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EU Relations with Moldova, Georgia, Armenia and Azerbaijan: An Overview of EU Policies and Approaches towards Eastern Europe and the South Caucasus

1. Introduction

Since the end of the Cold War, the importance of Eastern Europe and the South Caucasus for the EU security has grown in scope and depth, especially in the political, economic and energetic fields. In fact, relations with the neighbourhood were always of pivotal importance to the EU’s foreign and security policies. This follows from the belief that the EU’s security starts outside its borders and, thus, it is interested in promoting new frameworks for these countries to come into a gradual integration with the EU. The Union perceives “situations of poverty and under-development as security relevant because they potentially le[a]d to conflict”\(^1\) and create insecurities that can easily affect its internal stability and the main (liberal) principles of the EU’s identity. As a consequence, there is a widespread perception that the EU’s most visible security challenges – from terrorism to illegal immigration – cannot be properly addressed without external action. Accordingly, the EU has externalized its internal security goals through various forms of external action, namely the various PCA concluded with the countries of the former Soviet Union, the ENP and its most recent initiatives in Eastern Europe and the South Caucasus: the Black Sea Synergy (BSS) and Eastern Partnership (EaP). The goal is to bring the countries in these regions into a gradual integration with the EU economy and to foster political reforms to reduce socio-economic imbalances in order to reinforce European security.

However, the EU faces several challenges in its eastern vicinity. Eastern Europe and the South Caucasus are disputed regions where other regional actors – such as Russia, Turkey and Iran – have defined their own neighbouring policies and strategic interests. These often clash with the EU’s own approaches towards the region. For these regional powers tend to regard the EU’s

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neighbouring policies with distrust, they try to hamper its ability to transform the political and socio-economic environments in their common neighbourhood.

In order to understand the security dynamics underlying the EU’s relations with Eastern Europe and the South Caucasus, this chapter will provide an overview of EU policies and approaches towards these regions. The goal is to contribute to a better understanding of these approaches and to identify the main challenges the EU faces when dealing with these countries. For that purpose, the chapter will proceed in the following way. Firstly, it frames EU relations with Eastern Europe and the South Caucasus under the PCAs concluded during the 1990s and technical and assistance program (such as TACIS) aiming at encouraging democratization and the strengthening of the rule of law in the region. Secondly, the chapter analyzes the ENP as a new framework for relations with countries in these regions following the EU’s last rounds of enlargement. The third part sheds light on regional initiatives under the framework of the ENP, such as EaP and BSS, as new attempts to reinforce the EU’s footprint in the Eastern neighbourhood. The fourth part briefly assesses the evolution of EU relations with Moldova, Georgia, Armenia and Azerbaijan as an illustration of the EU’s approaches towards Eastern Europe and the South Caucasus. The chapter ends with final considerations regarding the EU’s overall approach towards the identified regions.

2. Laying down the foundations of EU relations with Eastern Europe and the South Caucasus

After the end of the Cold War the EU put in place a system of PCAs with the countries of the former Soviet Union without membership prospects. Their aim was to develop a framework for political dialogue and economic cooperation between these countries and the EU. However, a close examination of the PCAs reveals that they are largely identical, with little differences between them. They failed to acknowledge specific needs of and demands by partner countries and lacked clear incentives to promote change and transformation at a time when these countries were struggling with several difficulties and very much focusing on their internal
transitions. Accordingly, the PCAs established during the 1990s were seldom enforced leading to an overall failure to achieve their goals. As a result, this remained a low-profile and generally unsatisfactory framework for relations with the EU’s Eastern neighbourhood.

To complement the political framework of the PCAs, in the early 1990s, the Commission launched the TACIS programme aiming at assisting these countries to implement reforms in the administrative, institutional and legal fields, and develop cooperation at the regional level. Technical assistance under the TACIS programme consists mainly of financial contributions that should be allocated to develop new legal frameworks and institutional structures. Under this programme the EU developed initiatives and approaches towards countries in the region in a number of sectors, including development of human resources, entrepreneurial development and restructuring, transport and communications, energy and nuclear safety, food production and distribution, and environment. Among them TRACECA (Transportation Corridor Europe-Caucasus-Asia) and INOGATE (Interstate Oil and Gas Transport to Europe) are considered to be the most relevant and successful. These programmes allowed the EU to take part in the implementation of hydrocarbons routes in the South Caucasus, thus attracting the countries in the region towards greater integration with the EU.

Despite the development of these initiatives, the EU remained a low-profile player in the region until the development of the ENP. In part, this was due to the fact that the Eastern enlargement was the main focus of the EU’s foreign and security policy. However, the fact that Russia and other regional powers preserved an important leverage in the former Soviet space, thus constraining the evolution of EU relations with these countries, should not be disregarded as an explanation for the EU’s lack of engagement in the region during the 1990s.

