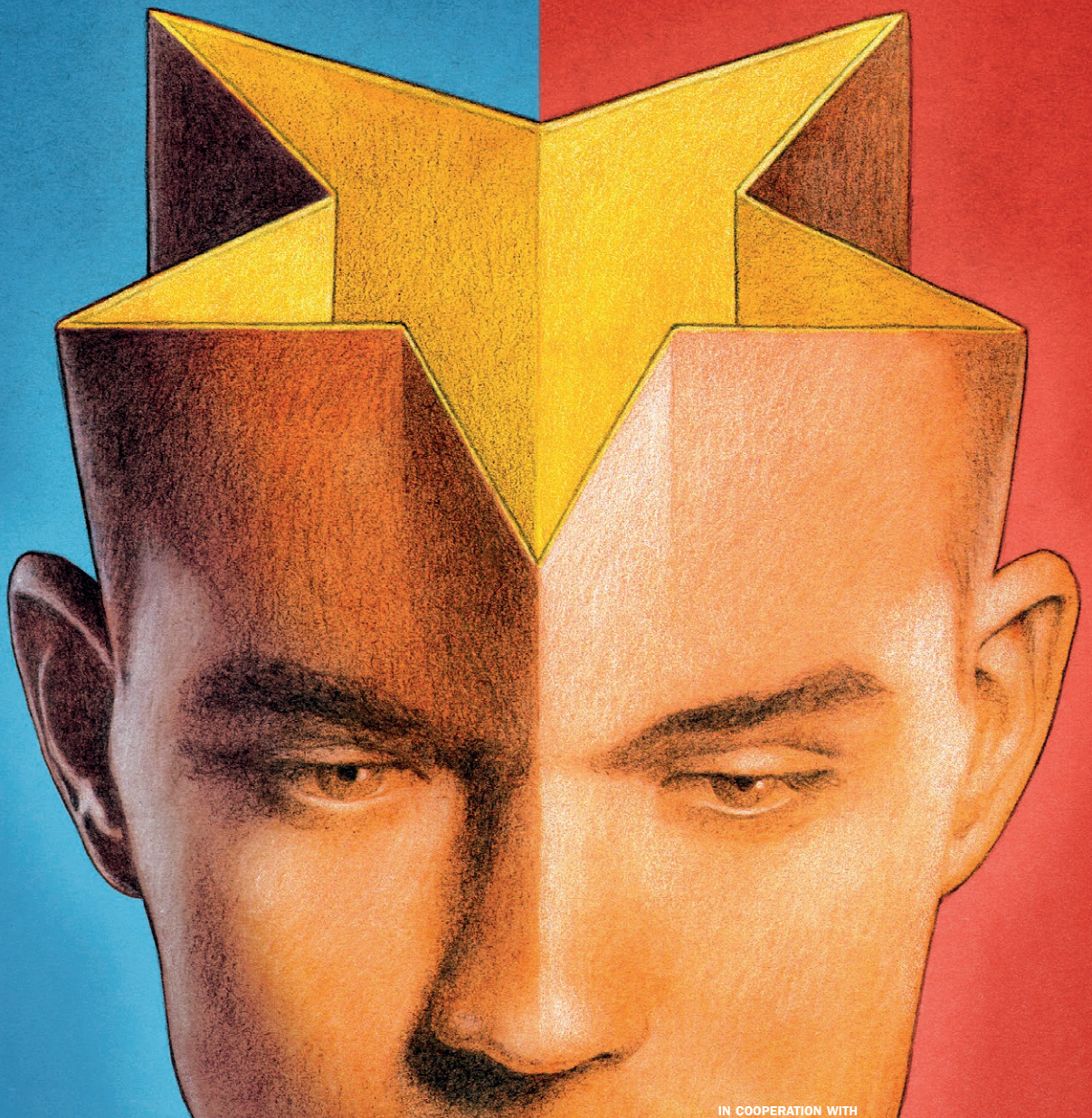


VISEGRAD / INSIGHT

SPECIAL EDITION
1 (16) | 2020

ISSN 2084-8250

EASTERN EUROPEAN #FUTURES



IN COOPERATION WITH

Scenarios for the Eastern Partnership 2030

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of the United States
STRENGTHENING TRANSATLANTIC COOPERATION

