

# THE EASTERN NEIGHBOURHOOD OF THE EU *GRAND* *CHESSBOARD*\*

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**Abstract:** *The European Union (EU) approach towards its eastern neighbourhood is a complex one as it puts emphasis on several key aspects: geopolitical, geoeconomic, security, given the problems that the European Neighbourhood Policy (ENP) is faced with and also the competition between the two important regional actors – the EU and Russia – that many times takes the form of a rivalry between spheres of influence. Firstly, this paper dwells on a brief study of the ENP eastern dimension, whereas, secondly, it focuses upon the competitive geostrategic configuration between the EU and Russia, in terms of the political and economic future of Eastern Partnership (EaP) states: Armenia, Azerbaijan, Georgia, Moldova, Ukraine and Belarus.*

**Keywords:** European Neighbourhood Policy, Eastern Partnership, Eastern Europe, geopolitics, EU-Russia relationship

**JEL Classification:** F15

## 1. INTRODUCTION

The European Union (EU) has approached the challenges generated by the near abroad from a regional integration-security perspective. Its means were at that time mostly economic, but the objective was political: to pacify Europe. As integration advanced and the potential for conflicts in Western Europe faded, the EU concern with conflicts has become increasingly *outward looking*. The strengthening of solidarity between the European states after the Second World War through trade, financial exchange, the integration of national economies, political negotiations under common institutions and through a constant diffusion of *European ideas* fostered confidence, provided predictability and created strong links between countries. These efforts have been developed alongside the EU's enlargement process, thus generating an unprecedented integration project of *Kantian* inspiration, which the Union is now also applying to its neighbourhood (Kelley, 2006).

The political-economic interstate interaction represents the *driving force* that supports the regional cooperation and integration envisaged by the European Neighbourhood Policy (ENP). The ENP constitutes a frame for consolidating relations with EU neighbours and aims both at creating

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an area of prosperity, stability and security and at sharing common values (democracy and human rights, rule of law, good governance, market economy principles and sustainable development). (ENP, 2012) As such, this paper argues that these political and economic leverages used by the EU in relation to its neighbourhood can also represent a tool of regional influence or a *subtle geopolitical strategy*.

In order to delineate the research field, it is important to mention the fact that the ENP, as it is defined, comprises the Southern neighbourhood of the EU (the Mediterranean countries) and the Eastern one (included in the Eastern Partnership: Moldova, Ukraine, Belarus, Georgia, Armenia and Azerbaijan). This paper focuses upon the eastern dimension of the ENP because, in comparison to the other neighbouring countries from the Mediterranean Basin, the Eastern Partnership (EaP) states display a *European sense of belonging*, due to their inclusion into the conventional geographic boundaries of the European continent.

## **2. THE EUROPEAN NEIGHBOURHOOD POLICY AND ITS EASTERN DIMENSION**

The origins of the European Neighbourhood Policy (ENP) date back to the beginning of 2002 when Great Britain insisted upon creating an *Wider Europe* initiative meant for countries such as Belarus, the Republic of Moldova, Russia and Ukraine, but not for the countries in the Western Balkans (already involved in the process of stabilization and association) or for those from the Southern Caucasus (Armenia, Azerbaijan and Georgia).

The year 2004 brought two notable events on the EU agenda. The first was the EU's transition from 15 to 25 member states after the enlargement towards Central and Eastern Europe, followed in 2007 by Romania and Bulgaria. The second event marked the launch of the ENP in 2004 and might be regarded as a consequence of the first, being the result of the EU's concern about avoiding the emergence of new dividing lines between the enlarged EU and its neighbours. Compared to the initial proposal, also in 2004, after a strong lobby made by the republics from South Caucasus and after Georgia's peaceful *Rose Revolution*, the Council of the EU accepted the participation of Armenia, Azerbaijan, Georgia, as well as of several Mediterranean states. Russia refused to participate, preferring to cooperate with the EU on *equal footing*, developing four *common spaces*: (1) economic; (2) freedom, security and justice; (3) external security; (4) research and education, within a specific agreement of cooperation (Smith, 2005, p. 759).