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3. The ENP: A new approach towards the EU’s Eastern vicinity

Although the EU has always recognized – at least rhetorically – the importance of Eastern Europe and the South Caucasus to its foreign and security policies, it was not until the creation of the ENP in 2004, that the EU started to pay greater attention to countries in the regions. The biggest concern underlying the ENP was that negative security aspects of the new neighbourhood could spill-over into the Union and destabilize its internal order.8 This policy was thus designed to deal with the security implications of the EU’s last rounds of enlargement. Largely inspired by the enlargement process,9 the ENP aims at creating a “ring of friends” around the EU, “avoid new dividing lines in Europe”, to and to “promote stability and prosperity” across the continent.10 However, the ENP Strategy Paper strictly recognized that this policy “offers a means to reinforce relations between the EU and partner countries, which is distinct from the possibilities available to European countries under Art 49 of the Treaty on European Union”,11 i.e., the membership process.

The ENP’s roots lie in the European Security Strategy (ESS), developed in 2003 and further reinforced in 2008,12 recognizing that the enlargement brought “the EU closer to troubled areas”13 and the need to promote stability and good governance in the immediate EU neighbourhood.14 The document also clearly acknowledges that “the internal and external aspects of security are indissolubly linked”15 and therefore EU security interests cannot be untied from its overall approach to the neighbourhood.16 In this regard, both the ESS and the

8 Joenniemi in Armstrong/Anderson, Geopolitics 143.
14 Joenniemi in Armstrong/Anderson, Geopolitics 143.
ENP represent a shift from passive to active engagement in the EU’s neighbourhood\(^{17}\) with clear security purposes. Furthermore, the appointment of the EUSR to the South Caucasus, in 2003, and Moldova, 2005, represented an undeniable sign that the EU was ready to undertake a stronger and more active approach towards the region. To accomplish its socioeconomic and political objectives the ENP has also created new policy mechanisms such as the European Neighbourhood and Partnership Fund (ENPI) and the Governance Facility Neighbourhood Investment Fund\(^{18}\).

While the PCAs remain, legally and structurally, the basis of the EU’s cooperation with the Eastern neighbourhood, the ENP created action plans, a new political instrument based on (positive) conditionality and intended to frame the EU’s relations with each one of its partners\(^{19}\). In fact, conditionality is the ENP’s main instrument, whereby the EU offers a share in its internal market and financial support to stimulate economic, political and social reforms, as well as security cooperation in the neighbourhood\(^{20}\). The ENP thus establishes a series of bilateral channels between the EU and each neighbour, where the latter is expected to accept European political and economic values in order to be acknowledged as part of the EU’s “ring of friends”, though this does not guarantee accession to the Union\(^{21}\). The overall goal is to address the root causes of instability, crisis and conflict at the EU’s borders. In addition, the ENP has a socialization axis relying on social learning processes resulting from institutional and people-to-people contacts and aiming at creating a collectively shared understanding of proper behaviour. This results in a structural foreign policy seeking to influence and transform the political, economic and social systems of the EU’s neighbours,\(^{22}\) as a \textit{sine qua non} condition to preserve EU internal security. However, in practice, socialization has not been extensively applied or has been restricted by domestic constraints\(^{23}\), lessening the EU’s capability to promote the transformation of the security environment at its borders. Furthermore, the political and

\(^{17}\) Joenniemi in Armstrong/Anderson, Geopolitics 145.

\(^{18}\) Andreev, SEBSS 2008, 93.

\(^{19}\) COM(2003) 104 final, 16.


financial offers on the table are much less appealing when compared to the enlargement process and the costs of reforms promoted by the EU are too high, which together with the lack of a membership perspective diminishes the EU’s transformative potential and decreases the likelihood of a successful strategy based on socialization and conditionality.24 This propelled the EU to develop regional initiatives aimed at reinforcing its approach towards the Eastern neighbourhood, such as the BSS and the EaP, which are analyzed in closer detail in the next section.

4. Black Sea Synergy and Eastern Partnership: Reinforcing the EU’s footprint in Eastern Europe and the South Caucasus

A series of events such as the regression of the democratic progresses in Eastern Europe and the South Caucasus, the lack of democracy improvements in the region, the Russian-Georgian war in 2008, the severe economic crisis experienced by the Eastern neighbourhood in 2009, and the vulnerability of energy supplies from the region, among others, reminded the EU that security, stability and economic development remain key challenges in its Eastern neighbourhood.25 After the last rounds of enlargement, the EU became a Black Sea power with undisputed security interests in the region. To fully assume this role, Brussels has been trying to develop a clear and comprehensive strategy towards the region. As a result, in 2007, the EU launched the BSS. This initiative is a facilitation mechanism aiming at promoting the EU’s interests in the neighbourhood on a set of policies of regional interest, such as migration, law enforcement, good governance, the protracted conflicts, energy security and the fight against organized crime.26 One of its main goals is to circumvent the flaws and shortcomings of the EU’s bilateral policies towards the region by promoting a regional multilateral framework for cooperation.27 In addition, it acknowledges that a dynamic regional initiative can further help to address

24 Ágh, EAS 2010, 1241.
problems in the Black Sea area, “benefit the citizens of the countries concerned as well as to contribute to the overall prosperity, stability and security in Europe”.  