Visegrad Insight is the main platform of debate and analysis on Central Europe

This report has been
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Rzeczpospolita Polska
Ministerstwo
Spraw Zagranicznych

This report has been supported by the International Visegrad Fund.
It does not necessarily reflect the official policy or position of the
Visegrad Group or the International Visegrad Fund

A earlier thematic report named *Eastern Partnership 2030 Trends*
was developed with the support of the Polish Ministry of Foreign
Affairs



EASTERN EUROPE

Four Scenarios

In 2009, the European Union and six of its Eastern neighbours launched the Eastern Partnership (EaP) with the stated aim of “building a common area of shared democracy, prosperity, stability and increased cooperation.” A decade on, however, progress has been mixed. On the upside, three of the EU’s Eastern neighbours – Georgia, Moldova and Ukraine – have embarked on challenging democratic and economic transformations and have built, through far-reaching association, free trade and visa agreements, ever-closer ties with the EU. A fourth neighbour, Armenia, has recently set itself on a similarly positive path while two others, Azerbaijan and Belarus, remain committed to an authoritarian status quo that forecloses fully developed relations and cooperation with the EU. Adding to this complexity is Russia, neighbour to both the EU and its Eastern partners, which has increasingly and aggressively asserted itself across the Eastern Partnership region over the last years.



WOJCIECH PRZYBYLSKI
Visegrad Insight

As the Eastern Partnership has entered its second decade, challenging questions remain and arise as to the future of Eastern Europe. For this reason, the EU and its partners have undertaken a comprehensive review of this policy framework, with revisions to be announced at an EU-EaP summit later this year. Numerous experts from the EU and the Eastern Partnership have contributed their assessments coupled with recommendations for improving this regional initiative. This scenario report wishes to enrich the debate and decision-making by tracing key dynamics and charting possible trajectories for Eastern Europe to take over the coming ten years.



JOERG FORBRIG
The German Marshall Fund of the United States

For the period until 2030, this report identifies four possible scenarios that variously evolve around further integration between Eastern Europe and the EU, a return of Russia as a hegemon, an EU-Russian grand bargain and a civic momentum propelling Eastern European developments. Yet underneath these key dynamics, as all scenarios acknowledge, a host of further trends are at play, both regional and global ones. These range from domestic political developments in the six Eastern European countries to those in Russia and the EU, from regional and global geopolitics to the involvement of the United States and China, from security and energy issues to economic dynamics, technological change, demographic challenges and from the information space to social problems. The four scenarios do their best to account for this complexity without, however, aiming at prediction and probability.

Besides mapping principal trends, strategic dilemmas and plausible trajectories for Eastern Europe at large, individual country perspectives add to each scenario. In so doing, this report hopes to account for the considerable diversity among the countries of Eastern Europe, one of the principal challenges not least for the Eastern Partnership and the EU.

This report was jointly developed by Visegrad Insight, the German Marshall Fund of the United States and through workshops and collaboration with over thirty extraordinary minds – analysts, journalists, policymakers, civic activists, digital community and business leaders – from the six countries of the Eastern Partnership. They were joined by seasoned experts from the Slovak Foreign Policy Association, the Czech Association for International Affairs, the Hungarian Centre for Euro-Atlantic Integration and Democracy, the Foreign Policy Council “Ukrainian Prism”, the Belarusian House and the International Strategic Action Network for Security. Together, it is their hope that this report will inform public and policy debate on this key European region.

RECOMMENDATIONS



Quincy Cloet, Visegrad Insight, Warsaw

The EaP region needs to bet on building greater interconnectivity to prepare for future economic shocks and reduce pressure from malign actors. A new regional infrastructure for transport and energy will increase resilience in each of the six countries.