The ENP system represents a new approach to the relationship between the EU and third countries, an approach that outperforms the traditional one based on cooperation. It aims now at creating a stable, secure area, *a ring of friends* at the EU's borders, as Romano Prodi (president of the European Commission, 1999-2004) has coined it. Good governance, market economy and democratisation, prerequisites for stability, are at the forefront of this policy initiative. These objectives are paramount for Brussels, because at the European level "admission to the common market demonstrates commitment to stable democratic rule. In the other direction, democratic states presumably feel their security less threatened by other democratic states, and hence can enter into relationships of economic interdependence for absolute gain without worrying as much about the relative gains that so centrally impact the realist model of relationships." (Russett, 1998, p. 375)

It should be noted that, from the very beginning, the ENP was adjacent to, but distinct from the EU's enlargement policy; also, this policy cannot be regarded as *a pre-accession exercise* as the states concerned have not been targeted as potential EU candidates. *Belonging to Europe* and *being associated with Europe* are two distinct phrases which draw a blurred line between the EU states and their neighbours. However, the official formula initially used for the ENP by Romano Prodi has a milder, albeit vague, meaning, namely that this policy should offer its neighbours "more than partnership and less than membership" (Prodi, 2002). This indicates the purpose of reaching a level of integration similar to, but not mistaken for, accession to the EU.

Thus, the European Union hopes that the neighbouring countries will adopt its policy and will gradually comply with its norms, such as the case of Central Eastern European Countries, even in the absence of a membership perspective. Since the political perspective - the EU membership - has not been yet considered, for the time being the declared objective of the ENP is to offer in the near future partner states the possibility of participating in the EU internal market\*. Accordingly, the perspective of participating in the EU's internal market is, for the neighbouring countries, the most significant aspect of the ENP. Although it is a progressive and long-term objective, this *part* ("stake") from the internal market has not been accurately defined in the EU's official documents, yet it seems to refer to a substantial reduction of tariff and non-tariff barriers in numerous aspects of the internal market and also to a future possibility of being included into a free trade area of goods, services and factors of production. This renders a gradual convergence with the rules of the European internal market, a regional consolidated cooperation and a stronger adjustment to the institutional practices and standards of the EU.

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\* "A stake in the EU internal market" – as stated in the official documents of the European Commission.

The eastern dimension of the ENP refers to the Eastern proximity of the EU and includes the European countries: Ukraine, Moldova, Belarus, Armenia, Azerbaijan and Georgia, whereas in the south, the ENP brings together the countries surrounding the Mediterranean Basin (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, the Palestinian Authority, Syria and Tunisia). Whereas the ENP countries from the South (*Maghreb* and *Mashreq*) seem to enjoy the model proposed through the ENP\*, the Eastern Europe countries do not regard the ENP as an alternative to the membership perspective but, as a *palliative* that could gradually be followed by more consistent integration policies.

The ENP, and most recently the EaP that reunites these states located in EU's eastern proximity, remains one of the main priorities of the Union's external policy by economically and politically pushing the states involved a step closer to the EU. Through the EaP, a multilateral cooperation initiative which enriches the ENP, the EU reiterates its interest in this region by providing the premises for creating an area of free trade, stability and security.

These six states were part of the former Communist bloc and share a similar economic and political domestic environment: they are former communist regimes, transition economies which have been gradually seeking to transform themselves from centrally planned economies to free markets. They have been isolated for a very long time from the international principles that regulate the capitalist economies, as a result of trade restrictions within the Communist bloc. Integrating them into the international economic system is a major challenge both for the economic agents as well as for the national authorities.

The countries that we are referring to - Ukraine, Moldova, Belarus, Georgia, Armenia and Azerbaijan<sup>†</sup> – have a very short history of independence and consolidation of the liberal democratic state, and their institutional apparatuses are still unable to manage the absorption of normative frameworks demanded by a modern economy. The EU's economic governance which has been successful in providing prosperity for its member states has a certain degree of attraction and legitimacy in the eyes of the post-Soviet elites and the societies they represent. However, there is a wide discrepancy between the realities from these countries and their capacity to comply with European economic and political norms. The six states have a core group (Ukraine, Moldova and Georgia) which display a strong desire to become EU members; concurrently, they are willing to work according to the convergence paradigm concerning the EU norms and standards, as well as according to procedures that are similar to the accession process. For the second group made up of

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\* They do not even satisfy the geographic requirement to join the European Union.