The initiative promotes variable degrees of cooperation depending on the sector at stake and demands by each country in the region. It identifies thirteen top priority areas for cooperation in the Black Sea region, including: democracy, respect for human rights and good governance; border management and security; the protracted conflicts; energy security; transport; environment; maritime policy; fisheries; trade; research and education networks; science and technology; employment and social affairs; and regional development. Progress in these sectors is understood as an essential contribution to stimulate reforms in the policy and economic realms, support stability and sustainable growth, and promote the resolution of conflicts in the region.

In order to further enhance the EU’s relationship with the countries of Eastern Europe and the South Caucasus and address the rampant security challenges in the region, the EaP initiative was endorsed in Prague in 2009, based on a Polish-Swedish proposal. It aims to promote further integration between these countries and the EU, in order to assure European security and stability. For that purpose, the EaP promotes new frameworks for these countries to come into gradual integration with the EU economy and fosters political reforms to reduce socio-economic imbalances. Overall, the goal is to reinforce the framework previously provided under the ENP and complement the BSS initiative giving coherence to the EU’s approach towards its Eastern vicinity.

The need to offer further differentiation, ownership and a more ambitious partnership between the EU and its Eastern neighbours, suggesting a greater role for the EU in the region, is at the core of this initiative. For that purpose, it provides a dual-track approach combining the

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32 Ágh, EAS 2010, 1255.
traditional bilateral relations between the EU and its neighbouring countries – that foresees their political association with and economic integration into EU – with a multilateral track that supports regional cooperation and the development of closer ties among the EaP partners. At the bilateral level the EaP’s main goals – “to create a closer relationship between the EU and each of the partner countries to foster their stability and prosperity in our mutual interests” – are to be implemented through Association Agreements (AAs), which will supersede the PCAs as the legal basis for EU relations with its Eastern neighbours, deep and comprehensive free trade areas (DCFTA), visa liberalization, enhanced cooperation in the field of energy security and support to reforms in the EU’s partner countries. Conditionality remains the main instrument to promote transformation in the region. However, the EaP’s incentives are seen as too vague, distant and costly and therefore hamper the initiative’s transformative potential.

The multilateral track, run by the European External Action Service (EEAS), is the main novelty of the EaP. Based upon the principle of differentiation, the multilateral dimension is regarded as one of the main strengths of the EaP providing for high-level political support and a number of experts meetings, which may have the potential to ensure its practical impact. Furthermore, it opens a number of channels for socialization and social learning that can impact positively on the EU’s approach towards the Eastern neighbourhood and represent an improvement over the original ENP framework. According to the Joint Declaration of the Prague Eastern Partnership Summit held in 2009 “it will provide a forum to share information and experience on the partner countries’ steps towards transition, reform and modernization and give the EU an additional instrument to accompany these processes. It will facilitate the development of common positions and joint activities”.

There are four thematic platforms (1. democracy, good governance and stability 2. economic integration and convergence with EU policies 3. energy security 4. and contacts between

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36 Boonstra/Shapovalova, FRIDE 2010, 3.
37 Boonstra/Shapovalova, FRIDE 2010, 6.
people) and five flagship initiatives outlined within this track but funded by the private sector.\(^{39}\) Another innovation from the EaP is the Comprehensive Institution-Building Programme “for improving administrative capacity in all relevant sectors of cooperation”, \(^{40}\) “including training, technical assistance and any appropriate innovative measures”.\(^{41}\) The EaP also attempts to create a joint Neighbourhood Economic Community and involve non-state actors into this framework through the creation of EURONEST – the EU-Eastern partners Parliamentary Assembly – and the EaP Civil Society Forum, though its influence in the overall process is not clear.\(^{42}\) So far, the multilateral track has been successfully implemented and the four multilateral thematic platforms have met regularly since 2009, suggesting that the EaP has the potential to amplify the ENP’s effectiveness in the region.\(^{43}\)

Along with the BSS, the EaP provides a response to some of the EU’s Eastern neighbours complaints regarding the fact that the ENP groups them with countries without membership aspirations and with very different relations with Brussels, i.e. the Mediterranean countries.\(^{44}\) Simultaneously, it focuses on the areas the EU perceives as vital to preserve its security, namely political capacity-building, socio-economic development, immigration and energy security.\(^{45}\)