Nino Danelia, Ilia State University, Tbilisi

A partnership between the EU and civil society in the EaP countries will facilitate the further development of democracy based on Eastern neighbours' common as well as individual, political, economic and socio-cultural contexts and challenges.



Richard Giragosian, Regional Studies Center (RSC), Yerevan

Defence and security have for far too long been the domain of authoritarian regimes. Democracy and domestic reforms are the best defence against external threats. The EU is best equipped to empower but not to intervene in sustaining dynamic, local activism and efforts to produce lasting change.

Bakhtiyar Hajiye, Public Policy Institute, Baku

We need to engage the EaP countries in more EU programmes, especially those not treated as a political threat by Russia. Additionally, we should promote more intraregional and interregional business partnerships.



Pavel Havlíček, Association for International Affairs (AMO), Prague

The Green New Deal offers an interesting opportunity for the EaP region. The EU will have to not only increase its financial involvement but really choose the right tools and instruments to implement its climate diplomacy in practice.

Veranika Laputka, East Center, Warsaw

The EaP region should invest into digital tools and work on social media platforms for different age groups in order to engage various segments of the society into civil activism.



Hennadiy Maksak, Foreign Policy Council “Ukrainian Prism”, Kyiv

Digitalisation may serve as a bridge for a region where physical contacts between countries are not extensive. However, we should be aware of the malign effects cyberspace may bring. More steps towards resilience need to be undertaken, including the exchange of practices on how to counter disinformation and cyber-threats.

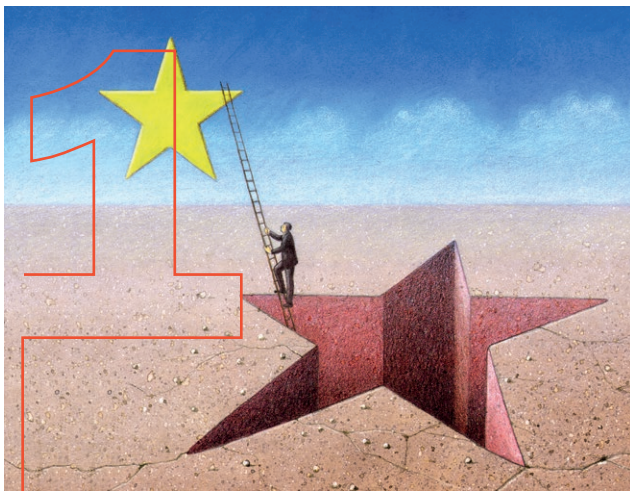
Natalia Stercul, Foreign Policy Association of Moldova, Chisinau

Relevant stakeholders and young researchers within the EU and the EaP countries have to mobilise their efforts towards a deeper cooperation in terms of scientific research, information technology as well as encouraging innovation at the regional level.



4 SCENARIOS

for Eastern Europe



Pragmatic Integration

Over the next decade, the EaP countries gradually achieve tangible but limited progress on their road to European integration. The apparent divergence between them continues to widen.

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Russian Hegemony Revisited

The EU is too feeble to engage with its Eastern neighbours, all of which are reabsorbed into the Russian sphere of influence by 2030.

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EU Pivot to Moscow

The EU reboots its relationship with Russia at the expense of the EaP countries whose democratic reform and European integration stalls by 2030.

PAGE 10



Civic Emancipation

Part of a global wave of civic protests, the EaP countries face rising demands from their citizens for stronger democracy, the rule of law, and resilience to malign influences.

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RECOMMENDATIONS

Our experts and partners shed light on possible policy responses to the four possible scenarios.