<sup>†</sup> Henceforth, the neighbourhood terminology will strictly refer to the EaP states.

Belarus, Azerbaijan and Armenia, the membership option is not clear but, nevertheless, embracing the EU values and norms represent an assumed goal (probably with the exception of Belarus). The launching of negotiations for establishing association agreements with Armenia, Azerbaijan and Georgia in July 2010 (i.e. 3 years after similar agreements have initiated with Ukraine and 1 year after Moldova) is the most important step to harmonise EU relations with eastern neighbours.

In spite of the official discourse according to which the objectives of the ENP and EaP are political association, the creation of a free trade area and economic integration with the EU, these are merely instruments for the achievement of the fundamental goal of security. The timing of the policies, among other things, shows that they were designed in response to security challenges: the ENP emerged in the aftermath of the big 2004 enlargement and shortly before Romania and Bulgaria became members, which would bring the troubled region closer to EU borders, whereas the EaP came about as a result of the 2008 war in Georgia.

### **3. THE EASTERN VICINITY OF THE EU – A *BONE OF CONTENTION* BETWEEN THE TWO REGIONAL PLAYERS, THE EU AND RUSSIA?**

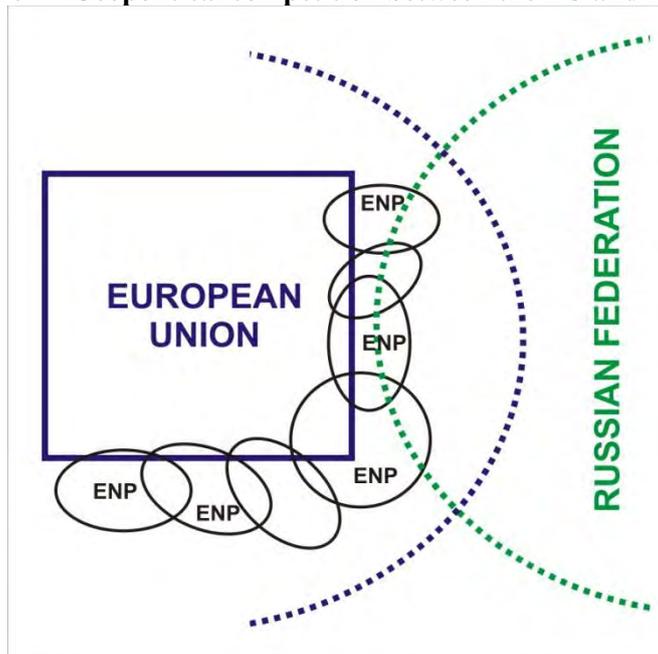
A brief analysis of the eastern neighbourhood of the EU cannot rebuff the geopolitical factors. *Geopolitics* is a theory that puts emphasis on the essential connection between the geographical position of a state and its politics, a fact which highlights the central importance of the territory in the countries' behaviour. The international milieu is mainly split in states and blocks of states that are structured on three different levels, ranging from the *global*, to the *regional* and the *local* (national) one. Whereas on the global level there are important players who seek to assert their influence (e.g. the USA, Russia, the EU, China, etc.), on the regional level it becomes clear how these powers translate their interests in the form of *spheres of influence*. These spheres often collide leading to consequences at the local / national level. Moreover, national actors may have a certain significant impact upon the geopolitical configurations when making their external political decisions.

Regarding the eastern dimension of the ENP, the EU and Russia are the actors exercising influence on all these three levels (global, regional and national). They are not just global powers, but they also play a determining role on a regional level in the eastern proximity of the EU, an area often regarded as a *grey area* between the two great international actors. Or, as Wesley Scott argued, the EU has attempted to create through the ENP a *buffer-zone* (similar to Immanuel Wallerstein's concept of *semi-periphery*), meant to protect the European nucleus (the member states

of the EU) from the potential political and economic unrest coming from outside its borders (Scott, 2005, p. 434).

Therefore, the geostrategic relation EU-Russia also deserves increased attention in order to understand the sensitive context the six states involved – Belarus, Ukraine, Moldova, Georgia, Armenia and Azerbaijan – are faced with in terms of external policy choices, as they sometimes represent a *bone of contention* in the often tense relationship between the EU and Russia (Figure 1).