However, the EU’s approach eastwards is by no means consensual among member states. Given the historical past and memory of many of the EU’s new members, these countries tend to favour a stronger rapprochement towards the East and the inclusion of membership in the frameworks for relations with the Eastern neighbourhood. That position is not shared by France and Germany, which fear that any rapprochement to the East might jeopardize their relations

\(^{41}\) Council of the European Union, 2009, 8435/09 (Presse 78), 7.
with Russia and thus are reluctant to strengthen the Eastern dimension of the ENP or include a membership perspective within the EaP.\textsuperscript{46}

These diverging approaches within the EU have hampered the effective promotion of its norms and values in the Eastern neighbourhood, affecting perceptions vis-à-vis the coherence and effectiveness of the EU’s foreign and neighbouring policies. The almost simultaneous launching of the BSS and the EaP has further complicated the EU’s approach towards the region and indicates a degree of overlapping agendas and policy priorities. Moreover, despite the fact that the EaP is still at a very early-stage and is often praised for providing increased differentiation between the Southern and Eastern neighbourhood,\textsuperscript{47} the EU’s partners in the region have criticized the initiative for its lack of real added-value compared to the existing frameworks for relations with the EU. They argue that the BSS has the advantage to involve Russia and Turkey, and therefore can play a bigger role in addressing common security issues in the region, something that the EaP lacks.\textsuperscript{48} Therefore, a number of questions remain regarding the actual scope and purpose of the EU’s multiple frameworks for relations with countries in Eastern Europe and the South Caucasus.\textsuperscript{49}

Notwithstanding these critiques, the EU’s own evaluation on its neighbouring policies has been rather positive. As stated in the EaP Warsaw Summit: “much has been achieved already. Political and economic reforms have been implemented in partner countries and relations between the EU and its Eastern European partners have deepened significantly. There is more trade and economic interaction between the EU and the Eastern European partners than ever before”.\textsuperscript{50} According to the EU significant bilateral and multilateral progresses were made in implementing the EaP. Civil Society Forum platforms have been established in all EaP countries and there has been substantial progress in negotiations on AAs, including DCFTA. Financial assistance to the EaP partners has also increased considerably in order to support reforms in

\textsuperscript{47} Boonstra/Shapovalova, FRIDE 2010, 1.
\textsuperscript{48} Ágh, EAS 2010, 1255.
\textsuperscript{49} Tsantoulis, SEBSS 2009, 254.
\textsuperscript{50} Council of the European Union, Joint Declaration of the Eastern Partnership Summit. 2011, Warsaw, 29-30 September. 14983/11 PRESSE 341.
these countries.\textsuperscript{51} The next section sheds light on the evolution of EU relations with Moldova, Georgia, Armenia and Azerbaijan as an illustration of the EU’s above-analyzed policies and approaches towards Eastern Europe and the South Caucasus.

5. Assessing EU relations with Moldova, Georgia, Armenia and Azerbaijan

5.1. Introduction

As previously mentioned, since the 1990s the EU has developed several frameworks for relations with the countries in Eastern Europe and the South Caucasus. After the dissolution of the Soviet Union, these countries found themselves in complete disarray. Political instability, economic unsustainability and conflicts in the region further contributed to the perception of those countries as a security threat and prompted the EU to engage with them by establishing a number of channels for bilateral and multilateral relations. However, the EU still faces several challenges in the region, such as political instability, socio-economic imbalances and the protracted conflicts – namely the Transnistrian conflict in Moldova, the conflicts in South Ossetia and Abkhazia in Georgia, and the Nagorno-Karabakh conflict between Armenia and Azerbaijan. The EU regards the protracted conflicts in Eastern Europe and the South Caucasus as a threat to regional stability and its own security. For they are often associated with terrorism, organized crime and illegal trafficking, they also undermine efforts to promote regional cooperation and economic development thus further destabilizing the region.\textsuperscript{52}

Under the framework of the CSDP and the ENP, the EU managed to become more active on security issues in the region. It inaugurated the EU Rule of Law Mission to Georgia in 2003 (EUJUST THEMIS), the EU Border Assistance Mission (EUBAM) in cooperation with Moldova and Ukraine in 2005, and the EU Monitoring Mission (EUMM) in Georgia in 2008 following the Russian-Georgian war. Alongside, the EU sees relationships with countries in the region as a mean to access the energy deposits of the Caspian Sea and counterweight its dependence on

Russian energy assets. In order to guarantee security of energy transit and supplies the EU has also been involved in mediating gas disputes between Russia and countries in the region.\textsuperscript{53}

