/IC%20-%20Relations%20with%20the%20EU%20and%20CIS%20eng%20rivesed%20.doc).

¹⁸ Oazu Nantoi, 'New Initiatives are the Key to Success', 7 August 2007,

[http://www.viitorul.org/public/869/en/ON%20-%20New%20initiatives%20\(eng\)%20MD.doc](http://www.viitorul.org/public/869/en/ON%20-%20New%20initiatives%20(eng)%20MD.doc).

¹⁹ See Yunosov (2007, pp. 85-115). Such a position was also confirmed in an interview with an official from the Ministry of Foreign Affairs of Azerbaijan interviewed by an expert from the Centre for Eastern Studies, Baku, July 2006.

²⁰ Dzianis Melyantsou, Vitali Silitski, 'In the Shadow of Kremlin Stars: Belarus-EU Relations Lack Substance', *BISS Blitz* #1/2008en, 13 February 2007, 13 February 2008, <http://www.belinstitute.eu/images/stories/documents/blitz20080213breuen.pdf>.

²¹ European Commission non-paper, 'What the European Union could bring to Belarus', 5 December 2006. http://ec.europa.eu/external_relations/belarus/intro/non_paper_1106.pdf.

Minsk's gestures and signals of improving relations are in fact a part of the game aimed at strengthening its negotiation position vis-à-vis Moscow. Since 2006 it has been particularly evident that Minsk's policy in relation to the EU is closely linked to Russian-Belarusian relations.

In the case of *Armenia*, its main 'European objective' is restricted to the expectation that the EU will support Yerevan in two key issues: pressing Turkey to unblock the Armenian-Turkish border and officially recognising the 1915 Armenian massacres as genocide. Yerevan is also aware of the EU's growing potential in the region, and has been trying to use it to further its own interests (such as the Karabakh conflict and economic cooperation)²². To this end, it has taken advantage of the presence of the Armenian diaspora in some EU states, among other measures.

1.2.1.3. Desire to restrict EU activity

While Ukraine, Moldova and Georgia would like to see greater EU involvement in the CIS area, *Russia is interested in restricting this activity* (Vahl, 2006, pp. 11-16). Moscow wants the EU to respect its special interests on the post-Soviet territory, and to refrain from any actions perceived as undermining Russian influence over the CIS. For the same reason, Moscow has taken a negative stand towards the European Neighbourhood Policy, the so-called 'Black Sea Synergy' and the EU's strategy in relation to Central Asia²³. Moscow fears that these initiatives may eventually weaken its influence in the CIS area. In the last few years, Russia has developed the notion of the EU's 'near abroad', overlapping with the Russian 'near abroad' (Averre, 2005, pp. 175-179). Moscow's most desirable scenario would be the EU consulting Russia on all actions taken in the CIS area, or even restricting its activity there. Russia does admit that the EU has important interests in the region concerning energy and security. Furthermore, the Russian authorities have shown their dissatisfaction with the EU's criticism of Russian policy in relation to the CIS area, and are trying to play it down. They also demand that the EU recognise the Russian Federation's special interests in this territory (Menkiszak, 2006, p. 59).

1.2.1.4. Lack of interest (the EU as a non-important player)

The *Central Asian states* find themselves at the opposite pole as regards the level of EU involvement. These countries, *for geographical and geopolitical reasons, do not perceive the EU as an important player that might be able to undermine Russia's position in the region*. The Central Asian states are interested in maintaining their special relations with Moscow, in order to balance the growing influence of China²⁴, among other goals. It is Brussels that is the more active partner in the mutual relations (Burkhanov, 2007; Norling, 2007), given its conceptual actions (i.e. its strategy towards Central Asia), the appointment of a special EU representative for Central Asia, highlighting the Central Asian countries in its policy of diversifying energy supplies, and the frequency of visits by EU representatives to the region. To compare, in the last few years only the presidents of Kazakhstan and Turkmenistan have paid visits to Brussels (in 2006 and 2007, respectively). Moreover, their visits to EU headquarters were one of many in their foreign travel schedules, and were not given any special priority²⁵.

²² For example, Armenia was able to block EU support for the Baku-Tbilisi-Kars railway that was supposed to circumvent its territory. Azerbaijan, Georgia and Turkey applied to the EU and the US for financial support for this project. However, the European Commissioner for External Relations and European Neighbourhood Policy, Benita Ferrero-Waldner, has ruled out the possibility of the EU co-financing the Azerbaijani-Georgian-Turkish project, deeming it inconsistent with the 'spirit of European integration' as it would circumvent Armenia. The US has decided likewise.

²³ A speech by the permanent representative of the Russian Federation..., op. cit. In the case of the 'Black Sea Synergy', Russia fears that the Organisation of the Black Sea Economic Cooperation (BSEC) will be weakened.

²⁴ Nicklas Norling & Niklas Swanström, 'Sino-Russian Relations in Central Asia and the SCO', CACI Analyst, 10 March 2007, <http://www.cacianalyst.org/?q=node/4705>; and Rolberg (2007, pp. 29-34).

²⁵ Chemen Durdiyeva, 'Berdimuhamedov Enters a New Phase of EU-Turkmenistan Relations', CACI Analyst, 11,14.2007. <http://www.cacianalyst.org/?q=node/4740>.

1.2.2. The aspirants to EU membership (Ukraine, Moldova, Georgia)

As pointed out in the first part of this study, the *main objective of the foreign policies of Ukraine, Moldova and Georgia is full membership of the EU*. Thus, European integration is their crucial political interest in relation to the EU. Ukraine and Moldova are particularly active in seeking full membership (Buscaneanu, 2006). Georgia realises that as far as it is concerned the process of joining the EU may take much longer. The elites of all three states, regardless of political orientation, are convinced that they are entitled to EU membership as they are European countries. Reluctance on the part of EU institutions and some of the member states to meet the strategic objectives of Kyiv, Chisinau and Tbilisi has tended to make them feel frustrated and rejected. In the case of Moldova, these feelings are additionally reinforced by the conviction of being discriminated against, compared to the western Balkan states, which have been offered the chance to join the EU in the future. Another source of Moldova's frustration was Romania's accession to the EU and the consequences stemming from it, namely impediments to Moldovans' contacts with Romanians, a nation the former consider themselves to be culturally very close to (Furman, 2007; King, 2000). Some Moldovan politicians share a deep conviction that this refusal is the result of the EU's 'silent recognition' that Moldova belongs to the Russian sphere of influence (Hedenskog and Larsson, 2007).

Recently, some Ukrainian and Moldovan politicians have admitted that their countries do not have a chance of being granted a perspective of membership in the near future. In September 2007, Ukraine's then minister of foreign affairs, Arseniy Yatsenyuk, acknowledged that his country was not yet ready to apply for membership²⁶. Moldova's President Vladimir Voronin is not trying to push the accession issue either, as he seems to understand that achieving this goal is impossible in the immediate future, and would be problematic for the EU itself. Some experts suspect that this policy of the Moldovan Communists is based on a silent consensus between the two parties: Chisinau will not actively raise the issue of membership, while Brussels will restrain its criticism of Voronin and his party for 'limiting reforms' and failing to meet democratic standards²⁷. Georgia also realises that Tbilisi is not ready for EU accession (which would take more than ten years, at best), nor is the EU itself ready for another round of enlargement, especially in the case of such distant states as Georgia. Regardless of politicians' and experts' awareness that Ukraine, Moldova and Georgia are rather far from fulfilling membership criteria, it is widely believed that the prospect of EU membership would accelerate the necessary reforms (Górska, 2005, pp. 38-40).

1.2.3. New legal framework for relations with the EU

Ukraine, Moldova, Georgia, and Russia form a group of CIS states seeking to create a new legal framework for relations with the EU, first of all to replace the Partnership and Cooperation Agreements (PCA) adopted in the 1990s by a new, much more advanced agreements. Their expectations as regards the parameters and contents of the new basic agreement depend on how ambitious their European policy is. The remaining countries of the CIS area (Belarus, Armenia, Azerbaijan, the Central Asian countries) do not seek to change the current legal regulations as defined in the PCAs (in the cases of Belarus, Tajikistan and Turkmenistan, the PCAs have not come into effect at all).

1.2.3.1. Ukraine, Moldova, Georgia

While waiting for being granted prospects of EU membership, *Ukraine, Moldova and Georgia face the most serious challenge of negotiating new basic agreements to replace the Partnership and Cooperation Agreements (PCA) concluded with Kyiv and Chisinau in 1994 and with Tbilisi in 1996.* All three states believe that the new agreement will become an important step bringing them closer to full EU membership.

From *Ukraine's* point of view, the New Enhanced Agreement, apart from setting the deep free-trade area (elimination of customs duties and non-tariff barriers, liberalising services and approximating Ukrainian law to EU standards), should set up an association and award Ukraine with the

²⁶ Interfax Ukraina, 14 September 2007.

²⁷ Moldovan *Vedomosti*, 30 January 2008.

prospect of EU membership (the latter issue is considered a priority) (Jakubiak and Kolesnichenko, 2006; CEPS, 2006). However, the EU refuses to offer an association agreement similar to that concluded with the Central European candidate countries in the early 1990s, just as it refuses to award Ukraine even the prospect of accession.

Moldova's objective is quite similar to Ukraine's, although it has been articulated in a different manner. Chisinau is counting on the EU replacing the PCA with a new document concerning deepened partnership, while at the same time choosing not to insist on mentioning the prospects for accession to the EU (Gutu, 2006, pp. 16-20). The Moldovan authorities believe that the 'deepened' PCA-2, apart from the prestige it would bring, would also increase their ability to use EU funds and bring Moldova closer to future entry into the area of the 'four freedoms'.

Georgia is watching Ukraine's negotiations on the New Enhanced Agreement closely; Tbilisi wants to base the new EU-Georgia agreement on the ultimate outline of the Ukraine-EU one. Tbilisi would like this document to create a new framework for partnership with EU institutions, to include regulations on the free trade area, and to mention the possibility of future membership²⁸.

1.2.3.2. Russia

Russia has no membership aspirations, but at the same time insists that the special and privileged character of EU-Russian relations should be guaranteed. Even though none of the CIS countries has as broad institutional arrangements with the EU as Moscow does (EU-Russia summits twice a year, fourteen sector dialogues, the Permanent Partnership Council, regular consultations concerning foreign policy and security), Russia has been pushing for a revision to the current model of EU-Russia cooperation (Emerson, 2008). The pretext Moscow has been using is the expiry of the 10-year term of the PCA (if neither of the parties revokes the treaty within 6 months, it is automatically prolonged for another year). Moscow insists on adopting a new legal framework in bilateral relations, wherein Russia would be recognised as an equal and strategic partner of the EU²⁹. In late 2006, Poland vetoed the European Commission's mandate to launch negotiations with Moscow on the so-called PCA-2. Russia declared that this was an EU internal problem and that Moscow was ready to launch the talks at any moment. After a year and a half, Poland withdrew its veto and in June 2008, at the Russia-EU summit at Khanty-Mansiysk, both sides decided to start the talks.

From the Russian point of view, the precondition for signing the new basic agreement is the EU's readiness to stop treating Russia as if it were Europe's 'pupil'. The new deal would mainly have prestige value, and would strengthen Russia's newly-acquired position in the international arena³⁰.

Another serious problem is the discussions on the content of the PCA-2. Moscow would prefer those countries considered as its traditional allies (mainly Germany and France) to define European policy in relation to Russia. This would marginalise the position of those countries (especially some of the new EU members) that have opted for a firmer EU policy towards Russia. To put it in a wider context, Russia would like to have a kind of 'pro-Russian lobby' (Germany, Hungary, Slovakia, and Greece, among other states) taking care of Russian interests in the EU³¹.

1.2.4. Reactions to the EU's attitude towards the CIS countries' internal affairs

1.2.4.1. Desire to limit the EU's criticism

Russia and Belarus are interested in restricting EU criticism of their political systems and human rights violations. Both states regard the EU's criticism as interference in their internal affairs and a violation of their sovereignty. Moscow denies the EU and individual member states the right to criticism, including election monitoring, and insists on recognition of a 'Russian model of democ-

²⁸ A high-ranking Georgian official, interviewed by an expert from the Centre for Eastern Studies. Tbilisi, January 2008.

²⁹ A speech by the permanent representative of the Russian Federation..., op. cit.

³⁰ *Obzor vneshney politiki...*, op. cit., pp. 47-57.

³¹ See the division of the EU states according to their attitude towards Russia, presented by Leonard and Popescu (2007, pp. 27-50).

racy³². Even though there are other CIS countries that have problems with meeting European standards, Russia and Belarus are hypersensitive to the EU's criticism.

1.2.4.2. Moderate stance on the EU's criticism

*Armenia, Azerbaijan and the Central Asian states are not overly worried about the EU's negative assessment of their authoritarian regimes*³³. They consider Brussels as having no practical tools to influence their internal situations. Moreover, the countries – rich in fossil fuels (Azerbaijan, Kazakhstan, and Turkmenistan) – are also convinced that the EU needs them more than the other way round³⁴. On the other hand, experience shows that the EU does restrict its criticism to those authoritarian states that are high on the list of the EU's alternative suppliers of oil and gas. Only Uzbekistan is really displeased with the EU's criticism (Brussels imposed sanctions on Uzbekistan following the massacre in Andijan, when 700 demonstrators were slaughtered in May 2005)³⁵.

The anti-democratic activities of the *Central Asian* regimes is the key reason why these states have drifted away from the EU (and the West in general) and approached Russia and China. The EU emphasises the promotion of democracy and human rights, thus arousing these regimes' mistrust, reducing its attraction as a political partner. Moreover, the results of the so-called 'Tulip Revolution' in Kyrgyzstan in 2005 (President Askar Akayev was overthrown after he had falsified parliamentary elections (Marat, 2006) were a signal to the political elites in the region that Western standards pose a threat to their authority and may lead to long-term destabilisation. It is quite telling that even Kazakhstan, the state considered most pragmatic and open to cooperation with the EU, has declined the West's recommendations, saying they are incompatible with the reality of the region.

