



Eastern Partnership summit in Vilnius: carrots v sticks

Standard Note: SNIA/6766

Last updated: 26 November 2013

Author: Ben Smith

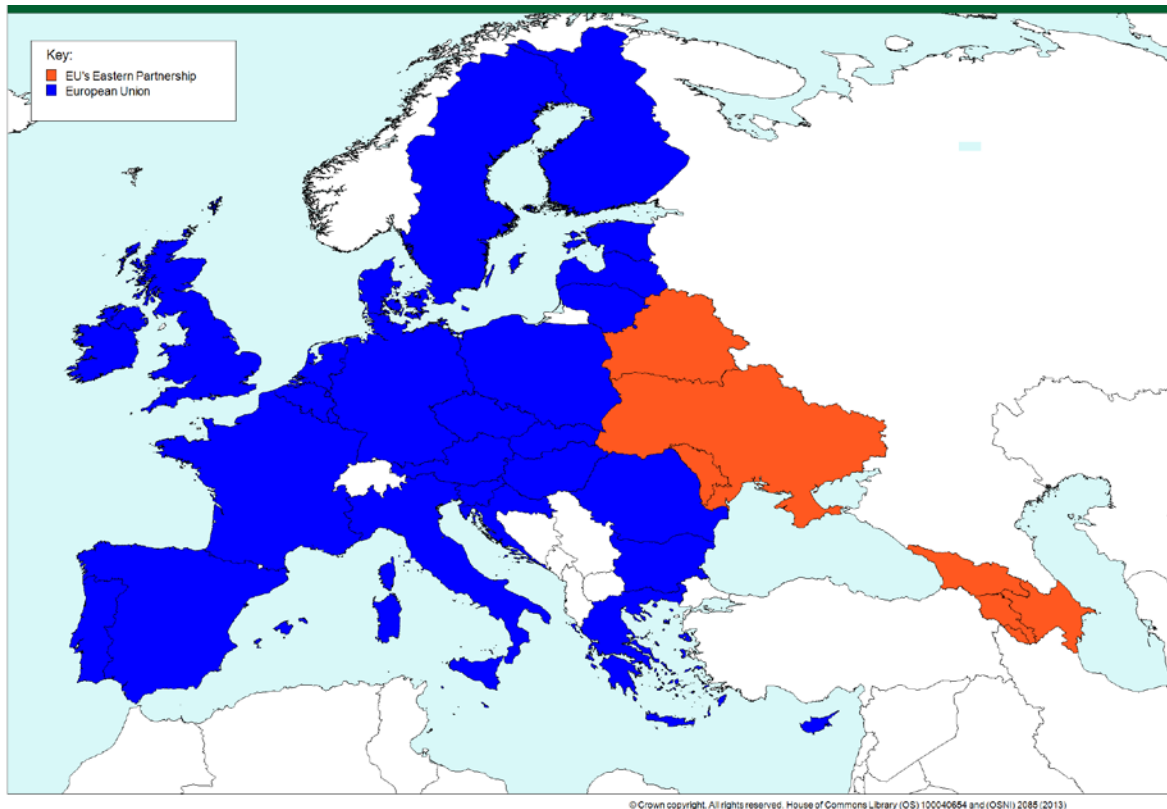
Section International Affairs and Defence Section

The third European Union Eastern Partnership summit will take place in the Lithuanian capital Vilnius on 28 and 29 November 2013. It comes at a crucial time for some of the countries of Eastern Europe and is seen by some as a battle for influence between the EU and Russia over countries such as Armenia, Moldova and, crucially, Ukraine. Fears were raised that the meeting would end in fiasco when Ukraine announced at the last minute that it would not sign.

Contents

1	The Eastern Partnership	2
1.1	Progress so far	3
1.2	Vilnius summit	4
2	Russian attitudes	5
2.1	Eurasian Union	5
3	Ukraine	6
3.1	Gas	6
3.2	IMF	7
3.3	Reforms	8
3.4	Ukraine pulls out	8
4	Moldova	9
5	Georgia	10
6	Azerbaijan	10
7	Armenia	11
8	Belarus	11
9	Outlook	12

1 The Eastern Partnership



Belarus, Ukraine, Moldova, Georgia Armenia and Azerbaijan, marked in orange.

After the big eastward enlargement of the EU in 2004 and the addition of Romania and Bulgaria in 2007, the eastern border of the bloc was adjacent to former Soviet states such as Ukraine (the three Baltic States are the only former Soviet states to have joined the EU so far).