Another important factor to bear in mind is that the countries in the EU’s Eastern vicinity are also part of the sphere of influence of significant regional powers, such as Russia, Turkey and Iran. Among the main challenges these regional actors pose to the EU’s security and neighbouring policies in Eastern Europe and the South Caucasus are: Russian active and non-impartial role in the protracted conflicts in the region, its desire to monopolize the energy transportation from the South Caucasus and its foreign policies interests vis-à-vis the countries in the region;\textsuperscript{54} Turkish regional pragmatism, its policy of “zero problems with neighbors”\textsuperscript{55} and its \textit{status quo} approach towards the Black Sea region; and the Moscow-backed involvement of Iran in the South Caucasus.\textsuperscript{56}

Even though the Union regards Iran as a pariah state, it is very much aware of the need to maintain friendly relationships with Moscow and Ankara and therefore has preferred to follow a pragmatic approach towards Moldova, Georgia, Armenia and Azerbaijan. In this regard, Brussels has adopted a cautious approach towards its Eastern vicinity, mostly because it recognizes that any successful policy towards the region – and thus any attempt to secure its borders – will have to take into account the interests and \textit{modi operandi} of these players. The region is, thus, a unique laboratory of overlapping and conflicting power dynamics, which are a root cause of tension in the region and prevent the EU from deepening its relations with the Eastern neighbours. As a result the EU has, so far, opted for a low-profile performance in the region promoting capacity-building and socio-economic development measures\textsuperscript{57} in order to guarantee European security.

\textsuperscript{53} Tsantoulis, SEBSS 2009, 253.
\textsuperscript{54} Abushov, Policing the near abroad: Russian Foreign Policy in the South Caucasus, Australian Journal of International Affairs, 2009, Vol 63, No 2, 187 (187-188).
\textsuperscript{55} Kahraman, Turkey and the European Union in the Middle East: Reconciling or Competing with Each Other?, Turkish Studies, 2011, Vol 12, No 4, 699 (700).
\textsuperscript{57} Biscop, The ENP Security and Democracy in Context, in Whitman/Wolff eds The European Neighbourhood Policy in Perspective: context, implementation and impact (2010), 73 (83).
EU relations with Moldova, Georgia, Azerbaijan and Armenia are based on the PCAs signed during the 1990s and intended to promote transition to a free democracy and market economy. To do so they provide a framework for cooperation in several areas including political dialogue, trade and investment, economic cooperation, legislative approximation, administration reforms, culture and science.\textsuperscript{58} Based on common values and a commitment to promote international peace and security, the PCAs have also institutionalized relations between Brussels and these countries by creating Cooperation Councils, Cooperation Committees and Parliamentary Committees for Cooperation.\textsuperscript{59} These institutions focused on reforming specific sectors in order to harmonize these countries legislation with the \textit{acquis communautaire}, and thus change their political and socio-economic environments. To support this process the PCAs set up the basis for the implementation of TACIS, through which the EU’s partners received significant financial and technical support for legal and administrative reforms, as well as cross-border cooperation, justice and home affairs.

\section*{5.21. Moldova}

However – and due to distinct political, economic and security realities in the countries in the region\textsuperscript{60} and their different strategic interests –, the EU’s relations with these countries evolved in different ways and at diverse speeds. Overall, Moldova is regarded as one of the EU’s best pupils. The EU is keen to recognize its efforts to act on most of the key recommendations addressed by the EU and implement legal and socio-economic reforms, engage in dialogue with Tiraspol, and reinforce cooperation with the EU on several sectors.\textsuperscript{61} Moldova recognizes European integration as its fundamental national objective. Nevertheless, and despite a general

\begin{itemize}
  \item \textsuperscript{59} Bosse, The EU’s Relations with Moldova: Governance, Partnership or Ignorance?, Europe-Asia Studies, 2010, Vol 62, No 8, 1291 (1296).
  \item \textsuperscript{60} Simão/Freire, CRIA 2008, 225.
  \item \textsuperscript{61} JOIN (2013) 4 final, 4.
\end{itemize}
positive progression of Moldova, during the 1990s EU-Moldova relations were often characterized by missed opportunities rather than by strategic engagement.62

Since 2004, the ENP and the EU-Moldova Action plan endorsed in 2005 are the main frameworks for relations between the EU and Moldova. The EU-Moldova cooperation main goal is to develop close relations in the area of “foreign and security policy and in the resolution of the conflict in Transnistria, and to promote economic growth and poverty reduction”,63 as well as people-to-people contacts. The Transnistria issue and the dialogue on visa-free travel for Moldovan citizens are perhaps the most important topics of the EU-Moldova agenda.64 Moldova has been actively cooperating with the EU on regional and international issues, including the Transnistrian issue. Chisinau is fully committed to the work of EUBAM65 and strongly supports the settlement of the conflict.66 As a sign of its support, the EU opened a European Commission diplomatic mission in Chisinau in 2005 and appointed the first EUSR for Moldova in March 2005.