Armenia and Azerbaijan have taken a slightly different stand on the EU's recommendations to democratise their political systems. Yerevan and Baku have repeatedly declared their readiness to implement the recommendations³⁶, while their legislation based on EU standards in fact remains merely a dead letter.

1.2.4.3. Acceptance of the EU's criticism

Ukraine, Moldova and Georgia, the most advanced of all the CIS countries in building democratic institutions, accept the EU's criticism much more calmly (although they are still quite distant from Western standards), and do not perceive it as a serious political problem or as an interference in their internal affairs.

1.2.5. Visa regime issue

Citizens of all CIS countries need a visa when travelling to the EU. Therefore, *the issue of lifting or liberalising the visa regime is a key objective in the policies of some CIS countries towards the EU*. This is clearly linked to the problem of migration. For citizens of several CIS states (particularly Moldova and Ukraine, and to some extent Belarus, Georgia and Armenia) the possibility of temporary or long-term economic migration to the EU is a key aspect in their perception of the EU (Jaroszewicz and Szerepka, 2007).

1.2.5.1. Lifting the visa regime

Russia and Ukraine are the most advanced in the process of future liberalisation of the EU's visa regime³⁷. However, *the agreements signed are merely one of the stages in the process of*

³² 'Obzor vneshney politiki...', op. cit.

³³ Country Summaries, Nations in Transit 2007, Freedom House, Budapest 2007 http://www.freedomhouse.hu/images/fdh_galleries/NIT2007/nit%2007%20country%20summaries%20final11.pdf.

³⁴ MacFarlane (2003, pp. 141-164); Fariz Ismailzade, 'Azerbaijan and Europe: Toward Closer Integration?', CACI Analyst, 24 January 2007, <http://www.cacianalyst.org/newsite/?q=node/4416/print>.

³⁵ 'Uzbekistan: Europe's... op. cit., pp. 2-4.

³⁶ Ahto Lobjakas, 'Azerbaijan: EU Doubtful Of Baku's Commitment To Democracy', RFE/RL, 27 October 2005; Daniel Linotte, 'Challenges and Dilemmas of the European Neighbourhood Policy in the South Caucasus', CACI Analyst, 19 September 2007, <http://www.cacianalyst.org/?q=node/4694/print>.

³⁷ The EU has signed agreements on facilitating the visa regime with Russia (2006) and Ukraine (2007).

lifting the visa regime, and the concessions won do not, in fact, substantially ease the EU's complicated procedures for applying for a visa. For Russia, lifting the visa regime is also an issue of prestige. Moreover, it is connected to the issue of transit via the Kaliningrad oblast, the Russian enclave surrounded by EU territory. Moscow is interested in easing the Kaliningrad inhabitants' feeling of isolation from Russia proper.

In the case of Ukraine, the visa issue became an acute problem following the entrance of some of the new member states into the Schengen travel area in 2008³⁸. As a result of the Schengen enlargement, long queues appeared in front of the consulates of some new Schengen members, and the numbers of people crossing the border dropped significantly. A partial solution to the problem is recently signed agreements on small-scale cross-border traffic between the new Schengen members and the CIS states (such as Poland & Ukraine, Slovakia & Ukraine); it allows citizens living within a 50-km border zone to cross the border without visas, with a special permit. However, only a small part of citizens of border countries are eligible for this kind of privilege. Another problem is the cost of the Schengen visa (€35).

1.2.5.2. Liberalisation of the visa regime

Belarus, Moldova, the Southern Caucasus states (Armenia, Azerbaijan and Georgia) and Kazakhstan are also working to see a liberalisation of the EU visa regime. For citizens of Belarus and Moldova, the visa issue is a particularly acute problem; their geographical proximity to the EU makes them the most frequent travellers there (along with Ukrainians and Russians). The Schengen area enlargement has raised the cost of travel to the EU (at the moment a Schengen visa costs €35 for Moldovans, and €60 for citizens of Belarus, Georgia, Armenia and Azerbaijan). *Belarus* remains the only Western CIS state which has neither signed an agreement on visa facilitation nor concluded an agreement on small-scale cross-border traffic with the EU (the reason being Minsk's failure to fulfil the twelve-point list of requirements set out in the European Commission's non-paper). The Belarusian authorities accuse the EU of creating 'new artificial barriers', while it is ordinary Belarusians who suffer most from the restrictive visa regime³⁹.

Moldova is also striving for the EU's visa issuing procedures to be eased. According to estimates, up to 600,000 Moldovan citizens are working in EU member states on a permanent basis⁴⁰. For an ordinary Moldovan, the possibility of free access to the European Union labour market is a central EU-related issue.

In the Southern Caucasus, *Georgia* stands out as the state that has advanced most in negotiations with the EU concerning visa easing. In 2006, Georgia lifted visa requirements for EU citizens. In Central Asia, it is possible that *Kazakhstan* will sign an agreement with the EU on visa facilitation (like those signed by Russia and Ukraine), liberalising its visa regime, although it must be said that the states of this region, which is remote from Europe, do not regard the visa issue to be as crucial as the Western CIS countries do, as the latter's citizens travel to the EU much more frequently.

1.2.6. Absorption of EU funds

Apart from Russia, the CIS states' key interest in the EU is the opportunity to take advantage of its programmes and assistance. Even those countries whose relations with the EU are far from ideal, and who are not interested in closer cooperation (Belarus being a prime example), readily participate in these programmes. EU funds allow the CIS governments to implement important tasks unrelated to politics, such as developing transport and border infrastructure (this applies to states neighbouring the EU), ecology programmes and raising the efficiency of energy consumption. However, *some CIS countries (especially Ukraine, Moldova, and Georgia) consider the EU's financial support to be far too meagre* and would like Brussels to become involved in the region's transformation to a much greater extent. They have a strong interest in seeing an increase of EU funds from the European Neighbourhood and Partnership Instrument (ENPI), among other

³⁸ See among others Anton Chekhlov, 'Polish arguments concerning Ukrainians' visa and border problems', Day, 4 March 2008.

³⁹ Statement by Valery Voronetsky, Deputy Minister of Foreign Affairs of the Republic of Belarus, at the Conference 'Working Together – Strengthening the European Neighbourhood Policy', Brussels, 3 September 2007, <http://www.mfa.gov.by/en/press/official-releases/fa1aad88b52f8cdf.html>.

⁴⁰ Data provided in 2005 by the Moldovan National Bureau for Migration.

sources. The states bordering the EU (Belarus, Ukraine, Moldova, and Russia) can also use the *Euroregion* funds, which were created for cooperation with EU member states and allotted to economic cooperation, ecology programmes and the development of tourism. *Belarus's* cooperation on the Euroregion level is hampered by the fact that its local authorities have hardly any autonomy, and are therefore afraid of getting involved in international cooperation (Rakova, 2007). *Moldova* and *Georgia* have a specific interest in the EU's financial support, as they hope that in the future the EU will be willing to grant them substantial funds for the reintegration into their territories of Transnistria and Abkhazia & South Ossetia, respectively (for more see section I.4.1).

I.2.7. The assessment of EU policy

The CIS countries' assessment of EU policy tends to depend on the priorities and expectations of the individual CIS member states in relation to the EU. Most of them do not consider the EU to be a key partner in their foreign policies and so they mainly respond to Brussels' initiatives, while rarely putting forward their own ones. They still attach much greater significance to bilateral relations with selected EU member states. Nevertheless, *their general assessment of EU policy is positive, mainly because the CIS countries have rather moderate expectations of the EU, except in a few particular spheres*. This view is shared above all by Azerbaijan, Armenia, Moldova and the Central Asian states. For the same reasons, Belarus has a positive assessment of EU policy, provided that the EU does not criticise the Belarusian political regime⁴¹. Russia's assessment of EU policy is rather ambivalent and depends on particular spheres of EU-Russian cooperation, which is less significant than bilateral relations with some individual EU member states. Ukraine and Georgia have also taken a specific stand on this issue; they believe that the EU should adopt a much more active policy in relation to them and that the aim of this policy should be to prepare the two states for EU membership.

I.2.7.1. Armenia and Azerbaijan

*Armenia and Azerbaijan assess current (although somewhat inert) EU policies quite positively, mainly because of their moderate expectations of the EU*⁴². The two states would like Brussels to disregard issues of democratisation and civil liberties. Baku's position is additionally strengthened by the conviction that it is the EU that needs Azerbaijan more than vice versa, because of the latter's oil and gas deposits. Both Armenia and Azerbaijan have a positive assessment of the ENP, mainly as a source of financial and technical support. They also consider the appointment of an EU special representative for the Southern Caucasus as a positive step, which they see as a confirmation of their importance in EU policy.

I.2.7.2. Moldova

The Moldovan authorities are satisfied with the current state of EU policy. They are afraid that its strengthening would lead the EU to raise the issue of the state of democracy in Moldova more frequently. As a result, the Moldovan authorities are satisfied with the ENP and are not pushing for full and quick integration with the EU. Chisinau's greatest expectation in relation to the EU concerns Brussels' participation in the settlement of the Transnistria conflict and this province's reintegration into Moldova proper (the EU is mainly expected to provide financial support).

I.2.7.3. Central Asia

The Central Asian states do not expect the EU to intensify its activity towards them. The EU strategy in relation to this region and the appointment of an EU special representative for Central Asia have received positive appraisal in the region. However, these EU actions have mainly been

⁴¹ Agata Wierzbowska-Miazga, Kamil Kłysiński, 'Belarus – a new wave of repression,' *Eastweek Analytical Newsletter of the Centre for Eastern Studies*, issue 12 (121), 12 April 2008, <http://osw.waw.pl/en/epub/EW/2008/080402/01.htm>.

⁴² Haroutiun Khachatryan, 'New Partnership with European Union Prompts Hopes in Armenia', *Eurasianet.org*, 30 November 2006.

interpreted as an appreciation of the Central Asian states' significance and position, and less so as Brussels' intention to increase its activity in the region.

1.2.7.4. Belarus

*Minsk takes the view that the development of EU-Belarusian relations should be independent of the assessment of Belarus's political situation*⁴³. For this reason, Minsk has negatively assessed the document entitled 'What the European Union could bring to Belarus', which is the basis of the EU's policy in relation to Belarus⁴⁴. The Belarusian authorities have appealed for 'pragmatic' and 'depoliticised' cooperation, mainly in the economic sphere, and treat the EU's criticism as interference in their internal affairs. Belarus also accuses the EU of having adopted double standards: Brussels has welcomed the President of Turkmenistan, a country rich in fossil fuels, while it boycotts the 'more democratic' Belarusian authorities. Despite these objections, *Minsk is aware of the limited potential of the EU's foreign policy, especially when it comes to influencing the internal situation in Belarus. Minsk has also given a positive appraisal of the ENP, as it opens up the possibility of Belarus obtaining financial support and cooperating in 'non-political' spheres*⁴⁵.

1.2.7.5. Georgia

Officially, Georgia has a positive assessment of EU policy, although Tbilisi considers it to be too cautious and inert. The Georgian authorities would like Brussels to become more involved in Georgia's economic transformation and in resolving the conflicts in Abkhazia and South Ossetia⁴⁶. The authorities in Tbilisi claim that these conflicts are also the EU's problem, and therefore that Brussels should become more involved in their resolution. In this context, Georgia expects the EU to take a firm stand towards Russia. Tbilisi also wants the EU to pay less attention to the flaws in Georgian democracy and to understand the country's complicated domestic and international situation. Georgia also expects the EU to increase its financial and technical support. At the same time, Tbilisi has welcomed the decision to extend the ENP to encompass Georgia and considers this as a sign of recognition for Georgia's aspirations. In the longer term, the Georgian authorities expect the EU to offer them the prospect of EU membership.

1.2.7.6. Ukraine

Among the CIS states, Ukraine has the most serious reservations about EU policy. Kyiv's main concern is Brussels' reluctance to offer Ukraine membership prospects; for these reasons Ukraine is critical of the ENP idea, considering it to be 'politically incorrect'. *Ukraine claims to be a European country, and therefore not subject to the European Neighbourhood Policy*⁴⁷. Despite this, Ukraine has accepted the current EU offer, as Kyiv is doing its best to maintain good relations with the EU and show its determination to cooperate. For these reasons, Ukraine is participating in the ENP and has signed the ENP Action Plan, even though it believes the document does not correspond to Ukrainian aspirations and does not bring it any closer to EU membership. On the other hand, the EU's proposals to sign the New Enhanced Agreement (to replace the PCA), and on the deep free-trade area, are treated as acknowledgment of Ukraine's special status. In Ukraine's perception, these will be the real instruments that will draw the country closer to the EU. Having said that, Kyiv's overall assessment of the EU's policy remains largely negative. Ukraine is critical of the EU's insufficient involvement in Ukraine's transformation and of the refusal to offer Ukraine EU

⁴³ Agata Wierzbowska-Miazga, Kamil Kłysiński, 'Belarus – a new wave...', op. cit.

⁴⁴ Yury Chavusau, 'One Year After the European Message: Reaction of Official Minsk to the EU's Twelve Demands', *BISS Blitz* #13/2007, 5 December 2007,

<http://www.belinstitute.eu/images/stories/documents/blitz20071205eumessageen.pdf>.

⁴⁵ Belarusian deputy minister of foreign affairs, Sergey Martynau, interview for 'Belaruskaya dumka' journal, no. 3/2008, <http://www.mfa.gov.by/ru/publications/mass-media/ece9347523743ff5.html>

⁴⁶ 'EU Mulls New Opportunities for Breakaway Regions,' *Civil Georgia*, 22 January 2007.