The stability and prosperity of these states, as well as the countries of the southern Caucasus to the east of EU candidate Turkey, is important to the wellbeing of the EU itself for a number of reasons. Migration, cross-border crime, environmental concerns and trade all mean that the EU must be concerned about conditions in its neighbourhood, as has been shown by the refugee crisis around the Italian island of Lampedusa. The objective is also to help the eastern neighbours to better governance and the rule of law for their own sake:

At its basis lies a shared commitment to international law and fundamental values, including democracy, the rule of law and respect for human rights and fundamental freedoms, as well as to market economy, sustainable development and good governance.¹

The Eastern Partnership was designed to foster closer economic and political relationships with Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, all of which have

¹ Commission joint communication: [Eastern Partnership: A Roadmap to the autumn 2013 Summit](#), 5 May 2012

indicated a desire to move closer towards the EU (although some have been rather inconstant in that).

The EU describes how the partnership is also intended to promote political reform:

The European Commission put forward concrete ideas for enhancing our relationship with: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. This would imply new association agreements including deep and comprehensive free trade agreements with those countries willing and able to enter into a deeper engagement and gradual integration in the EU economy. It would also allow for easier travel to the EU through gradual visa liberalisation, accompanied by measures to tackle illegal immigration.

The Partnership will also promote democracy and good governance, strengthen energy security, promote sector reform and environment protection, encourage people to people contacts, support economic and social development and offer additional funding for projects to reduce socio-economic imbalances and increase stability.²

The programme was agreed in Prague in 2009. At the second summit, in Warsaw in 2011, it was recognised that the pace of political and economic reform needed to be increased, with EU leaders saying that the countries that had achieved most in their reform programmes would be moving closest to the EU. It also called for a renewed commitment to the shared values, in the light of unwelcome developments in countries such as Belarus, where President Lukashenko was re-elected in 2010 in an election that was widely condemned as a farce, and the Ukraine, where former Prime Minister Yulia Tymoshenko was arrested on questionable charges in 2011. The Warsaw meeting also proposed to make the EU 'carrots' more directly related to reform progress in partner countries. The countries that make most reform progress would get the most support from the EU:

This will include increased funding for social and economic development, larger programmes for comprehensive institution building, greater access for partner countries to the EU internal market, increased EU financing towards investments, including EIB loans as well as EU budget grants blended with loans from EIB and other IFIs and enhanced policy dialogue.³

Along with increasing trade, one of the most important objectives of the partnership is to encourage easier movement of people between the eastern partners and the EU. To that end, the EU has set up visa liberalisation plans with partner countries.

1.1 Progress so far

Since the inception of the EaP in 2009, there has only been modest progress in reforms to ensure democracy, the rule of law and human rights in some of the partner countries and in others none at all. But despite the EU's insistence on partners moving towards the EU's stated values, the Eastern Partnership is not only about such things. It is also about the EU's economic sphere and, as Russian foreign policy becomes increasingly about the creation of a Russian sphere of influence to allow it to measure up to China and the EU, the impression in Europe increasingly seems to be that Russia's geopolitical ambitions should not go unanswered.

² European External Action Service, [Eastern Partnership](#)

³ Commission joint communication: [Eastern Partnership: A Roadmap to the autumn 2013 Summit](#), 5 May 2012

1.2 Vilnius summit

The third summit is due to take place in the Lithuanian capital, Vilnius on 28 and 29 November. At the summit, some of the eastern partnership countries are expected to sign or initial Association Agreements with the EU, which would provide a broad framework for increased integration with the EU.

What sounds like a dry technical process is in reality a dramatic moment, as Judy Dempsey writes for the Carnegie Endowment:

The EU's special summit that will take place later this month in Vilnius is fueling a fierce competition between Europe and Russia, the likes of which haven't been seen since the ebbing days of the Cold War.⁴

It was hoped that Armenia, Georgia, Ukraine and Moldova would sign up on 28 November; relations between the EU and Belarus have ground to a halt since 1997.

The Lithuanians underline the significance of the Eastern Partnership to the Lithuanian EU Presidency:

Eastern Partnership has been created as a policy that helps our partners to get as close to the EU as they wish. The EU offers its expertise, provides necessary financial resources, and is ready to grant greater support for those partners who show greater results in implementing agreed reforms. Such engagement creates a win-win situation both for our partners and the EU.