Not only did he work intensively in Brussels and Chisinau to promote the resolution of the conflict, but he also paid several visits to the Transnistrian region in order to establish contacts with local officials and organizations, and increase awareness about what was happening on the ground.67 Furthermore, the EU has generously sponsored border management and border control projects in the country – that has become the top aid recipient per capita in the region68 – as a way to contribute to the settlement of the Transnistria conflict.

Despite Chisinau’s positive performance and the EU-Moldova political dialogue intensification, there is still significant progresses needed in a number of sensitive areas, namely: “ensuring the fundamental freedoms of citizens, addressing some market and regulatory issues, and enforcing

64 Meeting doc. 319/09.
65 Bosse, EAS 2010, 1299.
67 Bosse, EAS 2010, 1302.
effectively national strategies in areas such as the fight against corruption, drugs and trafficking
in human beings, or in sectors such as transport and energy.”

Although Moldova did not welcome the EaP at first because it perceived the initiative as
derogatory and unclear, and condemned the lack of inclusion of a membership prospect, the
country is regarded as the EaP’s success story and the only country whose relations with the EU
have developed dynamically since the launch of the EaP. The EU-Moldova Mobility Partnership
is currently in force and progresses have been noted in the fight against illegal migration and
the trafficking of human beings. In 2010, Moldova became a full member of the Energy
Community Treaty contributing to EU’s aim to promote a secure energy supply system in the
neighbourhood. The bilateral cooperation under the framework of the EaP provides the
foundations for the AA that will deepen EU-Moldova political association and economic
integration by promoting further convergence to EU legislation and standards. The EU and
Moldova are currently negotiating the AA that will enhance their relations across all areas of
cooporation and provide for establishing the DCFTA with the EU. Furthermore, in 2011
Chisinau confirmed its interest in the Comprehension Institution Building Programme and the
new flagship initiatives envisaged by the EaP. This programme, developed jointly by the
Commission and Moldova, intends to assist Moldova with institution-building initiatives needed
to prepare the implementation of the future AA and DCFTA. In this field, the EU’s reports
emphasize the good evolution of relations with Chisinau and the positive steps to prepare
Moldova for the implementation of a DCFTA.

Perceptions about the EU and European integration remain widely positive stressing the EU’s
support to political and economic reforms in the country. Therefore, the EU leverage on the

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70 Korosteleva, Change or Continuity: Is the Eastern Partnership an Adequate Tool for the European
71 Meeting doc. 336/10 REV 2, 2.
72 Meeting doc. 336/10 REV 2, 6.
74 European Commission, 2011, 8.
75 Radchuk, Contested Neighbourhood, or How to Reconcile the Differences, Journal of Communist Studies and
Transition Politics. 2011, Vol 27, No 1, 22 (29).
country remains high but Moldova’s political instability makes hard to predict for how long the EU will be an attractive partner to Chisinau.\(^\text{76}\) This results largely from the fact that Moldova is still overwhelmingly dependent on Russia in the political, economic and energetic fields, not to mention that Moscow remains an active player in the Transnistrian conflict supporting Tiraspol to preserve the status quo and keep Chisinau in its sphere of influence.

5.32. Georgia

Along with Moldova, Georgia is perceived to be one of the EU’s closer partners in the region. After the Rose Revolution in 2003, which was strongly welcomed by Brussels, EU-Georgia relations acquired a considerable momentum. Since then, Georgia rapprochement to Western institutions such as the EU, but also NATO, became a clear part of Tbilisi’s strategy to balance Russian influence in the South Caucasus.\(^\text{77}\) Accordingly, levels of contacts between the EU and Georgia were intensified and the EU provided further assistance to the implementation of reforms in the country.\(^\text{78}\) In 2003, the EU appointed a EUSR for the South Caucasus to promote the coordinated implementation of EU policies in the region.\(^\text{79}\) Moreover, in 2004, the EU launched the EUMJUST Themis in Georgia using the civilian crisis management arrangements within the CFDP. This rule of law mission was intended to help Georgia to define a long-term strategy to reform the criminal justice sector and successfully accomplished its mission in 2005.\(^\text{80}\) That same year, Georgia adopted a National Security Concept that revealed European integration as one of the main axis of its foreign policies. In fact, Georgia is the most pro-Western of the three South Caucasus states and it is actively promoting the implementation of several projects that intend to increase its integration in Western institutions and away from the Russian sphere of influence\(^\text{81}\). Among those are TRACECA, INOGATE, the Baku-Tbilisi-Ceyhan

\(^{76}\) Boonstra/Shapovalova, FRIDE 2010, 10.
\(^{77}\) Abushov, AJIA 2009, 197.
\(^{79}\) Simão/Freire, CRIA 2008, 232.
\(^{81}\) German, Good neighbours or distant relatives? Regional identity and cooperation in the South Caucasus, Central Asia Survey, 2012, Vol 31, No 2, 137 (143).
pipeline and other projects aiming to create an EU-Asia corridor via the South Caucasus. These projects also reveal the country’s strategic position as a transit route between Europe and Asia, and its important contribution to counter-terrorism in the region further confirmed Georgia’s singular relevance to the overall European security.