⁴⁷ See for example Volchuk (2008, p. 89) and the comment from the Ministry of Foreign Affairs of Ukraine on the communiqué from the European Commission on the Implementation of the European Neighbourhood Policy in 2007 to the EU Council of Ministers and the European Parliament, 3 April 2008, <http://www.mfa.gov.ua/mfa/en/publication/content/17692.htm>.

membership prospects, which the country considers its key objective in relation to the EU (Górska, 2005).

1.2.7.7. Russia

*Russia's assessment of EU policy is relatively positive, although Moscow has a number of reservations about it*⁴⁸. Moscow's perception of the EU is based on a conviction that the EU's role on the international stage is weaker than Russia's, as Brussels is not able to establish a common foreign policy. Therefore, Moscow considers bilateral relations with the EU's largest member states to be much more important than relations with the EU as a whole⁴⁹, and this is not likely to change soon. Until recently, the opinion in Russia was widespread that the EU has found itself in a deep crisis, resulting from the Constitutional Treaty fiasco and its double enlargement. In Moscow's opinion, these two issues have further weakened the EU's ability to adopt a joint policy in relation to Russia. Moscow sees the EU's foreign policy as still being at an initial stage of development. The advantages resulting from this state of affairs, from the Russian point of view, are an evolution towards a multi-polar world and the weakening of the United States' position in Europe, while the main drawback is the EU's rising activity in the CIS area, which Russia perceives as its own sphere of influence. Moscow expects the EU to consult on its actions concerning all important international affairs, above all those concerning the post-Soviet area⁵⁰. At the same time, Moscow is critical of the influence of several new EU member states (mainly the Baltic States and Poland) on the EU's policy towards Russia. Moscow accuses these states of Russophobia and of trying to achieve their own goals at the expense of the EU (to support their point, Russia highlighted the Polish veto of EU-Russia talks concerning a new basic agreement⁵¹). Russia also accuses the EU of double standards, pointing to the fact that Brussels ignores the infringement of the Russian-speaking minority rights in Latvia and Estonia while criticising Russia for human rights violations.

Another issue is Moscow's critical assessment of EU policies in non-political spheres, especially the energy sphere. Russia realises that the EU has a certain potential in this area. In Moscow's opinion, deepening European integration may prove to be harmful to Russian interests (Kaczmarek and Smolar, 2007, pp. 27-29). The projects it considers posing the greatest threat are those that may hamper the expansion of Russian capital (energy companies, among other firms) on the EU market.

1.3. Economic interests

For most of the CIS, economic exchange is the key area to their cooperation with the EU. The EU is either the most important (Belarus, Ukraine, Moldova, Russia, Georgia, Armenia, Azerbaijan, Kazakhstan, Tajikistan) or a significant (Kyrgyzstan, Turkmenistan, Uzbekistan) economic partner for the CIS states. For most of them, trade exchange is the priority field of cooperation with the EU, especially for Belarus and Russia, whose economies are heavily dependent on exports to EU markets. For Ukraine, Moldova and Georgia exports to EU markets are also substantial. The situation is more diversified among Central Asian countries. A substantial proportion of Kazakhstan's and Tajikistan's exports are directed to the EU (in Kazakhstan's case mainly oil, and aluminium in Tajikistan's), but for Kyrgyzstan, Turkmenistan and Uzbekistan, key economic partners include Russia, China, Turkey and Iran rather than the EU. The EU's economic cooperation with Central Asian countries is impeded by their remote location and low development level (excluding Kazakhstan) when compared to other CIS countries. In the institutional sphere, the Central Asian priority is cooperation with the member states of the Eurasian Economic Community (all countries in the region, except for Turkmenistan, are members of the Community).

The CIS countries have two priorities in their economic cooperation with the EU: getting access to the EU's markets and attracting EU investments in their economies. These interests are shared by all the CIS countries, although to different degrees depending on the nature of their

⁴⁸ *Obzor vneshney politiki...*, op. cit.

⁴⁹ Charles Grant, 'What to do about Russia', *The Guardian*, 22 October 2006.

⁵⁰ Compare Nadezhda Arbatova, 'Russia-EU beyond 2007. Russian Domestic Debates', *Russia.Nei.Visions*, no. 20, IFRI, June 2007, pp. 5-8.

⁵¹ For example, see the statement by Sergei Yastrzhembsky, Reuters, 30 January 2007.

economies. For some of the CIS countries, energy cooperation is another priority; the model for this cooperation depends on whether any given state is a net exporter or importer of energy resources. Considering the three spheres mentioned above, we may learn how the CIS states have articulated their economic interests in relation to the EU.

Table 1. Russia's and EU's share in foreign trade of CIS countries, 2006 (percentage of total exports and imports)

	Exports to the EU	Imports from the EU	Imports from Russia	Exports to Russia
Armenia	46	25	13	11
Azerbaijan	55	29	22	5
Belarus*	43	21	59	37
Georgia	18	25	15	7
Kazakhstan	43	23	36	11
Kyrgyzstan	4	12	38	19
Moldova	51	45	20	22
Russia	56	37	–	–
Tajikistan	45	14	24	4
Turkmenistan	–**	–**	9	–**
Ukraine*	30	37	27	25
Uzbekistan	–**	–**	27	23

Notes. * – 2007 data; ** – no data available. Different data sources used to compile the table limit the comparability of presented figures.

Source: Statistical agencies of CIS countries.

1.3.1. Access to the EU market

For many companies in the CIS area, the EU's is the most important export market, hence their attempts to reduce the existing trade barriers. This is an important issue in the policies of Ukraine, Moldova and Georgia, for whom economic integration with the EU is supposed to temporarily replace political integration. The authorities of these three states assume that the process of establishing a free trade area will become a stimulus to modernise their economies and transform their economic policies, and will thus draw them closer to meeting the criteria of EU membership. Russia, Belarus (Liakhovich, 2008, p. 3) and Armenia (Minasian, 2005, p. 28) are also interested in a greater opening-up of the EU market to their products. Armenia would also like to establish a free trade area with the EU. These issues are less relevant to the Central Asian states and Azerbaijan, as their economies are less developed, and more fossil-fuel or agriculture-oriented. Only Kazakhstan, which has significant economic potential, is interested in increasing its non-resource exports to the EU, as well as in obtaining Brussels' support for its access to the WTO (Ipek, 2007). Uzbekistan's priority is the lifting of economic sanctions imposed by the EU, as they significantly limit Uzbek exports to the EU⁵².

The establishment of a deep free-trade area is treated as a priority, especially by Ukraine (Jakubak and Kolesnichenko, 2006, pp. 13-14; CEPS, 2006, pp. 21-22). The negotiations on this issue started in February 2008, after the decision to admit Ukraine into the WTO. The agreement will surpass the standard free-trade agreement and, apart from lifting customs duties, will also include provisions concerning liberalisation of services and regulatory convergence with the EU. The establishment of a free trade area is thus intended to help Ukraine meet EU membership criteria. Gradual adaptation to EU standards is supposed to improve the quality of Ukrainian products, contribute to the modernisation of Ukrainian industry and enhance its competitiveness on the EU market. There is no unanimous support for the establishment of an enhanced deep free-trade area in Ukraine; the idea is supported by big business, which is interested in getting greater access to EU markets and has significant leverage on political parties (mainly the Party of Regions)⁵³. This applies particularly to the metallurgy sector, which has a powerful political lobby. On the other hand, both exporters and importers are interested in reduction of the non-tariff barriers in their trade with

⁵² 'Uzbekistan: Europe's Sanctions...', op. cit.

⁵³ For more information on the interests of Ukrainian economic lobbies in relation to the establishment of a free trade area with the EU see Shumylo, (2006, pp. 20-22).

the EU. The opponents of the free trade area include some producers of industrial products, especially those who export their goods to CIS markets (Puglisi, 2008, pp. 70-73).

Moldova, Georgia and Armenia also expect an agreement on a free trade area with the EU to be signed soon, and this objective is widely supported within all three countries. Both Moldova and Georgia, whose economies are agriculture-oriented, attach great importance to the lifting of barriers to agricultural exports to the EU, even though they realise that it may be hard to achieve. Lifting these barriers may be helpful in the context of the Russian embargo on Georgian and Moldovan agricultural products and wine (the latter being the main export product of both states)⁵⁴. Even though the year-long Russian embargo on Moldovan products has already been lifted, it significantly weakened Moldovan producers' position on the Russian market, which hitherto had been their main market. Moreover, companies from Moldova's separatist province of Transnistria are also interested in keeping and expanding their access to the EU market. Currently, Transnistrian exports amount to \$250 million, i.e. more than half the total exports to the EU from the Republic of Moldova (including Transnistria)⁵⁵.

In *EU-Russia relations* also foreseen is the creation of the so-called *Common European Economic Space*, aimed at establishing an "open and integrated market" between Russia and the EU⁵⁶. This concept assumes that the economies of Russia and the EU will become at least partially integrated. However, the details have not been worked out and the target model of mutual economic relations remains somewhat unclear (Menkiszak, 2006, p. 49). Moscow declares that it is interested in getting better access to the EU market. Talks on the establishment of a free trade area could start after Russia joins the WTO⁵⁷.

Belarus is interested in expanding its economic exchange with the EU, although not in the establishment of a free trade area (Liakhovich, 2008, pp. 3-4). The Belarusian economy is heavily dependent on exports, largely directed towards the EU markets. In particular, exports of oil products (which accounted for around 60% of Belarusian exports to the EU in 2006) have been buoyant for the last few years. An important problem in Belarus's economic relations with the EU has been Minsk's exclusion from the Generalised System of Preferences (GSP). The Council of the European Union took this decision in December 2006, following a motion by the International Labour Organisation, which had accused Belarus of labour rights violations. As of June 2007, Belarus has remained outside the GSP (which has affected its exports of timber, textiles and artificial fibres). Even though the effects on the trade balance have been very limited (around \$36 million a year⁵⁸), the exclusion itself has symbolic importance and has shown Minsk that the EU is capable of exerting negative leverage on the Belarusian economy. It is in Minsk's best interests to return to the GSP, although it will not be able to do so without changing the legal status of Belarusian trade unions and employees. Having said that, the authorities in Minsk are unlikely to change their legislation to satisfy the International Labour Organisation's requirements.

Apart from the ongoing process of opening up the EU markets to firms and products from the CIS area, some companies from the region (especially Russia and Ukraine, but also Kazakhstan, Moldova and Georgia) have been seeking to enter the EU member states' stock exchanges. As of late 2007, Belarusian state-companies have also shown interest in entering EU stock markets.

1.3.2. Cooperation in the energy sphere

The CIS states can be divided into three groups, according to their interests in the energy sphere in relation to the EU: the first group is made up of Russia alone, the second of other states

⁵⁴ Hedenskog and Larsson (2007, pp. 61-65). Access of Georgian and Moldovan agricultural products to the EU market will also lead to a rise in quality standards.

⁵⁵ Dmitrij Sierov, 'Pod flagom Moldovy Pridnestrovskiye predpriyatiya narashchivayut export v ES', *Puls*, 25 January 2008.

⁵⁶ Road Map for the Common Economic Space, http://ec.europa.eu/external_relations/russia/russia_docs/road_map_ces.pdf.

⁵⁷ Road Map for the Common Economic Space, http://ec.europa.eu/external_relations/russia/russia_docs/road_map_ces.pdf.

⁵⁸ Torbjørn Becker, Jesper Roine, *SITE Country report: Belarus*, Stockholm 2007. <http://www.hhs.se/NR/rdonlyres/BC22DC52-08B1-4EE4-A16A-FF5D362C1C65/0/BelarusCountryReport4b.pdf>. Kirill Hajduk and Vitali Silitski, 'After the GSP withdrawal: the case for the revision of the EU policy towards Belarus', BISS, 7 August 2007, <http://www.belinstitute.eu/images/stories/documents/gspaug7en.pdf>.

that export their energy resources to the EU and the third of transit states and importers of energy resources.

1.3.2.1. Russia

Russia is the main producer of oil and gas in the post-Soviet area and a significant exporter of these resources to the EU. Currently, Russian gas makes up 38% of the EU's gas imports, while oil makes up 33%⁵⁹). Russia therefore has specific interests in the energy sphere related to the EU and to this end has initiated projects to construct new pipelines: the Nord Stream (running under the Baltic Sea) and the South Stream (running under the Black Sea). The creation of the new routes is aimed at strengthening Russia's position as the main supplier of gas to the EU market and reduce its dependence on transit countries (mainly Ukraine and Belarus). Moreover, *Moscow is interested in raising its share of energy resources supplied to the EU market.*⁶⁰ *Russia also wants Brussels to give up its plans to construct infrastructure for new resource routes that would circumvent Russia*⁶¹. Russia's main objective is to maintain its monopoly as a transit country for Central Asian oil and gas. At the same time, Russia wants EU energy companies to invest their capital and technologies in the Russian oil and gas sector, provided that these companies do not have controlling stakes in such projects⁶².

Another of Russia's objectives is to avoid EU regulations that could limit the operations of Russian energy companies on the EU market. Russia's main source of concern is the actions taken by European Commission as part of the so-called 'third energy package', which provides for unbundling of energy production from distribution and transmission. *Gazprom, the Russian gas monopoly, also aspires to substantially increase its share in the EU's retail gas market.* However, Gazprom has faced stiff resistance from EU institutions as well as from some member states anxious about Gazprom's expansion and its possible consequences. Therefore, Moscow has been lobbying against the adoption of energy legislation that would adversely affect its interests and has found support from several influential EU member states (Germany and France), whose positions have been strongly influenced by several domestic issues. *The European Commission's plans are in turn supported by some of the CIS states who would like the EU to adopt an active common energy policy.* Should the individual EU member states adopt the most radical version of the draft project for liberalising the gas market (ownership unbundling), both Gazprom's current position and its plans for further expansion in the EU might be undermined⁶³.