**Figure 1 - Geopolitical competition between the EU and Russia**



Source: Table adapted according to Fabrizio Tassinari. (2006) „Variable Geometries: Mapping Ideas, Institutions and Power in the Wider Europe”, *CEPS Working Document*, No. 254, p. 12.

From Brussels' standpoint, the eastern states do not only have a key geopolitical position, but they also represent an important asset in terms of international economic competition with other centres of international power. The former Communist states represent a wide market that cannot be ignored by any expanding power. Furthermore, these countries are either endowed with rich natural resources (Azerbaijan) or represent vital energy transit routes (Georgia, Ukraine, Belarus). And these geopolitical advantages are difficult to ignore. The eastern dimension of the ENP is influenced by a very heterogeneous group of factors and lies at the centre of some strategic games and rivalries based on the problem of energy. In this space, the EU is attempting to build a new system of pipes for oil and natural gases corridors from the Caspian Sea and Central Asia, bypassing Russia. The actions of the EU are creating obvious regional frictions. For example, the 2008 conflict between Russia and Georgia was also generated – albeit officially rejected – by the geopolitics of the energy

routes in the region. Therefore, it can be said that the region is marked by instability and severe security problems that may significantly inhibit the development and even the success of the processes of cooperation and regional integration with the European Union.

The common space between the EU and Russia has frequently been an economically and diplomatically disputed space. The ENP has been regarded as an essential step in establishing strong relationship between the EU and its new neighbours. Russia’s self-exclusion from the ENP has resulted in a competitive agenda between the two geopolitical players. Moscow perceived the ENP and the very concept of *shared neighbourhood* as posing a threat to what Russia regarded to be its traditional sphere of influence (Gower and Timmins, 2009, p. 1685).

These tensions are generated, on the one hand, by the attraction of a pro-Occidental agenda that promises financial support, technical assistance and a potential economic integration into the European market, which would mean positive benefits for trade and investments. On the other hand, cooperation with Moscow is still a salient issue given the dependence on Russia’s energy resources and also the cultural and historical affinities.

The efficiency of EU’s external governance cannot be discussed without examining the wider geopolitical milieu where the Union’s actions occur. The interdependencies from the triangle formed by the EU, the EaP states and Russia shape the context within which the EU and Russia compete to export their legislative, structural, institutional, geopolitical and economic policies (Table 1).

**Table 1 - Interdependencies within the EU-Russia shared neighbourhood**

<b>INTERDEPENDENCIES</b>	<b>EaP states - EU</b>	<b>EaP states - Russia</b>
<b>Trade</b>	High ← →	Low
<b>Foreign Affairs</b>	Medium ← →	Medium
<b>Energy</b>	Low ← →	High

Source: Table adapted according to Dimitrova, Antoaneta, Dragneva, Rilka. (2009) “Constraining external governance: interdependence with Russia and the CIS as limits to the EU’s rule transfer in the Ukraine”, *Journal of European Public Policy*, Vol. 16, No. 6, p. 853.

These interdependencies are still deeply marked by energy issues – apart from Azerbaijan and Georgia (which is mainly supplied by Azerbaijan), the other four states (Moldova, Ukraine, Belarus, Armenia) depend to an overwhelming extent upon Russia in terms of energy. This dependency also affects their foreign political decisions.

In the commercial field, the EU’s influence is higher than the one exercised by Russia through the Commonwealth of Independent States (CIS). The EU is the main trade partner for all the five

countries, an exception being Belarus where Russia maintains an upper hand. (European Commission, 2011a) In the near future, Brussels envisages the creation of an economic area similar to the European Economic Space with its eastern neighbours within which it will have stronger leverages.\*