The secessionist conflicts in South Ossetia and Abkhazia – both of which have existed as de facto independent stated since the early 1990s – represent the most serious threats to security and stability in Georgia. The Russian-Georgian war in August 2008 only made this situation clearer, thus providing the momentum for the EU to play a more active role in the region. The EU assumed a mediating position between the parties and created a six-point ceasefire agreement on 12 August. Although the European Parliament acknowledged Georgia’s responsibility for starting the war, it was clear that its condemnation rested with Russia alone. In particular, the EU was very critical of Moscow’s policy of distributing Russian passports to South Ossetian and Abkhaz citizens and considered it a provocative stance towards Georgia.82 Even though this was interpreted as a clear sign of the EU’s willingness and capability to play a significant role in regional security, the limitations of the ceasefire agreement were made clear in the discussion about possible sanctions against Russia.83 Moreover, the fact that the EUMM is not permitted access to the “occupied territories” in Georgia84 severely restrains its ability to change the grass root causes of the conflict and promote its sustainable resolution. Despite appeals from the Georgian government, the EU’s involvement in Abkhazia is far less significant.85 In general, its main contribution to conflict resolution in the region is still financial as the EU has been providing assistance for the rehabilitation of the conflict zones since 1997 and has become the largest donor to the South Caucasus. Nonetheless, the EUSR is co-chairing the Geneva International Discussions in Georgia, which remains the only forum for dialogue between Tbilisi and the breakaway regions of South Ossetia and Abkhazia.86

84 German, Securing the South Caucasus: Military Aspects of Russian Policy towards the Region since 2008, Europe-Asia Studies, 2012, Vol 64, No 9, 1650 (1659).
85 German, ES 2007, 365.
86 JOIN (2013) 4 final, 17.
Under the EaP framework the EU launched regular Human Rights meetings with Georgia\(^{87}\) and provided technical and financial assistance to mitigate socio-economic imbalances in the country. In 2009, the EU-Georgia Mobility Partnership was launched after the conclusion of negotiations on visa facilitation and readmission agreements.\(^{88}\) Furthermore, negotiations on the EU-Georgia AA were launched in July 2010\(^{89}\) and have been progressing smoothly and regularly.

### 5.43. Armenia and Azerbaijan

The Nagorno-Karabakh conflict dominates the foreign policies of Armenia and Azerbaijan, which are still officially at war over the mountainous region. The EU regards the lack of progress in finding a sustainable solution to the conflict as a destabilizing factor that impacts negatively on European security.\(^{90}\) However, the EU’s involvement in the resolution of this conflict is currently very limited, as the EU is only supporting the ongoing political dialogue under the OSCE Minsk group and providing financial assistance to address the consequences of this dispute.\(^{91}\) This is despite EUSR Peter Semneby emphasis on the need to expand the EU’s mandate in the region and play a more active role in the resolution of the conflict.\(^{92}\)

Armenia is a landlocked country that has regarded European integration with pragmatism, as the regime in Yerevan believes that European institutions must be balanced against its strategic partnership with Russia\(^{93}\) and its relations with Iran. As a result, EU-Armenia relations have not been developing as positively as relations with Moldova or Georgia. After a very low-profile engagement in the country during the 1990s and 2000s, in 2009 the European Commission provided a list of key recommendations to be implemented by Armenia before negotiations on

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87 Meeting doc. 319/09, 3.
88 Meeting doc. 319/09, 4.
89 Meeting doc. 336/10 REV 2, 2.
91 German, ES, 2007, 366.
92 Nriyev, SEBSS 2008, 162.
93 German, CAS 2012, 144.
a DCFTA could start.\textsuperscript{94} That same year an EU Advisory Group started to work with the Armenia administration in order to prepare negotiations on the future EU-Armenia AA, which were launched in July 2010. Preparations for developing a EU-Armenia Mobility Partnership are also currently taking place.\textsuperscript{95} Progress on energy cooperation has been noteworthy and Armenia now has an observer status in the European Energy Community.\textsuperscript{96} However, Armenia is still regarded as having an ambiguous approach towards European integration. The EU stresses the fact that Yerevan has acted only on some of the key recommendations under the ENP and EaP frameworks, even though it praises the country for the adoption of a roadmap to improve the electoral processes and a set of other measures aiming at improving the human rights situation in the country and to fight corruption and organized crime.\textsuperscript{97}

Azerbaijan is the country with most natural resources and the largest population in the South Caucasus. In order to develop its resources and strengthen its economy, the country has privileged relations with the West. However, due to the Nagorno-Karabakh issue it remains vulnerable to influences from Russia, Turkey and Iran.\textsuperscript{98} Aware of this reality Azerbaijan has sought to maintain a multi-level foreign policy in which it is careful to balance these regional powers against deepening cooperation with the West.\textsuperscript{99} Moreover, relations with Armenia remain difficult if seldom existent. Accordingly, for Baku the insistence of the EU in having them cooperate with Yerevan has been seen as an interference in domestic politics.\textsuperscript{100} Nonetheless, European integration is promoted in Azerbaijan as a key strategic goal of its foreign policies and the country welcomes the increasing role of Western institutions in the region.