Russia has also refused to ratify the Energy Charter Treaty (ECT), nor has it reached a consensus with the EU on a document that would provide for practical implementation of Energy Charter provisions on energy transit (the so-called discussion on the Transit Protocol), claiming that in its current form the ECT might impair the interests of Russian energy companies and favour EU companies⁶⁴. Moscow believes that the ECT (and some version of a Transit Protocol) should either be completed by new provisions that would meet Russia's demands, or be revised.

⁵⁹ See Eurostat, Data in focus, no. 16/2008 and 17/2008.

⁶⁰ EU gas imports are expected to grow substantially in the coming years. According to recent forecasts, by 2030 the EU may import around 84% of the gas it consumes (DG TREN, 2008, p. 13) A significant part of the increased gas demand may be covered by imports from Russia, although there is substantial uncertainty as to its exact export potential (CASE, 2008).

⁶¹ Cf. Transcript of remarks and replies to media questions by Russian Minister of Foreign Affairs Sergey Lavrov at a joint press conference of G8 foreign ministers following their meeting, Moscow, June 29, 2006. www.mid.ru. Russia aims to block European energy projects (such as Nabucco) by promoting alternative routes (the South Stream).

⁶² Proof of this includes the increase in government control over so-called strategic resources.

⁶³ From Gazprom's point of view, the greatest threat is posed by the European Commission's proposal to force the separation of energy production, transmission and distribution (so-called 'unbundling'). See Judy Dempsey, 'Gazprom challenges EU proposal. Russian giant opposes breakup of energy operations in bloc', *The New York Times*, 22 May 2008 and Locatelli (2008).

⁶⁴ See Larsson (2006, p. 180) and Sergey Yastrzhembsky, 'Ya vizhu zainteresovannost Yevrosoyuza', *Nezavisimaya Gazeta*, 21 November 2006.

1.3.2.2. Energy commodity exporters (apart from Russia)

In the case of the other oil- and gas-exporting CIS countries, their economic interests in the EU are largely limited to the energy sector. Other sectors are significantly less important, as is evident from the EU's import structure. This applies to *Azerbaijan, Turkmenistan and Kazakhstan* (in the case of Kazakhstan, however, exports of other mineral resources are also important). However, EU-based energy companies (especially ENI, BP and Shell), and not the EU itself, are perceived in these states as cooperation partners in projects for diversifying energy resource supplies (such as the Nabucco and Trans-Caspian gas pipelines) (Starchenkov, 2006). Kazakhstan and Turkmenistan have used their negotiations with Brussels on energy issues mainly to strengthen their bargaining positions in their relations with Moscow (Kazakhstan wants to persuade Russia to develop the Caspian Pipeline Consortium, which transports Kazakh oil to European markets via Russia; both Kazakhstan and Turkmenistan want to act as strong players against Moscow) and China, which is becoming an increasingly important economic partner and investor in the Central Asian states (as shown by the oil pipeline from Kazakhstan to China, construction of a gas pipeline from Turkmenistan to China, the increasing involvement of Chinese companies in the development of Kazakh and Turkmen gas fields, etc.).

In the longer term, Turkmenistan may want to reduce its dependence on the transit of its gas via Russia and may join the project to construct a gas pipeline to the EU that would circumvent Russia. In Central Asia, only *Kazakhstan*, due to its considerable economic potential, has its own economic interests in relation to the EU outside the energy sector⁶⁵. These are mainly linked to exports of Kazakh mineral resources and metal products to the EU (uranium, titanium and steel). Among all the Central Asian countries, Kazakhstan's economy has the closest ties with the EU. Like Russian energy companies, companies from Kazakhstan (*KazMunaiGaz*) and Azerbaijan (*SOCAR*) are seeking to expand into EU markets, including the takeover of assets in EU member states (this process has already begun in Romania⁶⁶).

1.3.2.3. Transit states and energy resource importers

A group of CIS states has been attempting to drum up EU support for projects aimed at diversifying the supplies of energy resources. *Ukraine, Georgia and Azerbaijan* want the EU to join a project aimed at constructing an oil pipeline running along the Odessa-Brody-Plock route, which is intended to transport oil from the Caspian Sea⁶⁷. Azerbaijan and Georgia also expect the EU to provide greater support for the Trans-Caspian gas pipeline project (this pipeline is intended to transport gas from the Caspian Sea region to the EU). This project is particularly significant for *Azerbaijan*, which is seeking to create permanent ties between the EU market and the energy resources from the Caspian Sea region, transported to the EU via Azerbaijan (Piotrowski, 2008, pp. 99-101). Baku's objective is to become a significant transit country for Kazakh and Turkmen resources in case its own resources become depleted.

Ukraine, Belarus and Moldova, which are the transit countries for transporting Russian energy resources to the EU, are seeking to maintain this position (Dura, 2008b, p. 7). On one hand, this is seen generating considerable financial revenues, and on the other, guaranteeing their energy security. With these objectives in mind, they are trying to persuade Brussels that they are and will remain safe and reliable transit states, no matter what Russian propaganda says. These three countries and Georgia are trying to win Brussels' support in their negotiations with Russia, with whom they have been disputing prices and terms of energy resource supplies over the last few years. *Minsk, Kyiv, Chisinau and Tbilisi* expect the EU to adopt an efficient energy policy and to exert pressure on Moscow to stop using its oil and gas as tools in its foreign policy in relation to other CIS states.

⁶⁵ 'Central Asia's Energy Risks', International Crisis Group, Asia Report No 133, 24 May 2007, pp. 3-4, 21-22, http://www.crisisgroup.org/library/documents/asia/central_asia/133_central_asia_s_energy_risks.pdf.

⁶⁶ 'EU Anxious to Shake Off Energy Dependence on Russia', *Kommersant*, 9 March 2007; Vladimir Socor, 'Bridgehead in Europe: Kazakhstan Acquires Romania's Rompetrol', *Eurasia Daily Monitor*, volume 4, issue 165, 7 September 2007.

⁶⁷ Roman Kupchinsky, Ukraine: 'Odessa-Brody Pipeline Potential Still Unused', RFE/RL, 12 January 2007.

The CIS energy importers want to *obtain financial and technical support from the EU* so they can implement more efficient and energy-saving technologies and develop alternative sources of energy (such as hydroelectric power in Georgia). Ukraine is also trying to obtain EU support to modernise its coal mines⁶⁸, as well as for cooperation in the sphere of nuclear energy safety (which applies to the Chernobyl nuclear power plant, among other sites), and to reform its gas network management system.

Belarus stands out from among the other CIS states as regards its energy sector. Although Belarus has no domestic oil fields, it exports large amounts of oil products to EU markets (mainly diesel oil), which account for close to 60% of total Belarusian exports to the EU. Belarus owes this to Russia, whose oil it processes in the Novopolatsk and Mazyr refineries and then re-exports it, mainly to the Netherlands and the UK. Belarus wishes to maintain this model of cooperation, which generates huge revenues for the Belarusian budget. However, this scheme could be threatened if Russia remains determined to change the current preferential terms of exporting Russian oil to Belarus⁶⁹. At the same time, Belarus would like to drum up EU support for implementing energy-saving technologies.

1.3.3. EU investments

All the CIS states want to attract investments from EU member states, and are generally open to foreign investments, including from the EU. EU investors are believed to support modernisation and development of the CIS economies, spreading a new corporate culture and strengthening their stock markets. The CIS countries differ significantly as regards the overall investment climate and other characteristics of their domestic markets that determine their attractiveness in the eyes of EU investors. For example, the energy-rich economies of Russia, Kazakhstan, Azerbaijan and Turkmenistan can expect continued interest from EU energy-sector investors, despite legislative frameworks and implementation practices that do not appear to be very favourable. Also, more developed countries with large internal markets (Russia, Ukraine and Kazakhstan) are much more attractive to EU investors than smaller, less-developed countries. In some countries (especially Georgia and Ukraine) investments from the EU are welcomed as they are regarded as being much less 'politicised' than Russian ones. This attitude may also be noted in Belarus, which has recently been trying to attract investors from the EU to protect itself against the expansion of Russian capital.

1.3.4. Investments in the EU

*Russia, and also to some extent Ukraine and Kazakhstan, have seen more significant FDI outflows, also directed to EU markets*⁷⁰. In this regard, Russia has been seeking to remove barriers to its investments in the EU, which it considers politically-motivated⁷¹. Russia also expects Brussels not to put up barriers to investments from Russian state funds into selected sectors of the EU economy.

1.4. Security objectives

The CIS countries do not perceive the EU as a potentially influential player in the security sphere. In this respect they regard NATO and the United States to be much more serious actors. In the post-Soviet area, the EU is still perceived as a civilian power, albeit with some capabilities to act in the sphere of security and defence (for instance, the European Security and Defence Policy

⁶⁸ The EU-Ukraine Action Plan contained provisions concerning coal mines and energy efficiency; see points 55 and 56, http://ec.europa.eu/world/enp/pdf/action_plans/ukraine_enp_ap_final_en.pdf.

⁶⁹ This was partly done in January 2007, when Russia introduced customs duties on oil exports to Belarus (however, the duties were only one-third of the ordinary value). For more, see among others Yafimava and Stern (2007), Konończuk (2007b).

⁷⁰ They have invested especially in the telecommunications sector, metallurgy, construction, the air industry and the banking sector.

⁷¹ Russia perceives the European Commission's attempts to block the expansion of Gazprom and Rusal's failure to take over Europe's largest aluminium producer as actions aimed at creating barriers to Russian capital.

[ESDP]). However, some CIS states envisage the EU significantly increasing its potential in the security sphere in the next few years, and see this as an opportunity to enhance their own position. This view is shared by Russia, Ukraine, Moldova and the Southern Caucasus states. The Central Asian states, due to their remoteness, do not have any concrete security concerns in relation to the EU.

1.4.1. Conflict resolution (Transnistria, Abkhazia, South Ossetia, Karabakh)

The priority of several CIS states is to make the EU actively involved in the resolution of conflicts that have arisen on their territories. Such an attitude is well presented by Moldova (regarding the Transnistria problem), Georgia (the conflicts in Abkhazia and South Ossetia) and Azerbaijan (the Karabakh conflict). At the same time, these states are anxious about the consequences of Kosovo's declaration of independence, which they regard as a precedent with possible dangerous consequences for the CIS area. They are trying to convince the EU that the conflicts on their territories are also EU problems, and Brussels should become more involved in their resolution.

Moldova expects that apart from becoming an active participant in the 5+2 peace negotiations (OSCE, Russia, Ukraine, the United States, the EU and Moldova and Transnistria), the EU will also pressure Russia to withdraw its troops from Transnistria (Todua, 2007). Chisinau points to the EU Border Assistance Mission to Moldova and Ukraine (EUBAM) as a successful example of the EU's involvement (EUBAM monitors the situation on the Ukrainian-Moldovan border in Transnistria). The mission has also been positively appraised and supported by Ukraine (its headquarters are located in Odessa). However, at the moment Moldova seems to be disappointed by the lack of active EU involvement in the conflict's resolution in recent years and sees a greater chance to solve the problem in cooperation with Russia. The Moldovan opposition does not share this view; it is convinced that the EU's whole-hearted involvement is the only way to solve the problem and prevent Russia from reducing Moldova politically and economically to a kind of *de facto* vassalage.

Georgia wishes to make the EU an important actor in resolving the conflicts in Abkhazia and South Ossetia. Tbilisi is convinced that Brussels has important instruments for solving the problem, but that it is reluctant to use them. Georgia wants EU peacekeeping forces to be deployed in the two separatist provinces so that they can replace the Russian corps currently operating there under the banner of the CIS mission (Lynch, 2006, pp. 45-51). Another Georgian objective in the context of the Abkhaz and Ossetian separatisms is to persuade the EU to take a more critical stand towards Russia, whose position Tbilisi perceives as destructive. In fact, Georgia would like to see the EU act as a counterbalance to Russia's influence (both in the security sphere and elsewhere), or even as a political player that could adopt a policy of restraining Russia.

Azerbaijan and Armenia take a slightly different stand on the EU's possible involvement in resolving the Karabakh conflict. Azerbaijan does not overestimate the EU's potential in this field, although it is aware of Brussels' positive contribution⁷². At the same time, the authorities in Baku are worried that some EU member states considered to be Armenia's allies (mainly France) will take actions at the EU forum to undermine Azerbaijan's interests. Armenia perceives the EU and individual member states in the context of their possible ability to prevent Azerbaijan from attempts to resolve the Karabakh conflict by force. At the same time, Armenia does not seek the greater involvement of EU diplomacy in the conflict. The Armenian authorities' objective is to maintain the *status quo* in Karabakh, or at best to help the province to become independent⁷³.

1.4.2. The specific interests of individual CIS states

1.4.2.1. Russia

Among the CIS states, Russia stands out as the country with ambitions and international position greatly in excess of those of any other state in the CIS area. Russia thus has its own well-

⁷² 'Azerbaijan: Turning Over a New Leaf?', International Crisis Group, Europe Report no. 156, 13 May 2004, p. 31. http://www.crisisgroup.org/library/documents/europe/caucasus/156_azerbaijan_turning_over_a_new_leaf.pdf.