Nevertheless, Russia has often attempted to undermine the economic objectives of the ENP. The *Russo-centric* approach focuses upon a different kind of economic integration, which means taking control over the key economic, energy and infrastructure assets. The EU's inclusion of the Republic of Moldova and of Ukraine in the European Energy Community, which implies a full adoption of the energy acquis by the two countries, stricter competition rules, a certain degree of separation from the energy companies and more transparent regulations is at odds with the monopolist domination of Gazprom over the energy market in Moldova (through MoldovaGaz), energy infrastructure in Ukraine (through RosUkrEnergo) or Belarus (Russia covers all of Belarus's gas needs and 90% of its oil consumption) (Wilson and Popescu, 2009, p. 32). In addition to that, Vladimir Putin's new integration project which envisages the creation of a Eurasian Union by 2015 is meant to counter any regional initiative forged by the EU. In spite of the official rhetoric according to which the aim of this union is economic, the ultimate objective is, however, geopolitical. It seeks to offset the Deep and Comprehensive Free Trade Agreements (DCFTAs) already underway, launched by the EU in association with almost all the EaP members (again with the exception of Belarus). Apart from an improved economic agenda, these DCFTAs include non-technical norms (values), including principles of institutional harmonization, good governance, human rights and democracy (Moga, 2012, p. 80).

Regarding their foreign policy actions, the six states are trapped to a certain extent in a regional geopolitical bloc (the CIS) created by Russia as a tool used to handle interdependencies after the breakdown of the Soviet Union. Russia's involvement in the CIS region has the potential to interfere with the EU's external governance and to influence the transfer of policies in several ways: first of all, by using existing institutional arrangements within the CIS (bilateral agreements or other official coordination mechanisms) and, secondly, by exerting a policy based on power in the areas in which (energy) interdependence is high (Emerson, 2004, p. 27).

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\* This statement has been concluded from Romano Prodi's declaration, who suggested that "it is worth seeing what we could learn from the way the European Economic Area was set up and then using this experience as a model for integrated relations with our neighbours." - Prodi, R., "A Wider Europe – A Proximity Policy as the Key to Stability", Speech/02/619, *Sixth ECSA-World Conference*, Brussels, 5-6 December 2002, p. 7. apud Sieglinde Gstöhl. (2008) "A Neighbourhood Economic Community - finalité économique for the ENP?", *EU Diplomacy Papers*, No. 3, p. 4.

Moreover, Russia could still hinder EU peace efforts to thaw the *frozen conflicts* in the region. Transnistria, South Ossetia and Abkhazia are still among the toughest challenges for the Euro-Atlantic security community.

The above-mentioned facts denote that Russia seems to be unwilling to accept a strong involvement of EU through the ENP in the common neighbourhood. Accordingly, Russia still prefers various games of geopolitical competition, making use of its trump cards (energy levers, military power etc.). In May 2009, when during the Prague Summit the EU launched the EaP, Russia did not hesitate to express its reluctance, accusing the EU of trying to expand its sphere of influence in the region.

Thus, it becomes obvious that creating an integrative frame for regional cooperation depends, to the largest extent, upon the success of the external governance that the EU wishes to transfer to its vicinity.

#### 4. CONCLUSION

The EU and Russia are the most important actors in the shared neighbourhood, both exercising structural and normative power to shape their neighbouring environment and both trying to coordinate the external challenges emanating from the region. On the one hand, having the EU as a neighbour is an advantage: the EU is currently the only international actor with a comprehensive strategy for its immediate neighbours, despite the difficulties in bringing together the interests and priorities of its 27 member states. On the other hand, Russia is often perceived as seeking to maintain or recreate a traditional, Realist *sphere of influence* by manipulating a range of hard and soft instruments to exploit its predominant structural power in the post-Soviet space. Despite the fact that the EU and Russia have a common interest in ensuring regional stability, in the last years between these two international actors a *zero-sum game calculus* occurred in terms of geopolitics and competition. Moscow is generally considered as a normative and political rival to Brussels and consequently as the main stumbling block to any EU–Russia cooperation in the common neighbourhood. This is not surprising taking into account that both the EU and Russia have often expressed their interest in the shared neighbourhood (the main Russian energy routes are transiting this area, as it is the case of the future EU Nabucco project).

Apart from the geopolitical competition which has laid it bare that the EU is not “the only game in town”, the present economic debacle represents an acute threat to the EU’s power of attraction and credibility in the neighbourhood. For enhancing regional stability and security, the

EU should also play a much more important part in promoting prosperity and reduce economic disparities. It also needs to take further steps internally for a much more coherent, consolidated neighbourhood policy in order to present a stronger, unified policy externally.

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