Some of the Eastern European countries declare the EU membership as their ultimate goal. Even if there is no formal reference to such perspective in each and every Eastern Partnership document, its instruments were created to support our partners on the rocky road of reforms. That same road has once led Lithuania to fulfillment of the Copenhagen criteria and the eventual EU membership. The Association Agreements, including Deep and Comprehensive Free Trade Areas as their integral parts, is therefore the first yet huge step in this direction.

During the Lithuanian Presidency to the Council of the EU we will do our utmost to contribute to further development of the Eastern Partnership policy. We hope that the 3rd Eastern Partnership Summit in Vilnius in November 2013 will welcome the signing of the Association Agreement, including its DCFTA part, with Ukraine, that similar Agreements will be finalized [initialled] with Moldova, Georgia and Armenia, and that progress will be welcomed with Azerbaijan. The Vilnius Summit will also serve as an opportunity to take stock of the on-going visa liberalization processes, as well as to strengthen our sectoral and multilateral cooperation.

The year of 2004 marked one of the greatest successes in the history of the EU. I am confident – even against the background of today's difficulties – that the EU still has another chance to prove that it had not lost its power of attraction.⁵

Association Agreements normally provide for the progressive liberalisation of trade to differing degrees (Free Trade Area, Customs Union, Deep and Comprehensive Free Trade Agreement). Association Agreements are not always called 'Association Agreements'. It is possible to have a Free Trade Agreement with the EU without having an Association Agreement.
--

⁴ Judy Dempsey, 'In Vilnius, a Rare Match of Europe's Values and Interests', Carnegie Europe, 14 November 2013

⁵ Lithuanian EU Presidency 2013: *Guide to the Lithuanian Presidency of the EU Council*

2 Russian attitudes

One of Russia's main pre-occupations has been the extension of EU and Western influence towards its western borders since the collapse of the Soviet Union. Three former Soviet states, Lithuania, Latvia and Estonia, have joined NATO and the EU, breaking a promise that the Russians thought they had been given by the then US Secretary of State James Baker in December 1989 over the reunification of Germany.⁶ Others, such as Ukraine and Belarus have not. The battle to retain influence in what Russia sees as its sphere of influence in Eastern Europe is one of the most important for the present Russian government.

2.1 Eurasian Union

Russia is promoting its vision of a revitalised Russian sphere, and wants some of the former Soviet states to join a customs union. Against this, the EU is working on its Eastern Partnership, offering to dismantle trade barriers and hoping to draw countries such as Ukraine into the EU's orbit. To that end it has been conducting technical talks on 'deep and comprehensive free-trade' agreements with Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

Russia has taken this competition seriously and has used both inducements and threats to try to persuade these countries to turn eastwards rather than westwards.

Progress towards the summit was disrupted by the announcement, after talks with Mr Putin in Moscow in September, that Armenia would join the Russian-led customs union and would not sign the Eastern Partnership agreement.

Some European observers were dismayed by the Armenian move, but it was perhaps predictable. Armenia is a protagonist in one of the 'frozen conflicts' of the former Soviet Union: it has occupied the Armenian-majority enclave of Nagorno-Karabakh within Azerbaijan's territory, with some backing from Moscow. Azerbaijan, meanwhile, its coffers boosted by hydrocarbon exports, is spending considerable sums on re-armament; Armenia has looked increasingly threatened.

The real test was always Ukraine. Ukraine is the most important of the Eastern Partnership states and Russia is keen not to see it getting closer to the EU. Russia's historically generous terms of supply for gas to former Soviet states have been used, according to many commentators, as a foreign policy tool, although Russia denies that there is any connection.

Moscow has clashed repeatedly over Ukraine's use and transmission of Russian gas, a dispute which allegedly caused gas shortages in other parts of Europe a few years ago. Recently Gazprom, the state-controlled Russian gas company, warned Ukraine that it must quickly pay off a \$900 million bill or pay for future supplies in advance. Ukraine's public finances have been under strain this year and the country is in talks with the International Monetary Fund. Russia has also banned a number of imports from Ukraine and ordered increased border checks. In September, an adviser to President Putin said that Ukraine's economy would virtually collapse if it signed the agreement with the EU:

If Ukraine signs this association agreement [with the EU], and after this faces a worsening trade balance, then the question arises: who will pay for Ukraine's imminent default? The overall losses and cost of avoiding default by Ukraine will be €25bn, maybe €35bn. If we want to stabilise Ukraine's economy, joining the Customs Union