⁷³ Emil Danielyan, 'Armenia/Azerbaijan: Has A New Chance Emerged For Karabakh Peace?', RFE/RL, 15 February 2007; Shaun Walker, Daria Vaisman, 'Nagorno-Karabakh's referendum', *OpenDemocracy.org*, 14 December 2006.

articulated security interests related to the EU. Moscow and Brussels share in their declarations a similar vision of the international order (multipolarity/effective multilateralism), and a similar approach to several key international problems, such as the non-proliferation of weapons of mass destruction, and the necessity of solving the Middle Eastern conflicts⁷⁴. *Russia wishes to increase the EU's independence in the sphere of security, as it assumes that this might cause greater tension in trans-Atlantic relations and weaken the position of the United States in Europe*⁷⁵. Russian diplomacy also seeks to win EU support for Moscow's objections over plans to locate American missile defence sites in Poland and the Czech Republic. In this context, Russia's objective is to weaken the ties between the US and Europe in the security sphere. Russia has tried to persuade the EU (and European members of NATO) member states that the US missile defence system would threaten the stability of the European continent and also to intimidate the EU with a vision of Russia's possible response to American plans. Moreover *Russia has been trying to acquire influence on European Security and Defence Policy* (for example by participating in the EU's stabilisation missions, provided Moscow is allowed to take part in the decision-making processes). Russia perceives the ESDP as a factor that may weaken NATO's position in the European security architecture, which is in Moscow's best interests.

1.4.2.2. Ukraine and Georgia

Ukraine and Georgia perceive the EU as an important positive factor in their attempts to accomplish their security objectives, first of all to join NATO and to drum up international support in their tense relations with Russia. At the same time, both Kyiv and Tbilisi are aware of the EU's limited potential in the spheres of foreign policy and international security. Despite this, Ukraine has actively supported the ESDP, participated in the EU's policing activities in Bosnia & Herzegovina and Macedonia, and often appended its name to the EU's joint statements (on Belarus, among other issues) (Samokhvalov, 2007, pp. 19-26). Some political parties in Ukraine (mainly the Party of Regions) perceive their country's participation in the EU's security policy as a solution that could substitute for Ukraine's membership in NATO (the latter issue has raised serious controversy in Ukraine).

1.4.2.3. Azerbaijan

Azerbaijan attaches great importance to cooperation with the EU on the 'Iran problem', especially with regard to its objections to military solutions. Baku perceives this scenario as a potential threat that could destabilise the whole region and damage its economic interests.

1.4.2.4. Tajikistan, Turkmenistan and Uzbekistan

Tajikistan, Turkmenistan and Uzbekistan expect the West (including the EU and its member states) to participate, on a long-term basis, in the process of stabilisation in Afghanistan (the latter being perceived as a potential source of instability for the whole region), including the provision of the EU development assistance.

⁷⁴ Compare *Obzor vneshney politiki...*, op. cit.

⁷⁵ Russia has already used a policy of dividing Europe and the US in relation to such problems as the Kosovo issue and plans for NATO enlargement.

Part II: The European Union's Offer to Its Eastern Neighbours

As illustrated in the previous part of this paper, the CIS countries have very diversified interests towards the EU. This heterogeneity has not passed unnoticed in Brussels, hence the various stances the EU has adopted towards its Eastern neighbours. This part provides a brief account of the diversified EU policies towards CIS countries⁷⁶.

In terms of the EU's policy towards the CIS area, the following countries or groups of countries can be distinguished: Russia, Ukraine, Moldova, Belarus, the South Caucasus states (Armenia, Azerbaijan and Georgia) and the Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan). The development of the European Neighbourhood Policy in 2004 marked a breakthrough in this policy. The ENP does not cover Russia or the Central Asian states; Belarus participates in it to a very limited extent.

II.1. The general framework

II.1.1. The Partnership and Cooperation Agreements

Cooperation with most CIS countries is based on the Partnership and Cooperation Agreements (PCAs), signed in the 1990s. These were concluded and ratified with Armenia (respectively, in 1996 and 1999), Azerbaijan (1996 and 1999), Georgia (1996 and 1999), Kazakhstan (1995 and 1999), Kyrgyzstan (1995 and 1999), Moldova (1994 and 1998), the Russian Federation (1994 and 1997), Ukraine (1994 and 1998) and Uzbekistan (1996 and 1999).

The agreement with Tajikistan was signed in 2004, and at the time of writing this report was in the process of being ratified by the EU member countries. An Interim Agreement regulating trade issues came into force in May 2005.

Political reasons have prevented the ratification and coming into effect of agreements with Belarus (signed in 1995) and with Turkmenistan (signed in 1998).

II.1.2. The European Neighbourhood Policy

The European Neighbourhood Policy (ENP) was adopted by the EU in 2004 on a basis of the Wider Europe concept, which in turn was formulated in 2002. The ENP provides a framework for bilateral cooperation between the EU and its southern and eastern neighbours. It covers countries whose potential EU membership has not so far been taken into consideration, namely Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. Its main objectives include the stabilisation of the EU's neighbourhood, preventing the emergence of new dividing lines in Europe, promoting European legal standards and values in neighbouring countries and establishing closer economic ties. The ENP's intention is to create an attractive offer and a new formula for contacts between the EU and those countries that are not expected to be offered membership prospects in the medium term.

Following two years of practical operations (2005-2006), the ENP underwent some changes. Proposals to strengthen it were announced by the European Commission in December 2006. The EC presented a document entitled *Strengthening European Neighbourhood Policy*⁷⁷ as well as a number of proposals (in so-called non-paper form). During the term of its EU presidency in 2007, Germany also presented an ENP Plus concept, which was not officially published⁷⁸.

The European Commission delivered a communication entitled *A Strong European Neighbourhood Policy*⁷⁹, on 5 December 2007. This stated that attention should principally be fo-

⁷⁶ For a detailed account of EU member countries heterogeneous policies towards the CIS region see a companion paper, Dura (2008a).

⁷⁷ Communication from the Commission to the Council and the European Parliament, "Strengthening European Neighbourhood Policy", Brussels, 4 December 2006, COM(2006) 726 final, http://ec.europa.eu/world/enp/pdf/com06_726_en.pdf.

⁷⁸ The concept was widely covered in the press. See e.g. Emerson et al. (2007).

⁷⁹ Communication from the Commission, 'A Strong European Neighbourhood Policy', Brussels, 5 December 2007, COM(2007) 774 final, http://ec.europa.eu/world/enp/pdf/com07_774_en.pdf.

cused on implementing the existing commitments. It emphasised the principle of differentiation, which means that relations with individual states will depend on their political situation, their level of ambition with regard to the EU, their reform agendas and their level of socio-economic development. It indicated the need for joint ownership and the sense that it would be possible to co-create a neighbourhood policy among the ENP partners. The key instrument in economic cooperation will be the so-called *deep free-trade area* agreements covering trade in goods and services, as well as harmonisation of the respective domestic legislation with EU *acquis* (in the long term, the EC provided for the possibility of establishing a Neighbourhood Economic Community between the EU and the countries covered by the ENP, which could be complemented with an institutional component). The Commission also suggested introducing some facilitation for the flow of people, including labour movements (so-called mobility partnerships). This would have to be combined with increased co-operation in the areas of internal security and combating organised crime and illegal migration. The Commission has also pointed out the need for the EU to become more strongly involved in conflict resolution in its neighbourhood.

On 18 February 2008, the Council of the European Union adopted its conclusions on the ENP⁸⁰. It emphasised above all the lack of a link between the ENP and membership. It determined a “deep and comprehensive free-trade area”, which would be open to all countries that had already joined the WTO. Strong emphasis was placed on the issue of people-to-people contacts and the need to ease visa regimes for ENP partners. The necessity to enter into agreements on small-scale cross-border traffic (within a 50-km zone on each side of a given border) with countries bordering the Schengen zone was raised. Developing regional co-operation as part of the ENP was supported.

Under the TACIS programme, the main EU aid instrument to CIS countries, €7.3 billion was transferred between 1991 and 2006. As of 1 January 2007, financial instruments were standardised and the European Neighbourhood and Partnership Instrument (ENPI), covering ENP partners and Russia, was introduced. Additionally, further financial instruments, such as the Governance Facility aimed at supporting key reforms in the most advanced countries and the Neighbourhood Investment Fund adding to the loans granted by international financial institutions, were launched.

II.2. The regional framework

II.2.1. Policy towards the Southern Caucasus

The Southern Caucasus states were admitted to the ENP in June 2004. A common and at the same time *distinguishing feature of the EU's offer to the Southern Caucasus states is the inclusion of the development aid component into the programmes addressed to this region. Country Strategy Papers* (CSP, a standard EU instrument that sets out the framework for using EU aid) were adopted for the period from 2007 to 2013 in cooperation with each individual state⁸¹. These were completed by *National Indicative Programmes* (NIP, instruments that provided details for the aid programmes for a given country), adopted for the period from 2007 to 2010. All the South Caucasus countries also participate in the European Instrument for Democracy and Human Rights (EIDHR), aimed at supporting democratisation projects, the rule of law and human rights.

The PCAs concluded with the Southern Caucasus states outline the following mechanisms of cooperation: the Cooperation Council (annual meetings); the Cooperation Committee; the Subcommittee for Trade, Economic and Legal Affairs; and the Committee of Parliamentary Cooperation. On 14 November 2006, the EU concluded 5-year Action Plans (instruments that specify the goals of cooperation of a given state with the EU) with all three countries.

In 2003, the EU *increased its involvement in the region* by appointing a Special Representative for the Southern Caucasus, whose mandate includes support for resolution of the conflicts in Karabakh, Abkhazia and South Ossetia.

⁸⁰ Council Conclusions on European Neighbourhood Policy, 2851st External Relations Council Meeting, Brussels, 18 February 2008, http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/gena/98790.pdf.

⁸¹ *Country Strategy Papers, National Indicative Programmes and Action Plans* for the South Caucasus states can be found here: http://ec.europa.eu/world/enp/documents_en.htm.

In relation to *Armenia*, the EU's priority is to support democratisation, human rights, socio-economic reforms, poverty alleviation and conflict resolution. According to the NIP, Armenia is to receive aid totalling €98 million in the period 2007-2010. The priorities of this programme include support for democratic institutions and good governance, assistance in implementing regulatory reforms, supporting the efficiency of administration and poverty alleviation.

The EU's priorities in *Azerbaijan* include support for democratisation, human rights, socio-economic reforms, poverty alleviation and conflict resolution. According to the NIP, Azerbaijan is to receive aid totalling €92 million during 2007-2010. The priorities of this programme include support for democratisation, the rule of law and basic freedoms; socio-economic reforms and the harmonisation of the Azeri legal system with EU standards; energy and transport. On 7 November 2007, the EU and Azerbaijan signed a Memorandum of Understanding, which was intended to set up partnership in the energy sphere. At the same time, the EU has emphasised the importance of 'proper' organisation of the 2008 presidential election, which is perceived as a test for Azerbaijan's democracy. Special attention will be given to freedom of the media.

As for *Georgia*, the EU's priorities provided in the Action Plan encompass support for democracy, the rule of law and human rights, socio-economic reforms, improvement of the investment climate, poverty alleviation, conflict resolution, internal security issues and regional cooperation. According to the NIP, Georgia is to receive aid totalling €120 million during 2007-2010. The priorities of this programme include support for democratisation and economic development, implementation of the Action Plan, support for social reforms and poverty alleviation and assistance in the peaceful resolution of internal conflicts. The EU's support addressed to the resolution of conflicts is mostly meant to improve the living conditions of Internally Displaced Persons (IDPs) from Abkhazia and South Ossetia. The European Commission is also an observer in the Joint Control Commission for South Ossetia, which is made up of representatives of Russia (including the province of North Ossetia), Georgia and South Ossetia.

Feasibility studies regarding deep free-trade area agreements with Georgia and Armenia were completed in 2008, whereupon the Council of the European Union may decide on initiating negotiations.

II.2.2. Strategy towards Central Asia

In relation to Central Asia, the EU is convinced that many of the specific problems can only be solved at the regional level and not by means of bilateral relations. This approach was implemented in June 2007 by adopting *The EU and Central Asia: Strategy for a New Partnership*⁸². The main objective outlined in the strategy was strengthening EU cooperation with the region. The strategy included the following points: setting up a regular dialogue at foreign ministerial level; starting up the 'European Education Initiative' aimed at supporting education systems in the region; creating the 'EU Initiative for the Rule of Law'; initiating a dialogue on human rights with each of the Central Asian countries; and carrying out a regular dialogue on energy issues.

The EU's involvement in the Central Asian region is based on recognition of several factors: the threats that may spread from the region (organised crime, drug trafficking, terrorism); the search for diversification of energy resource supplies and transit routes; the promotion of the Millennium Development Goals; the EU's geographical 'movement' towards Central Asia by including the Southern Caucasus in the ENP. In 2005, the EU appointed a Special Representative for Central Asia to boost cooperation with the region in the area of a Common Foreign and Security Policy. A significant aspect of the EU's involvement is its support for development and poverty alleviation (considerable funds have been earmarked for these purposes).

Apart from the initiatives mentioned, the European Commission has prepared the *EC Regional Strategy Paper for Central Asia 2007-2013* and a detailed *Central Asia Indicative Programme* for the period from 2007 to 2010⁸³. The funds, earmarked for accomplishing these objectives, amount to €719 million (for a six-year period) and will be transferred from the so-called *Development Cooperation Instrument* (a financial instrument, part of the EU's development aid, which was created

⁸² *The EU and Central Asia: Strategy for a New Partnership*, Council of the European Union, Document 10113/07, Brussels, 31 May 2007, http://consilium.europa.eu/uedocs/cms_data/librairie/PDF/EU_CtrlAsia_EN-RU.pdf.

⁸³ Both documents can be found here: http://ec.europa.eu/external_relations/ceeca/c_asia/.

in 2006). The priorities of the programmes mentioned include regional cooperation and friendly relations (30-35% of the budget), poverty alleviation and improving living standards (40-45%), and the promotion of good governance and economic reforms (20-25%). 70% of these funds will be earmarked for bilateral programmes.

In November 2006, the EU and *Kazakhstan* signed a Memorandum of Understanding on energy issues. The EU's support will be directed to priority spheres such as support for political, economic, legal and social reforms; infrastructure development and cooperation in the energy sector.