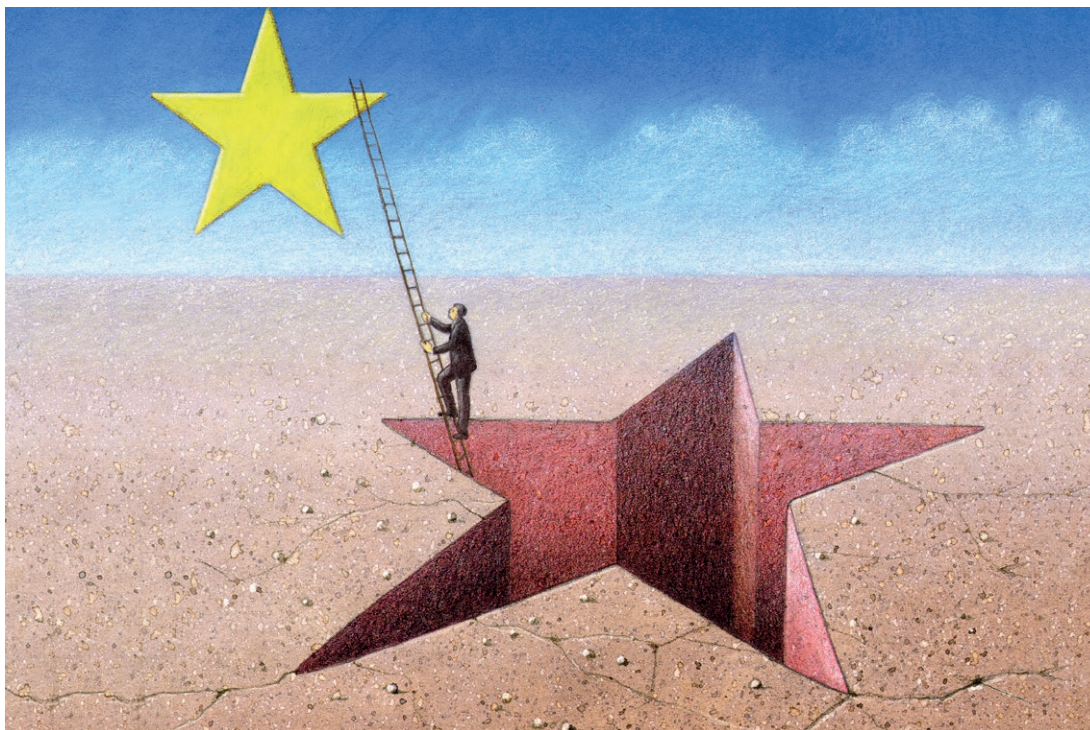
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TRENDS

Politics and Energy
Security
Society and Demography
Information and Digital
Economy and Technology
EU and Environment

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1 | Pragmatic Integration



Over the next ten years, in the absence of major political setbacks or security related turbulence, most of the countries of the Eastern Partnership will have a fairly good chance of success in their political association and economic integration with the EU. The soft power of the world's largest trading bloc and the market-based advance towards greater economic integration and technical approximation will develop into an pragmatic, fairly inconspicuous, yet effective approach.

There are no major slogans, symbols or serious expectation for membership, but foreign direct investment, trade and economic interdependence will continue to increase, with some improvement in infrastructure development and interconnectivity. In turn, this will lead to an effective consolidation within the Eastern Partnership countries, at least in the cases of Georgia, Ukraine and Moldova, by virtue of their Association Agreements (AA) and Deep and Comprehensive Free Trade Agreements (DCFTA). For the three other EaP members, the focus is on pursuing a similar, but silent form of integration, based on pragmatism ahead of any changes to their security and diplomatic ties to

Russia. Meanwhile, as this apparent divergence among EaP countries still widens, in the next years, the differentiation between the first and the second group becomes so significant and pronounced that the EU is forced to reframe the approach and modify the Eastern Partnership framework.