⁶ For a discussion of this issue see Bill Bradley, 'A diplomatic mystery', *Foreign Policy*, September/October 2009

will help eradicate the current account deficit through lower prices on gas [imports from Russia,] cancelling export duties on oil. This is about \$10bn dollars annually.⁷

Belarus, Kazakhstan and now Armenia have joined the customs union. Other Central Asian states are considering joining. However, a major problem with Russia's policy in this area is that it seems to use threats rather too often, instead of relying on attraction. Clearly, with a history of Moscow's dominance over and sometimes exploitation of the peripheral Soviet states, it is not easy to re-establish influence when the likes of Ukraine are much freer than under the Soviet Union.

3 Ukraine

Ukraine is the most important of the Eastern Partnership countries. With a population of over 40 million and an area greater than France, it is a big country. It is also an important country to Russia, being culturally and linguistically close, and home to a large population of Russian-speakers.

The Orange Revolution of 2005 deprived Viktor Yanukovych of the presidency of Ukraine and propelled his pro-Western rival Viktor Yushchenko to office. Disenchantment with the infighting between Yushchenko and his ally Yulia Tymoshenko is thought to have been one of the biggest reasons for the return of the apparently pro-Russian Yanukovych as president at the 2010 election. However, following his election Yanukovych announced that he would pursue good relations with the EU. His first visit as president was to Brussels rather than Moscow. He has resisted Russian pressure to join the customs union and reportedly has difficult relations with President Putin.

The EU has insisted that Ukraine should release the former Prime Minister Yulia Tymoshenko, who has been in prison since 2011 after a conviction that the EU views as politically-motivated. A bill was introduced to the Ukrainian legislature to allow Tymoshenko to leave the country for treatment in Germany, but deadlock between the governing Party of the Regions and the opposition mean that no progress has been made. Both parties accuse each other of undermining the prospects for closer EU integration at Vilnius.⁸

Russia's tactic over Ukraine is to use the familiar blend of inducements and threats. In August 2013, Russia's customs office began checks on all goods entering Russia from Ukraine, slowing vital foreign currency earnings for the Ukrainian economy.

3.1 Gas

The most important economic consideration for Ukraine is the supply of Russian natural gas. Russian gas imported through two pipelines accounts for about 70% of Ukrainian gas consumption,⁹ with domestic production covering the rest. (Nuclear and coal are also important energy sources.) But Ukraine is also the most important transit route for Russian gas to the European Union. Austria, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Greece, Hungary, Moldova, Poland, Romania, Slovakia, and also Turkey receive significant amounts of their gas supply via Ukraine.¹⁰ However, since the completion of the Nordstream pipeline, which runs directly from Russia to Germany under the Baltic Sea, the Ukrainian transit volumes have been decreasing.

⁷ 'Russia adds pressure to Ukraine with predictions of default', *Financial Times*, 23 September 2013

⁸ 'Ukraine parliament puts off Tymoshenko decision until November 21', *Reuters*, 19 November 2013

⁹ US Energy Information Administration, [Ukraine](#)

¹⁰ US Energy Information Administration, [Ukraine](#)

With regular disputes over pricing, stemming largely from the historically low prices that the former Soviet states used to pay for their Russian gas, Russia has twice halted the flow of gas through Ukraine, causing some hardship in final destination countries.

The EU has come up with one plan to reduce Ukraine's dependency on Moscow: to provide for Russian gas delivered via Slovakia to flow back to Ukraine. A memorandum of understanding is reportedly ready for signing, committing the Slovakian transit company Eustream to work on the infrastructure necessary to get Russian gas flowing back east. Russia has in the past questioned the legality of such a move.¹¹ Ukraine also has the potential to increase its domestic production from considerable deposits of shale gas, as well as to make large saving through enhanced energy efficiency.

With Nordstream reducing Ukraine's importance as a transit route, increased potential for supplies from the west and growing domestic production as well as efficiency savings, the outlook is for gradual decline in Ukraine's dependence on Gazprom. However, a more uncompromising attitude in the Kremlin after Vilnius would have left Ukraine in a difficult situation in the short to medium term.