In the case of *Kyrgyzstan*, the EU's support will be concentrated on the development of rural areas and poverty alleviation, support for social, political and market reforms and legal regulations in the energy sector.

In *Tajikistan*, the EU's support will be concentrated on the development of rural areas and poverty alleviation, reforms in the agricultural sector, promotion of good governance and economic reforms.

In 2004, the EU resumed dialogue with *Turkmenistan* by setting up a Joint Committee. The priorities connected to the EU future support include economic, market and regulatory reforms (especially in the energy sector), promotion of civil society and the development of agriculture and rural areas.

The dialogue with *Uzbekistan* was halted in November 2005 (including the partial suspension of the PCA), following the Andijan massacre. In November 2007, having revised its previous policy, the EU decided to resume dialogue, as defined in the PCA. The priorities of the EU's future support include the promotion of human rights and democratisation, support for civil society, the rule of law, legal reforms and support for local development, including rural areas.

II.2.3. The Black Sea Synergy

The Black Sea Synergy, initiated in 2007 by the EU, is treated as a versatile way of supplementing other forms of bilateral cooperation between the EU and its Eastern neighbours⁸⁴. The Synergy was established following Romania's and Bulgaria's accession to the EU, due to the EU's increased interest in the region. Another multilateral forum for cooperation for the EU with the region is the Black Sea Economic Cooperation (BSEC). The Black Sea Synergy groups Armenia, Azerbaijan, Bulgaria, Greece, Georgia, Moldova, Russia, Romania, Turkey, Ukraine and the EU Troika. The Synergy surpasses the legal framework of the ENP, and the EU itself as such. To a certain extent, it could resemble the Northern Dimension project.

The first meeting of foreign ministers from the EU and the Black Sea states took place in Kyiv in February 2008. The participants adopted a joint statement, wherein they emphasised that the objective of the Synergy was to boost cooperation both within the region and between the region and the EU⁸⁵. Among the priorities of EU involvement they named the development of transport, energy and transit infrastructures.

II.3. Individual policies

II.3.1. Special partnership with Russia

Even though Russia formally remains outside the ENP framework, in the 2004 strategy it was *identified as a key EU partner in its immediate neighbourhood*. Cooperation with Russia was supposed to be based on the four 'common spaces' set up during the EU-Russia summit in St Petersburg in 2003: the Common Economic Space, the Common Space of Freedom, Security and Justice, the Common Space of Co-operation in the Field of External Security and the Common Space on Research, Education and Culture. The EU declared that it was ready to include some elements of the ENP in the strategic partnership with Russia, namely trans-border, regional and energy cooperation. Moreover, as of 1 January 2007, Russia has been included in the European Neighbour-

⁸⁴ Communication from the Commission to the Council and the European Parliament, 'Black Sea Synergy – a new regional cooperation initiative', Brussels, COM(2007) 160 final, 11 April 2007, http://ec.europa.eu/world/enp/pdf/com07_160_en.pdf.

⁸⁵ "A Joint Statement by the Ministers of Foreign Affairs of the countries of the European Union and of the wider Black Sea area", Kyiv, 14 February 2008, http://ec.europa.eu/external_relations/blacksea/doc/-joint_statement_blacksea_en.pdf.

hood and Partnership Instrument (ENPI), which is the main instrument the EU uses for financing its neighbourhood policy.

The main instrument for regulating the EU-Russian strategic partnership remains the *Partnership and Cooperation Agreement*. On 1 December 2007, the 10-year period of PCA's operation expired, but was automatically prolonged for another year (the treaty is being prolonged provided that neither of the parties revokes it within six months). The framework set up by the PCA is supplemented by common spaces; the sector agreements that regulate different spheres of cooperation; the Energy Dialogue, initiated in 2000; and institutionalised political dialogue. The regional dimension of EU-Russia cooperation is based on the so-called Northern Dimension. Political dialogue has been institutionalised using the following instruments: summits twice a year; the Permanent Partnership Council at the ministerial level; consultations on human rights issues (as of 2004); meetings between the EU 'troika' with the Russian minister of foreign affairs; dialogue on external security (meetings with the Political and Security Committee 'troika'); meetings at the level of officials and experts.

The main field of cooperation relates to the four *common spaces*. In May 2005, during the EU-Russia summit, the parties adopted so-called Road Maps, aimed at putting the common spaces into practice⁸⁶. The package was composed of four documents, which included bilateral political commitments, albeit without being legally binding. These Maps identified the spheres of EU-Russian cooperation, generally defined its objectives and principles and indicated the directions of future activity (the documents included *specification* of the spheres of common activity, but did not set any time limits on their *implementation*). Even though the nature of the Road Maps formally suggests that the parties will mutually agree (itself meant to emphasise the partners' equality) on common regulations, the EU actually expects Russia to adapt itself to European standards. However, this adaptation only concerns selected fields and has not brought with it any detailed commitments yet. These documents do not 'condition' the EU's approach to Russia (in other words, making support or closer cooperation dependent on Russia's progress in the implementation of the regulations adopted). The Road Maps are less ambitious than the analogous Action Plans concluded with other states within the ENP framework; they seem less likely to be implemented quickly and do not make the path of further cooperation framework clearer. A positive aspect of the Road Maps is the ongoing process of the de facto acceptance of certain European standards by Russian legislation, especially in the sphere of customs and industrial production, while a political discussion on Russia's acceptance of the *acquis* is in progress.

The main achievements of the common spaces have included signing agreements on readmission and visa facilitation; initial agreements on fees on Siberia flights, on cooperation of the European Border Security Service (Frontex) with the Russian border guard authorities; on the extension of the PCA to include Romania and Bulgaria; on the opening of the European Institute in Moscow; on setting up Europol's contact points, and on enhancing communication in the sphere of crisis management.

In the European Commission's documents intended to back up the ENP Russia has lost its distinguished position, as compared to 2004. It is mentioned only twice – as a country that should be involved in closer cooperation in the prevention of conflicts and supporting stability in Eastern Europe and the Southern Caucasus, and in the context of cooperation and stabilisation processes in the Black Sea region.

During the Helsinki summit in November 2006, the parties agreed to *extend already existing initiative of regional cooperation, the Northern Dimension*, which encompasses the EU, Russia, Norway and Iceland. The Northern Dimension Policy Framework Document and a Political Declaration were signed⁸⁷. The Northern Dimension is designed to boost cooperation between European countries and Russia's northwest regions (including the Kaliningrad oblast) in those areas that do not raise political controversy.

The EU is still trying to work out a new legal framework for its relations with Russia (the so-called PCA-2). The EU wants to sign a comprehensive agreement that would be legally binding for both parties and would precisely define the commitments of both parties and how to accomplish them. This agreement is intended to include the following fields: trade issues, terms of cooperation in the energy sphere and human rights (although the latter issue was not made a priority).

⁸⁶ The documents can be found here: http://ec.europa.eu/external_relations/russia/summit_05_05/.

⁸⁷ The texts of both documents can be found at http://ec.europa.eu/external_relations/north_dim/index.htm.

There is some readiness on the side of the EU to develop new forms of cooperation, such as the adoption of a free trade area (although this will require Russia's membership in the WTO), and in the longer term, a visa-free regime as well.

II.3.2. Ukraine

The EU has declared that in relation to Ukraine it is ready to proceed from cooperation to gradual economic integration and deepened political cooperation. The EU is using the idea of '*privileged relations*' to describe the formula for its relations with Ukraine.

The main forms of cooperation stated in the PCA include EU-Ukraine summits, with the participation of the President of Ukraine (twice a year); the Cooperation Committee, with the participation of the Prime Minister; the Cooperation Council at ministerial level; the Parliamentary Cooperation Committee; and regular consultations between Ukraine and the EU Troika. According to the Ukrainian Ministry of Foreign Affairs, eighty official meetings and consultations in different formats take place every year. Within the Committee are sector subcommittees for trade and investments, for finance, economy and statistics, for transport, energy, environment, training and technologies, for customs, trans-border cooperation, fighting illegal immigration, money laundering and drug trafficking.

The PCA set out the priorities in EU-Ukraine cooperation: energy cooperation, trade and investments, legal and domestic affairs, harmonising Ukrainian legislation with EU standards, environment protection, transport, trans-border cooperation, scientific and technical cooperation and space research.

The EU-Ukraine Action Plan was signed on 21 February 2005⁸⁸. On 18 June 2007, Brussels approved the revised EU-Ukraine Action Plan on Freedom, Security and Justice.

On 5 March 2007, the EU and Ukraine started negotiations on a new post-PCA treaty, described as a '*new enhanced agreement*', and a year later on the *deep free-trade area*, since Ukraine was in the latter stages of its accession to the WTO. In 2007, the EU initiated negotiations with Ukraine on a Protocol defining Kyiv's participation in the EU's programmes and agendas. The first allocation of funds under the *Governance Facility* was transferred to Ukraine in 2007. The EU-Ukraine Action Plan of 2005 expired in early 2008. The EU suggested prolonging the agreement for another year without changing its contents, which was considered the most pragmatic option.

As far as Ukraine is concerned, the character of the New Enhanced Agreement currently being negotiated with the EU is the crucial question. The treaty is intended to include agreement on a deep free-trade area, which would provide for the liberalisation of both trade and services. In the sphere of transport, the new agreement on air transportation is under preparation. The New Enhanced Agreement may possibly to some extent resemble the association agreements concluded with the Central European countries during the 1990s, however it may leave aside the issue of clear EU membership prospects.

The EU is ready to expand its cooperation with Ukraine in the external security sphere as well, which would oblige Ukraine to adopt the Common Foreign and Security Policy declaration and send its troops on EU missions.

The EU is trying to stimulate harmonising Ukrainian legislation with European standards, further economic cooperation and making Ukraine more stable internally. In the political dimension, the EU is not ready to offer Ukraine more than '*privileged relations*'. The EU-Ukraine agreement will likely be experimental; it might include issues concerning all the three EU pillars (covering also co-operation in the CFSP area and the JHA), and also have an institutional component.

II.3.3. Moldova

The EU-Moldova Action Plan was signed on 22 February 2005⁸⁹. It expired in early 2008, but the EU has suggested prolonging it for another year, as in the case of Ukraine. The priorities defined in the Action Plan include the strengthening of Moldova's administrative and judicial capacity;

⁸⁸ See the EU-Ukraine Action Plan, http://ec.europa.eu/world/enp/pdf/action_plans/ukraine_enp_ap_final_en.pdf.

⁸⁹ See the EU-Moldova Action Plan, http://ec.europa.eu/world/enp/pdf/action_plans/moldova_enp_ap_final_en.pdf.

guaranteeing the freedom of speech and of the media; a permanent resolution to the Transnistrian conflict; and combating trans-national crime. The main forum of cooperation is the annual Cooperation Council.

In its December 2007 communiqué, the European Commission suggested the introduction of autonomous trade preferences for Moldova, which would lead to lifting of the customs tariffs on industrial products and some tariffs on agricultural products.

The EU has maintained its involvement in resolving the Transnistrian conflict. In 2003, the EU appointed a Special Representative for Moldova and imposed a visa ban on leaders of the separatist Transnistria province. In 2005, the EU established a Border Assistance Mission to Moldova and Ukraine in order to reduce the illegal traffic of persons and goods. Two years later, the mission was further prolonged. The EU also remains an observer in the 5+2 process.

II.3.4. Belarus

At the moment, Belarus remains in a state of semi-isolation in relation to the EU. In response to violations of political rights during the presidential election in April 2006, the EU imposed sanctions, including a visa ban on Alyaksandr Lukashenka and his inner circle, and freezing their economic assets in Europe. By supporting the independent Belarusian media, the EU is also trying to provide unbiased information to Belarusian society. The EU also provides financial support to reduce the consequences of the Chernobyl catastrophe and to combat trans-border crime. Other spheres financially supported by the EU include the Belarusian NGO sector and scholarships (especially for students expelled from high schools for political reasons). *Even though Belarus receives this support, it in fact remains outside the ENP framework.*

On 21 November 2006, the EU offered to change its policy towards Belarus. Minsk was offered inclusion in the ENP, on condition that Belarus initiated fundamental political and economic reforms⁹⁰. Minsk should in this respect start by ratifying the PCA signed in 1995. For its part, the EU offered a visa facilitation agreement; extension of trans-border cooperation; support for the development of entrepreneurship, especially in the sphere of SME; support for the development of infrastructure and environmental protection; extension of the scholarship programme; resuming dialogue with the Belarusian authorities; opening the EU market to Belarusian companies, especially from the textile sector; increasing financial support. The main condition Belarus has to fulfil is to join the twelve-step democratisation programme, which includes democratic elections, respecting freedom of speech and other freedoms and civil rights, releasing political prisoners, etc.

A representative of the Belarusian government was invited to the conference on the ENP in 2007. Another sign of a 'new quality' in relations between the EU and Belarus was the latter's consent to open a European Commission office in Minsk (the relevant agreement was signed on 7 March 2008).

II.4. Sectoral policy

In EU-CIS relations, energy policy is becoming increasingly important. The EU has signed Memoranda of Understanding with Azerbaijan, Kazakhstan and Ukraine concerning energy cooperation. In 2008, the EU is organising a meeting at ministerial level as part of the *Baku Process*. This process, initiated in 2004, groups the states of Central Asia, the Caspian Sea and the Black Sea basin. The meeting is intended to boost cooperation in the field of energy security and integration of the EU's eastern neighbours' energy markets. Within the Baku Process, four working groups have been established.

Another aspect of the EU's offer in the energy field is issuing an invitation to Ukraine and Moldova to join the European Energy Community (which was established in 2005 in order to unite the European gas and electricity markets with those of the Western Balkans; the Community also includes Turkey and Norway).