Subsequently, as the EU needs to reshape its neighbourhood policy overall, the Eastern Partnership remains an important template. The Commission would seek to maintain a positive trajectory but refrain from any emphasis on a “geopolitical” narrative. This chosen course is to avoid the inherent risk of a Russian overreaction to what Moscow may see as a process of integration that

moves the EaP states too fast and too far away from the Russian orbit. At the same time, the policy framework enjoys the support of a dedicated group of political advocates within the Union, such as Sweden, the Visegrad Group countries, Austria and Germany, each playing a notable role in pushing and pressing this agenda forward, building up on major breakthroughs of the previous decade such as the implementation of several association and free trade agreements as well as visa liberalisation.

In the perspective of the next decade, the EU extends its connectivity projects all across the neighbourhood, by emphasising good trade relations and increases in investment opportunities. This is coherent with the political strategy of an ambitious Commission that seeks tangible foreign policy results by means of economic tools. The subsequent success and support, however, stems from the fact that more states within the EU are increasingly persuaded to adopt a more pragmatic form of integration and

approximation as ways to boost the intra-EU economy and project the bloc's regulatory power. Financial support and technical expertise are provided both by EU-wide programs as well as individual countries. It goes hand in hand with businesses expanding their portfolios in Eastern Europe. There is also an increased attention to vocational training and the exchange of civil servants to encourage the diffusion of best practices.

However, the absence of any major political changes regarding the EaP platform will foster a sense of stagnation in the six neighbouring countries. While some technical improvements are introduced, such as a unified cellular roaming area, and positive developments regarding the standard of living are achieved, there remains an acute lack of policies

that address the challenges of civil society. In turn, this marginalisation starts to antagonise civil society actors, whose dynamism depletes or who build up grass root momentum critical to the common European project. Since the EU shows much less desire to seek and strengthen democracy in the region, the relevance of the rule of law is limited to only private property, contract enforcement, arbitration, trade and foreign investment. This limited focus on pragmatic integration contrains the EU's ambitious climate agenda, delaying the transition and the transformation of legacy industries within the EaP countries, although there is some progress in the adoption of 'green' policies, regulations and investments. In demographic terms, relative prosperity allows for some return migration.

Ultimately, Russia fails to offer any alternative for increased trade and economic growth but instead seeks to anchor itself in the integration process by building up connectivity with the EaP countries. Moscow may only resort to limited but visceral displays of hard power, where greater political integration is likely to take place.

Over the next decade, the EaP countries gradually achieve tangible but limited progress on their road to Europe. While not accomplishing much beyond political association, they await a new opening made by the EU in the direction of future enlargement. This stand-by mode, however, has a decimating effect on younger, entrepreneurial generations, which results in the radicalisation of the domestic political scene.

Country-specific scenarios

Although **Armenia** sacrificed its Association Agreement (AA) and a DCFTA, these prior experiences of approximation and harmonisation with EU technical norms and regulations offers a foundation for the development of trade, the deepening of economic integration and a driver of strategic reforms in core areas of science, education and health care. Coupled with its Comprehensive and Enhanced Partnership Agreement with the EU, Armenia offsets the constraints inherent from membership in the Eurasian Economic Union and consolidates domestic reform, while mitigating Russian concerns by avoiding any shift in foreign policy or geopolitical orientation. Over time, Armenia garners dividends from serving as a 'bridge' between the EU and the Eurasian Economic Union, while pre-empting any threat from Russia by maintaining its security partnership with Moscow.

Facing a speedy decline in oil production and falling budgetary income, **Azerbaijan** embarks on genuine Singapore-modelled reforms to diversify the economy and improve business environment. A new technocratic government is formed to tackle corruption and curb old monopolies. Taking advantage of its geopolitical location, Baku emerges as an important regional transportation hub: it attracts Western and Chinese investment. Although the EaP program strengthens local civil society and helps to recall the restrictive NGO legislation, Azerbaijan maintains fairly sharp course on

political dissent which rules out further integration with Europe.