While Western commentators have criticised what they see as Russian threats against Ukraine, the Russian Foreign minister Sergei Lavrov has decried EU 'pressure', while denying any Russian arm-twisting:

We are not putting anyone under pressure ... this is a sovereign choice for any state. ... If you compare our, in my opinion, honourable and collegial position with that of some representatives from the European Union, then arguably unforgivable pressure is being applied from that side on the focus (ex-Soviet) states.¹²

Many observers think that Yanukovich's main aim is to stay in power after the next election in 2015, and that his actions over the EU's proposals reflect that. Yanukovich seemed until recently to have concluded that integration with the Eurasian Union would mean domination by Russia, whereas moving towards the EU would dilute Ukraine's sovereignty less. On the other hand, Yulia Tymoshenko is a formidable politician and the most powerful opposition politician in the country. If she were to run for president in 2015, the threat to Yanukovich would be real and Yanukovich's reluctance to allow this may have been underestimated.

The brinkmanship is also said to be a classic Soviet-style tactic, with Yanukovich aiming to extract better offers from his two suitors. The Ukrainian president has good reasons to seek good economic terms: his country is in an economic difficulties as it is and Russia has applied pressure in the form of an insistence that Ukraine pay its arrears to Gazprom or pay up front in future.

3.2 IMF

Ukraine is also in talks with the IMF and EU officials on the possibility of emergency financial help should Russia increase the pressure after Vilnius. A standby facility of between \$10 and \$15 billion has been discussed.¹³ The IMF says that the facility is not related to the signing of the

¹¹ ['EU, Ukraine Close In on Natural-Gas Deal'](#), *Wall Street Journal*, 18 November 2013

¹² ['Russia's Lavrov criticises EU pressure on Ukraine'](#), *Reuters*, 19 November 2013

¹³ ['Exclusive - EU, IMF coordinate on Ukraine as Russia threat looms'](#), *Reuters*, 31 October 2013

3.3 Reforms

Ukraine is assessed by the EU to have made good progress with many of the reforms required by the Eastern Partnership. Data protection, judicial cooperation in criminal matters and law enforcement cooperation and human trafficking were all areas where the Ukrainians had made progress. A law was also passed providing for biometric passports and laws against corruption were reformed.¹⁴ The legal frameworks for asylum and for the protection of citizens from discrimination were judged to need further work, however.

The EU may have been being generous, however, to try to make progress with the Association Agreement. Other sources have said that the situation in Ukraine is worsening. Freedom House demoted Ukraine from 'free' to 'partly free' in 2011¹⁵ and Human Rights Watch describes the human rights situation as "deteriorating".¹⁶

3.4 Ukraine pulls out

On 21 November the pro-Yanukovich majority in the Ukrainian parliament rejected the bills paving the way for Tymoshenko's release to Germany for treatment, dealing a serious blow to the prospects for Vilnius. Then, reportedly after a series of one-to-one meetings with President Putin, the Ukrainian Prime Minister Mykola Azarov signed a decree halting the signature of the Association Agreement at Vilnius.

EU figures reacted angrily to the development blaming Yanukovich personally, while Russia denied that it had placed any pressure on Ukraine.

Carl Bildt, the Swedish foreign minister was in a meeting with a Russian diplomat from the Washington embassy. The Russian diplomat said "I can just assure you that Russia does not exert any pressure on its neighbours." Carl Bildt replied:

So you are saying that when the Ukrainians are saying that you've cut trade and when the Ukrainians are saying that you are forcing them to near bankruptcy, the Ukrainians are lying?¹⁷

Štefan Füle, the European Commissioner responsible for the process, promptly cancelled his planned visit to Kiev. EU officials said that an EU loan of €610 million was now likely to be put on hold. Press reports also speculated that the negotiations with the IMF were likely to be undermined by the development,¹⁸ despite the fact that the IMF and EU negotiations are not formally linked.

What happens next is not clear. In a characteristically ambiguous fashion, Ukraine has said that it remains committed to integration with the EU, and has called for a high-level EU/Russia/Ukraine trade panel to promote trade between all three. Experts called into question the practicality of such a move, however. It is difficult to imagine how Ukraine could fulfill the requirements of different trade blocs simultaneously when they have differing rules.