Another crucial sectoral policy concerns transport. The EU perceives the CIS states, especially the South Caucasus and Central Asian states, as an important transport corridor uniting Europe with East and South Asia. The two important projects, set up in the 1990s and targeted at the CIS

⁹⁰ See the non-paper 'What the European Union Could Bring to Belarus', 21 November 2006, http://ec.europa.eu/external_relations/belarus/intro/non_paper_1106.pdf.

states, are the INOGATE initiative (Interstate Oil and Gas Transport to Europe) and TRACECA (Transport Corridor Europe-Caucasus-Asia). INOGATE's objective is to boost the regional integration of the pipeline system and facilitate transportation of oil and gas into European markets. The aim of TRACECA is to create transport corridors, boost the integration of local markets and develop infrastructure. However, despite formal support for the aforementioned projects, their implementation remains at the initial stage and the funds allotted for the project remain rather scarce.

Part III: Summary – the EU and Its Eastern Partners in Search of a Cooperation Formula

The key characteristics of the CIS countries' (eastern partners) interests, as presented above, on the one hand, and the offer addressed to them by the EU, on the other, raise questions about the extent to which EU policy meets the partners' needs and also about the prospects for mutual relations and possible ways of overcoming impediments to their development.

III.1. The eastern partners' interests vs. EU policy

Successive enlargements of the European Union eastwards in 2004 and 2007 caused a real geopolitical revolution in the eastern part of the European continent. On one hand, they brought many CIS countries geographically closer to the EU area, giving rise to the emergence of the EU's present eastern neighbourhood in the geopolitical sense. The former stimulated the EU to embark upon a neighbourhood policy in 2003, which evolved into the ENP in 2004, and develop a special partnership with Russia, while the latter led it to initiate the Black Sea Synergy (in 2007) as part of the ENP's regional dimension. On the other hand, EU enlargements encouraged some of the eastern partners (especially Ukraine, Moldova and Georgia) to intensify their efforts to strengthen ties with the EU in the hope of future membership. This also had some negative consequences for the countries in the CIS area, the most palpable of which was the introduction (in 2003) and the subsequent tightening (in 2007) of the visa regime by the new EU member states.

The analysis carried out in this study has shown that the EU-related interests of the CIS countries are very heterogeneous. The countries differ not only in terms of the geopolitical and geo-economic situations affecting their relations with the EU, but also in their levels of ambition in relation to the EU and their specific sectoral interests. It is extremely difficult to indicate a common denominator for such interests. It would have to be very general, such as the will to develop political dialogue and economic cooperation, and to use EU funds for the implementation of concrete projects. Some eastern partners have set full EU membership as their strategic goal; others want to enjoy the benefits of the common free market, while the ambitions of others are still limited to developing cooperation in selected areas. This is a consequence of both objective factors (such as differences in economic and political potential, levels of development, distance from the EU border, geographical location, initial conditions after the collapse of the USSR, etc.) and subjective ones (different external relations including with Russia and other countries in the CIS area, approaches to the Soviet legacy and the reform processes in the political, social and economic fields, and personal relations between individual leaders of the countries in the area).

Similarly, EU policy towards its eastern neighbourhood is multi-level and very diverse, given that it must take into consideration the different characters of mutual relations. Nevertheless, the European Neighbourhood Policy, the EU's special relations with Russia and the policy it has adopted towards Central Asia do have some common objectives. These are, first of all, encouraging and supporting reforms aimed at bringing the countries closer to the EU political and economic model, as well as supporting political, economic and security cooperation in order to expand the area of stability and relative welfare in the EU's neighbourhood. To those European CIS countries whose reform processes and cooperation with the EU are the most advanced, the EU offers an opportunity to participate in the common EU market and political cooperation within the European space, although this is a somewhat vague perspective as yet.

In its offer, the EU is aiming to meet the diversified expectations of its Eastern partners half-way. Sometimes the interests of the parties diverge. However, a general answer to the question of whether EU policy and the needs of the Eastern partners coincide is impossible. The question can only be answered by analysing individual cases. Nevertheless, it is still worth paying attention to the clear similarities of interests between the CIS countries and the EU on the one hand, and to the challenges and problems in mutual relations on the other.

III.2. The common interests

The more general the level of analysis, the more noticeable the similarities of the interests between the Eastern partners and the EU are. Therefore, a wide range of areas where both sides are interested in intensifying dialogue and cooperation can be highlighted.

Both individual CIS countries and the EU want a *continuation of political dialogue and the development of its instruments*, whatever their various motivations are. This has been shown especially by the efforts of most of the countries (see part I) to conclude the new framework agreements with the EU, as well as the activity of EU institutions and selected member states in formulating offers addressed to the Eastern partners.

Belarus is a special case, however. This European country, located in the immediate neighbourhood of the EU, has not been able to establish full-scale political relations with the EU in the ENP framework. This is a consequence of the EU's decision to limit co-operation with Minsk, because the Belarusian regime's internal policy continues to violate key European standards and values and has not responded to the EU's repeated incentives to change this situation.

Practically all countries in the CIS area are interested in *using EU funds*, and some in using technical assistance in the implementation of various projects (especially in the socio-economic area), and sometimes in other fields too (such as construction and improving efficiency of state institutions or security). Moreover, the EU is increasingly conscious of the need to respond positively to the Eastern partners' appeals to *liberalise the movement of people*.

Both sides aim to lift barriers to *economic cooperation*, especially in *trade*. Some countries in the CIS area have already met the criteria to enable talks to start with the EU on creating a free trade area, and some can reasonably hope for limited economic integration with the EU through the application of the new formula for a comprehensive and deep free trade area. The two sides' intentions also include trade in services, and in the future may also include labour mobility. Practically all the countries in the CIS area are interested in attracting investments from EU member states. This has been facilitated through gradual improvements in the investment climate in some countries. Some Eastern partners have already generated sufficient potential that will soon enable them to substantially increase export of capital to the EU market.

The *energy (oil and gas)* sector is a special area of cooperation. The policies adopted by individual CIS countries depend on their energy resource endowments, the role they play in the international oil and gas markets and access to transit infrastructure. Practically all the Eastern partners are interested in receiving support in investments in the energy infrastructure as well as acquiring technical knowledge (such as that concerning energy saving, for example) from the EU and individual EU member states. Some CIS countries have the ambition to become, or remain, either major suppliers of oil and gas to the European market, or significant transit countries. This partly converges with the interest of the EU and its member states, which want to invest in the energy sectors of those countries with the intention of generating profits, improving the security of supplies and diversifying their supply sources.

Both the Eastern partners and the EU are generally willing to enhance *cooperation on selected security issues*. This includes such tasks as combating terrorism, organised crime and drug and people trafficking, as well as supporting actions and investments to improve the security of their borders and to control immigration from third countries (mainly from Asia). Practically all the Eastern partners are interested in a dialogue on security issues, and some are ready to support the EU's efforts in military and police operations, not only politically but also operationally. On the other hand, a significant group of CIS countries supports the EU (albeit cautiously) in its desire to increase its role in conflict resolution in their territories. Another area of practical cooperation that has not been fully explored is civil emergency services (some CIS countries have capacities and experience in this field).

This brief overview supports the conclusion that *the EU and most of its Eastern partners have a sufficiently number of common or converging interests to expect reasonable cooperation between the two sides to develop and deepen*. However, there are serious challenges and problems, which may prevent this positive scenario from being materialised.

III.3. Challenges and major problems in mutual relations

III.3.1. The EU's main dilemmas

The obvious challenge is to match the Eastern partners' interests and expectations with the interests and possibilities of the EU itself. Considering the diversity among the Eastern partners, this can be divided into several detailed policy problems.

In the case of *countries covered by the European Neighbourhood Policy*, the EU's main challenge is to formulate a sufficiently attractive offer to the partners to encourage them to undertake and sustain efforts to implement political and economic reforms that would bring these countries as close as possible to European standards, in a situation where the EU does not have the political will to offer them clear and concrete prospects for future membership.

In the case of *Russia*, the main challenge is to create a model of relations that would enable Russia, if it wishes, to constructively join the common European space (which in practice would require revising Moscow's present European policy, a 're-Europeanisation'), but also to prevent a situation where there is an asymmetry of benefits in its relations with the EU and its member states (as in energy cooperation).

In the case of *the Central Asian countries*, the main challenge is to reconcile the EU's desire to develop cooperation in the field of energy, which is beneficial for the EU, with protecting and promoting basic European principles and values, including those related to democracy and human rights.

Moreover, the nature of relations between the EU and some Eastern partners is adversely affected by specific problems, some of which are caused by the partners and some by the EU. Such problems are outlined below.

III.3.2. Problems caused by the Eastern partners

Unrealistic or undefined expectations. Some countries in the CIS area (see part I) insist on the EU formulating a clear, or more preferably a precisely scheduled plan, for their future EU membership (in the not-too-distant future), disregarding both the situation inside the EU and their own progress (usually limited) in carrying out the necessary reforms. Some want the EU to accept asymmetric relations in the energy sector and some expect financial support from the EU without any political commitments. Some CIS countries have not presented a clear vision of their relations with the EU, which makes it difficult to see exactly what aims they are pursuing.

Using relations with the EU for political advantage. Many governments and political groups in the CIS area play on developing their relations with the EU, using them either domestically (to increase their legitimacy or for purposes of internal political competition, including election campaigns) or in foreign relations (to strengthen their position vis-à-vis their neighbours or important partners and to gain advantage over their rivals in the region), without considering relations with the EU as an autonomous policy goal.

Reluctance to pursue deeper reforms. Another problem is that many CIS countries have either limited their policy of adjusting to European standards to mere declarations (which means poor practical implementation and problems with carrying out the previously agreed legal and institutional changes), or at times – in the political sphere – have even rejected the very idea of adjustment and have instead pursued their own, 'country specific' values. The latter practice is often used in some countries to justify the existence of undemocratic regimes and policies which violate human rights.

The passive approach. The majority of the Eastern partners have adopted a reactive policy towards the EU: they merely respond (or not) to the EU's initiatives and do not initiate any of their own. They neither present their own ideas nor propose any possible solutions to existing problems. This is accompanied by their approach as passive recipients of EU aid, which gives rise to asymmetry in mutual relations.

Malfunctioning administrations. Even if the political will for reform and cooperation with the EU exists, efficient implementation and activity is hampered in many CIS countries due to malfunctioning state administrations, including poor organisational cultures, post-Soviet institutional relics and widespread corruption and nepotism.

III.3.3. Problems caused by the EU

Lack of consensus. The fundamental problem linked to implementing some of the initiatives emerging from the EU is the lack of consensus between member states. Some countries have a limited interest in developing relations between the EU and the Eastern partners and some even

believe that initiatives in this field compete with their own interests and political ideas⁹¹. One problem is the partly real and partly artificially generated rivalry between the Southern and Eastern dimensions of the ENP.

Low ambition and feeble imagination. The aforementioned lack of consensus in practice does not help to the formulation of visionary, far-reaching ideas for relations with the Eastern partners. The EU does not have a clear, focused vision of a target model of relations with them. Sometimes initiatives are limited, hampered or torpedoed, even if such behaviour harms the EU's obvious long-term interests⁹². As a result, the EU has the habit of making vague and overly cautious proposals, which are insufficient to fully meet the existing needs and challenges.

Enlargement fatigue. A factor fundamentally affecting policy towards the Eastern partners, especially the ENP's most active participants, is the sense of 'enlargement fatigue' present in the EU. The governments of some EU member states, often under pressure from their societies (most of whom are not always fully aware of the positive consequences of the EU enlargement process), are very reluctant to offer membership prospects to more countries⁹³. Sometimes this is merely a pretext resulting from a general vision of EU integration supported by individual governments.

Reluctance towards further institutionalisation and shortages of funds. Some EU member states, especially those which are geographically most distant from the EU's Eastern borders, as well as those which are the biggest net contributors to the EU budget, are very unwilling to establish new institutions dealing with the Eastern partners or enhance such relations, even if the real needs of co-operation require it. This is closely linked to a reluctance to increase spending on the ENP and other policies addressed to the Eastern partners. Both the level of funding and the distribution of funds already allocated have caused controversy⁹⁴.

The virtual and declarative approach. Several EU objectives and policies have a purely declarative character. There is the tendency to be satisfied with documents or institutional solutions, without taking due care to implement them effectively. The desire to achieve political and propaganda successes in relations with some Eastern partners, or to take the credit for interesting initiatives, has sometimes caused a 'virtualisation' of cooperation, where real progress substantially differs from what had been formally declared. In some cases, dialogue is the goal *per se*, even if it fails to yield any concrete results.

III.4. Conclusions for the EU's policy

Given the facts mentioned above, questions can be raised about the adequacy of the EU's policy, which are based on matching the interests of the Eastern partners and the EU itself and which, at least in part, would meet the partners' expectations on the one hand, and address the challenges and problems linked to mutual relations on the other. This section proposes some recommendations that could help to achieve this objective.

III.4.1. The general principles

It is vital to emphasise some of the principles that should guide EU policy towards the Eastern partners in order to achieve maximum efficiency. These are listed below.

⁹¹ One of the examples was the stance taken by France, which insisted that the German proposal in 2006 to strengthen the Eastern dimension of the ENP should be extended to cover all the ENP countries. However, in 2007 France came up with the proposal for establishing a Mediterranean Union and in 2008 it supported a Polish-Swedish proposal for an Eastern Partnership.

⁹² For example, in 2007 France torpedoed the initiative to lower visa prices for the ENP Eastern partners in connection with the expansion of the Schengen zone.