Belarus does not push for immediate economic agreements with the EU. Nevertheless, growing trade and supply chains between the EU and Belarus are inevitable in the light of new logistics for oil, gas and fuel supplies. The authorities launch a radical image-making campaign to attract EU investment and trade securing absolute guarantees for foreign-owned property, investments and personnel. The EU, in turn, furthers the support of infrastructure and energy projects to ensure deeper interconnectivity of Belarusian energy system with EU standards. Although military and security cooperation with the EU and NATO remains low, the exchange of civil servants happens to be more active than in all previous decades.

Georgia has the lowest increase in its exports to the EU among three DCFTA signatories. Exporters are unable or unwilling to invest and improve their capabilities to meet the EU's strict regulatory standards. While the AA and DCFTA had a limited positive impact on the Georgian economy, the country's performance is gradually deteriorating, despite many tools for trade and investment, job creation and the improvement of the overall socio-economic situation. These negative trends considerably increase the influence of nationalist and illiberal forces in Georgian politics, thereby making the government prone to populist policies and receptive to competing trade offers from Russia and China.

Moldova, reflecting on the strengths and economic benefits based on the implementation of the AA and DCFTA with EU, is determined to strengthen the agricultural and agro-food sector which still represents the essential driver of Moldova's external trade. Expansions of trade flows with the EU, improvement of the foreign trade performance creates favourable conditions for enhancing competitiveness and poverty reduction. In the background, however, Russian pressure is increasing and affects Moldova's domestic and foreign policies development. At the same time, the tension between the EU and Russia remains unchanged. Questions regarding the peaceful settlement of the Transnistrian conflict and the withdrawal of the Russian troops from the territory of Moldova continue to be sensitive.

There may be disappointment caused by the lack of an accession perspective for **Ukraine**. Political forces that promote the idea of EU integration face marginalisation. However, if public expectations are properly managed, the population adapts to the option of integration without accession. The EU keeps a competitive offer for a partnership on the table, so the Ukrainian government does not choose economic cooperation with other actors, such as China and Turkey, who are becoming more assertive in the region. A direct bilateral relationship between the EU and Ukraine in terms of trade and cooperation leads to civil society actors losing their role as watchdogs and drivers of deep and comprehensive reforms.

2 | Russian Hegemony Revisited



With the world economy keeping its demand for oil and gas high and lacklustre efforts to stimulate 'green' alternatives, Russia manages to advance some of its military and economic modernisation despite the continuation of the West's sanctions regime. Russia goes on the offensive and implements new measures to project its power and influence over immediate neighbours once again. Amid tension over the Eastern Partnership, it provokes yet another conflict that undercuts ambitious plans for association and integration with the EU.

Elsewhere, Moscow maintains financial links to the political elite and succeeds in incentivising or threatening governments to align with Russian interests. In effect, EaP economic integration becomes a tool for building up Russian influence vis-à-vis the EU, through oblique corruption and more generally, undermining the European integration project by maintaining frozen conflicts and sponsoring fringe political groups that destabilise the political scene within EaP and Western countries.

As a consequence, some of the EaP countries will see division (Ukraine) and polarisation (Moldova), as attempts at power-sharing break down and the economies struggle to sustain themselves, while others will experience direct dependence and struggle to avoid close integration with Russia (Belarus). The Belarusian president's departure from the stage reinforces Russian domination elsewhere. In the Caucasus, Armenia and Azerbaijan rely on a Russian diplomatic initiative to manage their conflict.

While the political leadership in Russia remains the same, the onset of crises within NATO and the EU presents a window of opportunity for Russia to exploit the weaknesses of its European neighbours. Moscow manages to fully benefit from the completed North Stream 2 pipeline project. Next, Russia focuses attention on expanding its economic position by acquiring several strategic sectors of the economies of Eastern Partnership and the EU countries.

At the same time, tensions with the leaders of specific EaP countries trigger a tough response designed to demonstrate Moscow's willingness and capacity to

further control the region. The method differs in Belarus, since it benefits from major gas and oil transit fees from exports to EU member states. Due to the ongoing tension over energy transit profits, Russia deploys military personnel to provide security for infrastructure and expands their mission to include other strategic locations throughout the country.