The mood in Brussels is relatively hostile, judging by the comments from one EU diplomat:

¹⁴ ['Commission assesses the implementation of Visa Liberalisation Action Plans by Moldova, Ukraine and Georgia'](#), EU press release, 15 November 2013

¹⁵ Freedom House, [Freedom in the World 2013, Ukraine](#)

¹⁶ Human Rights Watch, [Ukraine](#)

¹⁷ ['EU and US warn Ukraine it risks going bust'](#), *Euobserver*, 22 November 2013

¹⁸ ['EU and US warn Ukraine it risks going bust'](#), *Euobserver*, 22 November 2013

We should make clear that Ukraine is not welcome in Vilnius at the top level. There should be no more phone calls. No more offers. The EU should make a pause in relations, and six months down the line, when he is left alone to deal with Russian pressure, he will come to us on his knees.¹⁹

However, Štefan Füle reportedly said that the signature could be postponed until the spring.²⁰

On hearing the news, Yulia Tymoshenko offered to stay in prison if Viktor Yanukovich reversed the decision and a few days later, she started a hunger strike. She said it was his only chance to survive as a politician. Pro-EU demonstrations were reported across the capital Kiev, which Vladimir Putin said were organised by the EU. A rally in Europe Square on Sunday 24 November is reported to have been the largest in the capital since the Orange Revolution in 2004.²¹

Accusations of responsibility flew, with foreign minister Azarov saying that the offer from the IMF had been insufficient to make it possible for Ukraine to go ahead with the deal.²² The Vilnius summit will not be the final decision on Ukraine's future, however. Perhaps more important may be the forthcoming 2015 presidential election, where the Ukrainian public is likely to be offered a clear choice between pro-EU and more ambiguous policies.

4 Moldova

Energy and trade are important interests for Moldova, which is entirely dependent on Russian hydrocarbons. On a recent visit to Moldova, where Moldovan officials complained of intense Russian pressure over the Vilnius proposals, Dmitri Rogozin, Russia's deputy prime minister, said. "Energy is important. The cold season is near. Winter is on its way. We hope that you will not freeze this winter."

However, as in Georgia, there is a frozen conflict which sharply reduces Moldovan freedom of movement. Transnistria is a largely Russian-speaking enclave to the east of the River Dniester. On the collapse of the Soviet Union, a short war broke out between the Transnistrians, who did not want to leave the Russian fold, and the Moldovans, Romanian speakers who wanted their independence. The Moldovans lost that battle and the breakaway region, while it is not officially recognised by Russia (South Ossetia and Abkhazia, carved out of Georgia, are the only entities to recognise Transnistrian sovereignty) counts on more than 1,000 Russian peacekeeping troops. Russia also supports the Transnistrians financially and by issuing Russian passports.²³

Mr Rogozin referred to the Transnistria problem on his recent visit, likening Moldova to a train on a difficult journey towards the EU. He said that Moldova was likely to lose some of its carriages, implying that Moldova would lose Transnistria permanently if it continued on its present course.

The EU considers that Moldova has implemented all the requirements of its visa liberalisation plan,²⁴ and has cooperated successfully with other EU member states and Ukraine on migration management and border control. In the light of progress, the EU has agreed to lift

¹⁹ 'EU and US warn Ukraine it risks going bust', *Euobserver*, 22 November 2013

²⁰ 'Thousands protest in Kiev over snub to EU', *Financial Times*, 25 November 2013

²¹ 'Ukraine protest: Police clash with pro-EU crowd in Kiev', *BBC News Online*, 25 November 2013

²² 'Ukraine protest: Police clash with pro-EU crowd in Kiev', *BBC News Online*, 25 November 2013

²³ 'Transnistria: Russia's beachhead in Europe', *Global Post*, 14 September 2013

²⁴ 'Commission assesses the implementation of Visa Liberalisation Action Plans by Moldova, Ukraine and Georgia', EU press release, 15 November 2013

visa requirements for those Moldovans who have biometric passports. Moldova has also made good progress on ensuring human rights and equality for its citizens.

Moldovan President said in September that Moldova would maintain its pro-EU course:

Moldova's course of European integration will continue. The statements by a functionary of another state are his private affair. We have a program of European integration which we will enact irrespective of any such statements.

He continued:

People must understand that they cannot live under permanent pressure from threats. Citizens have to elect a leadership of the country which will act so as not to rely on one single source of energy.²⁵

However, not everyone in Moldova is in favour of Moldova's European integration. On 22 November there was a rally of about 1,500 mainly elderly Moldovans organised by the Communist Party, protesting against the proposal to initial the Association Agreement.

5 Georgia

Russia has an extra leverage over Georgia because of Russian support for the breakaway regions of South Ossetia and Abkhazia, which have proclaimed their independence from Georgia since the 2008 Russia-Georgia war. The war, provoked largely by the Georgian government of Mikhail Saakashvili, represented a significant moment in the stalled eastward expansion of NATO.