Azerbaijan’s strategic importance in terms of energy and geographical location reduces the EU’s leverage in the country. Furthermore, the fact that the EU is willing to turn a blind eye to the country’s authoritarianism reduces its ability to influence and transform Azerbaijan’s behaviour. This is a very important element of differentiation regarding EU relations with other countries in

\textsuperscript{94} Meeting doc. 319/09, 3.
\textsuperscript{95} Meeting doc. 336/10 REV 2, 2.
\textsuperscript{96} Meeting doc. 336/10 REV 2, 3.
\textsuperscript{97} JOIN (2013) 4 final, 4.
\textsuperscript{98} Gachechiladze, Geopolitics in the South Caucasus: Local and External Players, Geopolitics, 2002, Vol 7, No 1, 113 (120).
\textsuperscript{99} German, CAS 2012, 144.
\textsuperscript{100} Simão/Freire, CRIA 2008, 234.
the region, which are willing to develop their relations with the EU and benefit from European integration, but have very limited bargaining-chips to negotiate the terms of such integration. As a result, the EU has significant potential for leverage to transform their political and socio-economic systems within the ENP framework.

Energy security is an important field in EU-Azerbaijan relations and it is likely to guide their agenda for the coming years. The two sides made significant progresses in energy cooperation that includes the signature of a Memorandum of Understanding in 2006 on the strategic energy partnership between the EU and Azerbaijan.\textsuperscript{101} Azerbaijan is actively involved in the implementation of the TRACECA and the “Great Silk Road” project, which aim to link Europe with Asia via the South Caucasus therefore avoiding Russian territory.\textsuperscript{102} Under the EaP framework the EU and Azerbaijan signed agreements on energy related projects that will allow the flow of substantial gas supplies from Azerbaijan and the Caspian Sea region to the EU.\textsuperscript{103} Negotiations on the EU-Azerbaijan AA were launched in July 2010\textsuperscript{104} and negotiations on a possible EU-Azerbaijan Mobility Partnership started to take place between the two parts. However, and even though the country has a singular strategic importance for the EU’s security, progress in EU-Azerbaijan relations has been limited\textsuperscript{105} revealing the EU’s narrow ability to promote changes in the country.

**Conclusion**

Although the EU has always recognized the strategic importance of its eastern vicinity, it was only in the mid-2000s that the Union started to pay greater attention to the countries in Eastern Europe and the South Caucasus. Through the ENP and its related regional initiatives – especially the BSS and the EaP – the EU has been trying to promote stability and prosperity in its eastern neighbourhood in order to tackle security challenges in the region.

\textsuperscript{101} Nriyev, SEBSS 2008, 162.
\textsuperscript{102} Gachechiladze, G 2002, 124.
\textsuperscript{103} Meeting doc. 319/09, 4.
\textsuperscript{104} Meeting doc. 336/10 REV 2, 2.
\textsuperscript{105} JOIN (2013) 4 final, 4.
Despite progresses made under these frameworks, Eastern Europe and the South Caucasus have not yet approached the desired levels of security and stability from the EU’s perspective. Overall, the impact of the ENP and its related initiatives in promoting reforms in these regions has been limited. Furthermore, the countries have experienced different evolutionary paths and have diverse strategic foreign policy goals that affect their relations with the EU. While Moldova and Georgia are endeavouring to move closer to the EU, Armenia has an ambiguous approach towards European integration and Azerbaijan, though willing to deepen its relations with the EU, is eager to promote a relationship with Brussels on its own terms.

The fact that the EU is not the single actor with defined interests in Eastern Europe and the Southern Caucasus compels Brussels to develop a more explicit and nuanced policy towards Russia, Turkey and Iran if it wants to engage itself more actively in the region, without antagonizing its regional partners. In this regard, the unfolding of relations among the key regional players in Eastern Europe and the South Caucasus is quintessential for the future and success of the EU’s policies and initiatives in the neighbourhood. The EU itself acknowledges that shifts in foreign policy orientations of countries in the region and the growing involvement of other actors in its neighbourhood are diminishing the EU’s leverage and attractiveness to countries in the region. This will require the EU to make additional efforts to reinforce its frameworks for relations with Eastern Europe and the South Caucasus and to provide them more coherence and content to address security challenges at its borders.

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107 JOIN (2013) 4 final, 22.