Henceforth, Minsk finds its room for manoeuvre reduced by its unilateral relations with Moscow and its European direction comes under even more strict political control from its neighbour, thereby suspending its ability to engage with the Eastern Partnership.

Georgia struggles to preserve a close bilateral relationship with the US, but a steady American withdrawal and ambivalence within the Georgian ruling coalition leaves the door open for only greater Russian interference and pressure.

Within the EU, Russian minorities are no longer safe from Kremlin interference, using its narratives and disinformation to decrease confidence within societies. In the digital sphere, coordinated cyber attacks targeting member states and other security threats make the EU become increasingly feeble and disorganised in its response to the onset of hybrid threats.

Over the next decade, the illiberal trend in the Visegrad region carries forward, which results in fewer advocates within the EU in favour of deepening

cooperation with the EaP countries. Moreover, national and Euro-sceptic forces grow and outflank the traditional European political families, making consensus-building within the institutions much more difficult to achieve. While climate change becomes a main priority, conflict and disagreement over funding create serious obstacles in pursuing common policy priorities. The increased divergence between EU member states also raises pressure on some to search for an exit from the Union. Meanwhile, China's growing presence will seek to exploit a fragmented Europe and aspire to a more dominant position beyond the 2030 horizon. While China builds up its economic presence all across Europe, Beijing refrains from any political intervention in the EaP countries, the result of an accord

with Moscow. Turkey pursues a partnership with Russia in multiple fields, thereby upsetting the NATO alliance.

By 2030, Russia asserts its hegemony and the EU appears too feeble to engage with the EaP countries and make them an attractive proposition. With Moscow holding leverage over the future shape of Europe, this is a reversal in progress in terms of political security for Eastern Europeans. Eventually, the region loses confidence in pro-EU leaders and accepts greater dependency on Russia.

Country-specific scenarios

The unresolved Nagorno Karabakh conflict with Azerbaijan continues to impose a heavy burden on **Armenia**. Given the risk of renewed hostilities, Armenia remains dangerously over-dependent on Russia for security, undermining its commitment and capacity for sustained reform. The frozen conflict offers Russia a unique position, as the primary arms provider to both sides, and as a unilateral power to either provoke an escalation or to pressure a settlement of the conflict. This privileged position allows Russia to leverage the past to limit the future for Armenia. Either, with resumed fighting or with continued diplomatic deadlock, Moscow remains the central mediator. In the event of a resolution, Russia will be critical to maintaining equilibrium.

The unexpected strengthening of Russia in the global arena and increased indifference of Europe towards South Caucasus deals a serious blow to the sovereignty of **Azerbaijan** and other post-Soviet countries in the region. Faced with new Russia-led provocations in the Karabakh contact line, Baku gives in to the pressure and replaces some of its key ministers and officials with Kremlin-friendly people. With a sharp decline in oil production and a pronounced economic crisis, Azerbaijan agrees to join the Eurasia Economic Union (maintaining a special status that would exclude direct trade relations with Armenia). Because of a growing public discontent over poor economy and rising unemployment rate,

the administration tightens its screws on free speech and independent media.

Russia forces **Belarus** to secure internal political stability at any cost. The country has little space for manoeuvre due to greater dependency on Russia in economic and military spheres. Here, the civil society does not have enough influence to support the disintegration of the state in case of fast-developing power vacuum. The EU is very reluctant to support Belarus by anything more than political declarations, once Russian elites make an effort to gain complete control over Belarusian strategic points. Since Russia continues to increase prices of energy resources and cuts access to the Russian market, the government of Belarus inevitably cuts social benefits and raises taxes, decisions that fuels social unrest.