⁹³ Such sentiments appear to be strongest in Luxembourg, Germany and Austria. According to Eurobarometer polls in Spring 2006, opposition to future membership of the individual Balkan states and Turkey in the EU (even if they comply with all conditions) varied between 47% and 69% in Luxembourg, between 52% and 69% in Germany, and 59% and 81% in Austria. 'Special Eurobarometer 255 / Wave 65.2. Attitudes towards European Union Enlargement', Brussels July 2006, http://ec.europa.eu/public_opinion/archives/ebs/ebs_255_en.pdf.

⁹⁴ Some criticised the fact that more than two-thirds of the funds allocated for the ENP have been offered to partners in the Southern Mediterranean region; others pointed out that the number of Southern ENP partners is bigger than the Eastern partners and that Southern countries are more populous and represent a lower level of development, on average.

Differentiation. As clearly illustrated in this analysis, there are major differences between the individual countries in the CIS area. Therefore, regardless of the existence of various collective frameworks and instruments, which are necessary and reasonable, the EU's policy should be based on an evaluation of the approach, situation, needs and progress in the reform processes and co-operation of each partner state with the EU. Individualised partnerships should be at the core of relations between these countries and the EU⁹⁵. Therefore, EU policy should avoid artificial linkages between relations with different partners (i.e. making the developing of relations with one of them dependent on relations with the other partners). Obviously, this does not mean that the EU should give up supporting horizontal (including regional) cooperation between partners. At subsequent levels, the differentiation of groups of partners should be based not only on their geographical location but also their level of ambition and the advancement of their relations with the EU. This kind of approach should especially be adopted towards the Eastern partners.

The open door. The EU should reaffirm its commitment to being open to accepting new members, democratic European countries that are ready to accept and implement the EU *acquis*; this was particularly emphasised in article 49 of the EU Treaty. This does not mean the automatic accession of the new countries, even if they meet the Copenhagen criteria. However, neither can this mean that Article 49 will remain in practise frozen. If this becomes the case, new permanent dividing lines will appear in Europe and the essential goals of EU policy will be undermined, which would in turn contribute to destabilisation and weakening of European standards in the Eastern neighbourhood, generating various threats to the EU. Therefore, it is vital to maintain and strengthen the open-ended character of the ENP addressed towards Eastern neighbours. The ENP is not formally a path towards EU membership. However, it should be an instrument that could be used efficiently to prepare the most advanced partners in such a way as to enable them to apply for EU membership in the future.

Joint ownership. The EU should allow the Eastern partners to participate, to a maximum extent, in co-determination of their relations with the EU. This could be facilitated by participation of the most advanced partners in the key EU agencies and programmes⁹⁶ and, to some extent, in shaping EU decisions on issues which directly pertain to them. The EU should be more open to proposals from the advanced Eastern partners (i.e. those countries that are ready and able to take joint constructive actions with EU member states). However, the partners will have to improve the efficiency of their public administrations to be able to make use of such possibilities.

Complementarity. EU policy is not conducted in a vacuum. Its success depends on its adequate harmonisation with the policies of other European and regional structures, especially NATO, the OSCE, the Council of Europe and the Council of the Baltic Sea States, to be able to implement common or similar goals, with the purpose of achieving synergy. Therefore, it is worth making policy towards the Eastern partners a subject of regular dialogue between the EU and other organisations and major players (such as NATO and the US).

Focus on implementation. In addition to devising concepts, preparing documents and concluding agreements with the Eastern partners, processes which have been especially intensive over recent years, the EU should place stronger emphasis on constant monitoring and enforcing of mutual commitments. Implementation should become the key criterion in the evaluation and decision-making processes of the EU's policy towards the Eastern partners.

Limited conditionality. The EU should continue differentiation of requirements addressed to individual partners, adhering to the principle of 'the greater the ambitions, the higher the requirements.' Additionally, it is natural to have different approaches to European countries (which have made certain legal and political commitments) and to non-European countries (where the scope of such commitments is narrower and cultural specifics need to be taken into account). At the same

⁹⁵ The principle of differentiation was strongly emphasised by the European Commission in its communications as of 5 December 2007. Cf. Communication from the Commission: 'A Strong European Neighbourhood Policy', Brussels, 5 December 2007, COM (2007) 774 final, http://ec.europa.eu/world/enp/pdf/com07_774_en.pdf.

⁹⁶ Such proposals were presented by the European Commission in its communication of 4 December 2006. Cf. Communication from the Commission to the Council and to the European Parliament on the general approach to enable ENP partner countries to participate in Community agencies and Community programmes. Brussels, 4 December 2006. COM (2006) 724 final, http://ec.europa.eu/world/enp/pdf/com06_724_en.pdf. Negotiations with Ukraine on a protocol concerning this issue started in the second half of 2007.

time, the EU should diversify its offer addressed to the Eastern partners in respect to the level of political dialogue and institutional development, depending on their compliance with democratic principles and standards (including human rights). However, such conditionality may be limited – or sometimes even abandoned – as part of selective pragmatic cooperation with individual partners (for example, Central Asian countries) in such areas as energy or security issues.

III.4.2. Selected recommendations

Considering the above analysis, we would like to recommend the following EU policy approach in respect to its Eastern partners.

Systematising the Partnerships. The previous structure of EU arrangements with the Eastern partners could be somewhat amended, mainly by developing a separate identity for the Eastern dimension of the ENP and distinguishing a special status for Ukraine. Consequently, the structure of the Partnership would be as follows:

An *Enhanced European Neighbourhood Policy (EENP)*⁹⁷ would continue to be the main EU policy framework in its relations with the EU's immediate geographical neighbours, offering institutional (Action Plans, etc.) and financial (ENPI, etc.) frameworks. The EENP would be divided (not formally but *de facto*) into two natural dimensions, the *Southern Partnership* (Southern Mediterranean Partners) and the *Eastern Partnership* (ENP Eastern partners). The latter would not yet be institutionalised (no permanent institutions). Its existence would consist mainly in emphasising the different situations and prospects of the participating countries, prioritising tasks and managing the flow of funds.

The Eastern Partnership would include a *special, associated status for Ukraine* (a new agreement on association with some form of a membership perspective, DFTA with regulatory convergence, etc.); *deepened individual dialogues with Moldova and Georgia* (the European Neighbourhood Agreement, DFTA, etc.); possible future *individual dialogue with Belarus* and *individual dialogues with Armenia and Azerbaijan*. The Eastern partnership would function in parallel (partly linked through institutions like the ENPI) with the *special dialogue with Russia*, based on the previous (Road Maps and other institutions) and future (PCA 2, sectoral agreements, FTA, etc.) institutional arrangements, as well as *institutional dialogues with the five Central Asian countries* (and possible special dialogue with Kazakhstan in the future) as part of a *Central Asia Partnership*⁹⁸ (a limited institutionalisation of which would be worth considering; a FTA offer may be considered for the WTO member states in the region). The *Northern Dimension and the Black Sea Synergy*, with the participation of selected non-EU and non-ENP countries, would remain supplementary regional dimensions of the Eastern partnership. However, bilateral relations of individual countries with the EU would be the most important.

Multistage integration. It will be necessary to make the division between member and non-member states less distinct by introducing certain multistage integrations. This would make it possible to positively respond to the realistic aspirations of the most advanced Eastern partners, while still being able to withhold a political decision on any further enlargement of the EU. One method could be to create a multi-level system of partnerships and individual dialogues (see above) that would offer various levels of access to participation in the EU's policies and selected institutions. This participation would be made conditional on an adequate level of the regulatory adjustment/convergence between individual partners and the EU (i.e. adopting and implementing a sufficient part of the *acquis* by selected partners).

Addressing a meaningful offer to the advanced. In order to put the aforementioned mechanism into operation, create strong incentives to reforms and harmonisation with the EU *acquis*, it is necessary to supplement the initiatives of the EU with more specific content, which would meet the partners' expectations.

⁹⁷ Referring to the changes made in the ENP pursuant to the proposals of the European Commission stated in the Communication of 4 December 2006. Cf. Communication to the European Parliament and the Council on Strengthening the ENP. Com (2006) 726 final, http://ec.europa.eu/world/enp/pdf/com06_726_en.pdf.

⁹⁸ The EU made its first step in this direction on 31 May 2007, by adopting the strategy of relations between the EU and Central Asia at the initiative of the German presidency. Cf. 'The EU and Central Asia: Strategy for a New Partnership', Council of the European Union, Document 10113/07, Brussels, 31 May 2007, http://consilium.europa.eu/uedocs/cms_data/librairie/PDF/EU_CtrlAsia_EN-RU.pdf.

In particular, it seems desirable to concretise the European Commission's offer of a future *European Neighbourhood Community* (ENC)⁹⁹, the name of which should be reconsidered (the name 'Common European Area' might be better). It seems that, pursuant to the original idea of a Wider Europe, it should enable its participants to enjoy the four freedoms of the common market (the free movement of goods, services, capital and labour), with possible temporary exclusions, provide for common institutions and enable the partners to participate in some EU decisions.

Another important element of the EU's offer that has to be presented in more detail is the *comprehensive deep free trade area*, which was originally intended to be a phase on the way towards a future ENC.¹⁰⁰ It should have the widest possible range (including regulatory convergence linked with the access to the EU internal market).

Facilitation of the movement of people, including visa facilitation is an important element of the EU policy from the partners' point of view¹⁰¹. The EU should take more determined steps to offer visa easing to the largest possible group of Eastern partners (including, most definitively, lower visa prices and simplified procedures for granting visas), and subsequently introduce visa-free regimes with those countries that are most advanced in co-operation (especially in terms of migration control). This is vital for increasing the positive impact of the EU in the internal situations of individual countries in the CIS area and for supporting European standards.

This is linked to another element of the EU's offer that is essential for many Eastern partners, i.e. *mobility partnerships*¹⁰². On the one hand, this could provide a response to growing demand for labour in selected economic sectors in many EU member states, and on the other it could contribute to civilising, legalising and controlling the migration of people (including labour) from the CIS area. However, the EU offer in this field will have to be enhanced. It seems reasonable to support the conclusion of bilateral and multilateral agreements to regulate access to labour markets between individual EU member states and CIS countries as a phase on the path towards a real free movement of labour, to be achieved at a later stage.

Finally, the offer for selected countries from the CIS area to participate in the *Energy Community*¹⁰³ has to be made more precise. This should entail not only partners' acceptance of EU law and principles in the energy field, but also engagement by the EU and individual member states in supporting development of partners' energy infrastructure and, potentially, their production capacity.

Adopt more flexible funding mechanisms. The limited funds allocated for Eastern partnerships, along with the unwillingness of many EU member states to increase it in the future would call for the adoption of more flexible funding mechanisms. This includes, above all, a broader usage of funds not coming from the EU budget but from European financial institutions (such as the EBRD and EIB), and encourage member and partner states to finance/co-finance the implementation of

⁹⁹ The offer was presented in non-paper form by the European Commission on 4 December 2006. Cf. Non-paper. 'Expanding the proposals contained in the Communication to the European Parliament and the Council on Strengthening the ENP'. Com (2006) 726 final of 4 December 2006. 'ENP – a path towards further economic integration', http://ec.europa.eu/world/enp/pdf/non-paper_economic-integration_en.pdf.

¹⁰⁰ Pursuant to the concept presented by the European Commission in non-paper form on 4 December 2006. Cf. Non-paper. 'Expanding the proposals contained in the Communication to the European Parliament and the Council on Strengthening the ENP.' Com (2006) 726 final of 4 December 2006. 'ENP – a path towards further economic integration', http://ec.europa.eu/world/enp/pdf/non-paper_economic-integration_en.pdf. DFTA negotiations with Ukraine were set in motion in February 2008. The talks are at a very early stage.

¹⁰¹ The European Commission presented cautious proposals in this field in its communication on 5 December 2007. Cf. Communication from the Commission: 'A Strong European Neighbourhood Policy', Brussels, 5 December 2007, COM (2007) 774 final, http://ec.europa.eu/world/enp/pdf/com07_774_en.pdf. It was supplemented in January 2008 by the Commission's non-paper on visa facilitation. Cf. Non-paper. 'Expanding on the proposals contained in the communication to the European Parliament and the Council on Strengthening the ENP' – COM (2006) 726 final of 4 December 2006, http://ec.europa.eu/world/enp/pdf/non_paper_visa_facilitation_en.pdf.

¹⁰² The offer was formulated more extensively in a document from the European Commission of 16 May 2007. Cf. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: 'On circular migration and mobility partnerships between the European Union and third countries', COM (2007) 248 final, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0248:FIN:EN:PDF>.

¹⁰³ Preparations for including Ukraine and Moldova in the Energy Community have been launched. These countries, as well as Georgia, have observer status (together with Norway and Turkey).

specific projects, if they are willing to do so. Using the experience of NATO, it is worth applying the Trust Fund¹⁰⁴ mechanism for this purpose, where a leading state – in response to the concrete need for a partner – organises a group of member and partner states that provide funding for a given project, to be carried out by a selected specialist agency or firm.

It is impossible to predict the development of relations between the Eastern partners and the EU. These will depend on many factors, the most significant of which seem to be the partners' internal stability and their governments' political will to embark on necessary reforms, the Russian policy towards other CIS countries and the character of their mutual relations, on the one hand, and public sentiment in EU member states, the EU's ability to embark on internal reform, continue enlargement, carry out coherent external policy and present an attractive offer to its neighbours, on the other. Their future will also depend on policies conducted by other actors influencing the situation in the Eastern neighbourhood, above all the US and China. However, it seems worth emphasising that – as illustrated in this study – individual CIS countries have different interests as well as different prospects for future relations with the EU.

¹⁰⁴ The first positive sign was the discussion on establishing a Trust Fund as part of the Neighbourhood Investment Fund (NIF). Cf. Communication from the Commission: A Strong European Neighbourhood Policy, Brussels, 5 December 2007, COM (2007) 774 final, http://ec.europa.eu/world/enp/pdf/com07_774_en.pdf.

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