However, the new government of Giorgi Margvelashvili, elected on 27 October 2013 in elections that were assessed to be genuinely free and fair, has tried to restore relations with Moscow. Nevertheless, the new president said at a news conference in October, "we assign paramount importance to the Vilnius summit because we expect a confirmation and recognition of our European choice by the partners there."²⁶

The EU has assessed that the recent presidential election in Georgia marked further progress in the country's democratisation but says that the country must continue to develop its pluralistic nature.²⁷ The EU has also been working with Georgia on visa liberalisation and migration management, themes on which the Commission considers that Georgia has made very good progress.²⁸

Georgia is expected to initial an Association Agreement at Vilnius and to move ahead to signature in 2014.

6 Azerbaijan

Azerbaijan has two interconnected reasons for being somewhat distanced from the Eastern Partnership process: its substantial hydrocarbon wealth and its much-criticised record on human rights and democracy. While European institutions such as the OSCE's Office for

²⁵ 'Moldova says will stick to pro-Europe course despite Russian pressure', *Reuters*, 4 September 2013

²⁶ 'Georgia Better Positioned Than Ukraine Ahead of Vilnius EAP Summit', *the Central Asia Caucasus Analyst*, 13 November 2013

²⁷ 'EU-Georgia: About initialling of Association Agreement and steps after Vilnius', EU press release, 14 November 2013

²⁸ 'Commission assesses the implementation of Visa Liberalisation Action Plans by Moldova, Ukraine and Georgia', EU press release, 15 November 2013

Democratic Institutions and Human Rights criticised the recent presidential election,²⁹ Russia has been cultivating relations with the Azerbaijan government. A very high-level Russian delegation arrived in the capital in August 2013, where an energy cooperation agreement was signed. Russia has also recently agreed to sell a substantial array of armaments to Azerbaijan.

Azerbaijan will not be signing an Association Agreement but there was the possibility of signing a Strategic Modernisation Partnership document. The Azerbaijani foreign minister said on 20 November that his country would definitely be signing the visa facilitation agreement.³⁰

7 Armenia

Armenia disappointed EU officials by announcing on 3 September that it would be joining the Russian-led customs union. The small Caucasus state had completed technical talks on a Deep and Comprehensive Free-trade Agreement (DCFTA) in July and it was due to be signed at Vilnius.

After meeting President Putin in Moscow, Serzh Sarkisian, the Armenian president, said that Armenia would be joining the customs union with a view eventually to joining proposed the Eurasian Economic Union. Like other leaders, he sought to keep the EU route open in spite of the decision:

This decision is not a rejection of our dialogue with the European institutions. [Armenia] is a considerably more effective and competitive state than it was years ago [because of EU help, and] we intend to continue these reforms also in the future.³¹

EU officials have stated, however, that membership of the customs union is incompatible with a DCFTA.

Perhaps the most important factor for Armenia is the Nagorno-Karabakh dispute with Azerbaijan. Armenia occupies the enclave, which has a majority Armenia population but is Azerbaijani territory. To prevent larger and much richer Azerbaijan from taking the area back by force, Armenia relies on Russian support. But recently Russia has been supplying armaments to Azerbaijan, perhaps with the intention of showing Armenia that it should not take Russian support for granted. In any event, the dispute over Nagorno-Karabakh means that Russia maintains a military peace-keeping presence in the South Caucasus, in itself useful, and also maintains leverage over states such as Armenia that might want to move towards the EU.

So, despite the fact that Armenia may have a European ambition, some meetings with President Putin (and the visit by the Russian President to Azerbaijani capital Baku in August) were apparently enough to persuade the Armenian president to join the customs union.

8 Belarus

Political relations between the EU and Belarus are frozen. A decision was taken in 1997 to suspend the process outlined in the Partnership and Cooperation Agreement that had been

²⁹ For more on this see the Library Standard Note '[Azerbaijan and the 2013 presidential election](#)', October 2013

³⁰ '[Foreign Ministry says information on Azerbaijan's refusal to sign documents at "Eastern Partnership" – speculative](#)', Trend Azerbaijan, 20 November 2013

³¹ '[Armenia chooses Russia over EU](#)', *European Voice*, 3 September 2013

negotiated in 1995.³² Abuses committed during the re-election of Alexandr Lukashenko and the crackdown on protest afterwards reinforced the EU's disapproval of Lukashenko, sometimes referred to as the last dictator in Europe. The EU imposed restrictive measures (sanctions) against individuals involved in the electoral abuses and other abuses of human rights. However, it left the offer of easier visas open, although there has been no response to the offer from the Belarusian authorities.

Belarus participates in the multilateral track of the Eastern Partnership and still receives some assistance from the EU, although this is not generally channelled through the government.

On 29 October, the sanctions against Belarus were extended. The Council of the EU explained, announcing the decision:

This is because not all political prisoners have been released, no released prisoner has been rehabilitated, and the respect for human rights, the rule of law and democratic principles has not improved in Belarus.

The EU maintains its policy of critical engagement with Belarus, intended to promote respect for human rights, the rule of law and democratic principles in that country.

The annual review updated the list of those targeted with a travel ban and freeze of their assets within the EU. 232 persons and 25 entities remain subject to EU sanctions.³³

Because of the ongoing difficulties, Belarus will take a “very modest” place at the forthcoming summit. Foreign Minister Vladzimir Makey said recently that “As Belarus has no special expectations of the event, the level of Belarus’ representation at the forthcoming EaP Summit in Vilnius should not be very high.”³⁴ A few days later it was announced that it was he would be representing Belarus at Vilnius.

9 Outlook

Moldova appears to have chosen the pro-EU path and, as a small country, it poses less of an integration problem than does Ukraine. However, it is not hard to see the Russian minister’s point: moving towards the EU may mean widening the *de facto* split between Moldova and its breakaway region of Transnistria. Georgia too has made a pro-European decision but is trying to pursue a balanced policy between the West and Russia, a very reasonable stance given its location next to a giant neighbour.

The Ukrainian decision not to sign has been presented as another victory for Vladimir Putin and his policy of expanding Russian influence. However, in the short to medium term the pull-out may be a blessing in disguise. Ukraine’s economy is close to bankruptcy and its leaders seem to have taken no firm decision to improve its democratic credentials, clean up its justice system or its protection for human rights, as required by the Association Agreement.

Many analysts concluded that Yulia Tymoshenko was unlikely to be released from prison even after a successful signing of the agreement, meaning that the EU would have had to have a running row with the Ukrainian authorities.

³² European Union External Action Service: [Belarus](#)

³³ ‘[EU sanctions against Belarus extended](#)’, Council of the European Union press release, 29 October 2013

³⁴ ‘[Foreign Minister to represent Belarus at EaP summit](#)’, Belsat, 25 November 2013

Now it will be Russia's responsibility to fend off a Ukrainian economic collapse.

In the longer term, the attraction of the EU for Ukraine will not go away and, as Ukrainian dependence on Russian gas declines and if the Russian economy faces the problems that many analysts predict, Russian leverage over Ukraine will decrease.

Supposing that Yanukovich wins the 2015 election, some have suggested that the Ukrainian government will look at the EU option again. Much will depend on how much Ukraine resists being tied in to the Russian-led customs union in the next few years; the indications so far are that Ukraine will continue to attempt to flirt with both the EU and Russia.

Former President Viktor Yushchenko has called on the EU to strengthen its offer to Ukraine despite the decision to pull back from signature.³⁵ Mr Yushchenko points out that the fears of economic dislocation, especially for the important Ukrainian heavy industry in the (Russian-speaking and pro-Yanukovich) east of the country, combined with demands from the IMF, like ending energy subsidies, were perfectly rational disincentives for Ukraine to sign the agreement.

Even without any Russian influence, then, there were potentially high political costs for the Ukrainian leadership associated with signing the agreement, not least the demand for the release of his opponent Yulia Tymoshenko. Viktor Yanukovich may have calculated that he would be signing his own death warrant with regard to the forthcoming presidential election: increased unemployment, sharply increased domestic energy bills and a talented and powerful opponent at the polls.

So to persuade the Ukrainians to sign would have required some big financial incentives at a time when the EU is still trying to cope with the euro crisis. Such financial incentives would have to be offered to a Ukrainian government that has flouted many of the democracy and human rights requirements of the Eastern Partnership process, so would have been seen in many quarters as an expensive and morally murky compromise in the interests of the EU's geopolitical influence.

Many in the EU's leaders are not happy with the idea of the EU participating in a bare-knuckle fight with Russia for geopolitical power, preferring to keep what they perceive as the moral high ground.

³⁵ Viktor Yanukovich, 'Europe needs to help Ukraine escape from Russia', *Financial Times*, 25 November 2013