Whether intentionally or otherwise, the Eastern Partnership does not succeed in addressing the main challenge which threatens the very existence of **Georgia** – the Russian occupation and the permanent threat of military escalation that it entails. NATO remains an absolute priority of Georgian foreign policy but the EU's passive stance on Georgia regarding regional security creates tension within the Transatlantic relationship. In response, Georgia may further strengthen a bilateral strategic partnership with the United States, to offset the Russian threat. Without the EU foreign policy framework, the United Kingdom also develops a more independent and bilateral policy towards Georgia.

The strengthening of Russian influence in **Moldova**, backed up by some political parties and their leaders, creates a certain discomfort within the EU, given the support offered by the Union to Moldova for advancing economic integration and political association of Moldova with the EU. A lack of good governance and low level of democracy, increased corruption at all levels, lead towards the subversion of Moldova's sovereignty and territorial integrity. The settlement of the Transnistrian conflict is artificially prolonged. At the same time, the high concentration of state power in the hands of a small oligarchic group affects the entire economic, political and social development of the country.

A stronger Russia and the absence of Western deterrence lifts up pro-Russian parties in **Ukraine**, who may have a chance again to obtain key positions in the parliament and the government. However, this also gives impetus to the opposition for becoming more vocal and radicalise its stance. Nationalist parties grow in popularity, especially in the west of Ukraine. This results in domestic tensions between pro-Russian and nationalist forces and similar developments in the region. Political instability and the lack of a political consensus makes the country less attractive for investors. Russia benefits from capturing strategic enterprises and assets and thus causing even deeper integration with Russia-propelled regional initiatives.

3 | EU Pivot to Moscow



Recognising a rare window of opportunity, EU leaders embrace a revised approach to Russia in order to ease economic and political tensions and establish ground for a new European security architecture. An economic recession that turns out to be less damaging than feared is followed by a period of stabilisation. Major internal and foreign policy issues are generally deferred but not resolved. The EU agrees to downplay political differences for the time being while prioritising economic development. Approximation and consensual politics with Russia, mostly through economic means but also for achieving a pan-European security community, emerge as the top priorities for the EU and several individual member states.

sault by some politicians who are seeking to return to the Russian market. They argue for the need to improve relations and engage the potential future Russian leadership.

A search by the EU for a new accord with Russia is also driven by the rise of China, whose growing influence is a concern shared both by Brussels and Moscow. For several years, China has been expanding its economic and diplomatic presence in the Eastern neighbourhood countries that are willing partners – to a various degree – in order to protect themselves against Russian dominance. China further develops its industrial importance and attracts the interest of political leaders who benefit from a range of Chinese digital technology that can be used for state surveillance and e-governance. The EU grows increasingly wary of China for security reasons and this new relationship between the six Eastern European countries and the Chinese comes under greater scrutiny and concern by the Union, thereby contributing

Projects following these priorities, such as the Nord Stream 2 pipeline, are completed, while new ones are initiated as part of an effort to link European and Russian economic and security interests. Meanwhile, amid greater global tensions, the U.S. shifts its security attention onto China and an ongoing competition for resources makes European security much more dependent on Russia. Such a pivot to Russia, which resembles the cautious but optimistic approach from the 1990s, overshadows the objectives of Eastern Partnership proponents in the EU and

subordinates the more ambitious integration and approximation processes of EaP countries.

Meanwhile, there are signs that the transition of power in Russia is about to take place and although it remains a managed process, some democratic hope is renewed in this period of transition. While Russia's focus is overwhelmingly centred on internal dynamics, it maintains its power and presence in the region through unresolved frozen conflicts. At the same time, a mild economic crisis hits Europe and sanctions against Russia imposed over Ukraine come under as-

to a further deepening of relations with Russia and a downgrading of EU ambitions and engagement with the Eastern Partnership countries.

Consequently, as the EU improves its relationship with Russia and neglects the integration of the EaP countries, Russia is prepared to take advantage of the discontent and frustration within the region and begins to offer new economic incentives. Moscow is able to leverage its natural resources and relying on its own capacity to overcome the impact of earlier sanctions, brands its own modernisation programme as an attractive new offer to the region. In response, EaP countries see their under-utilised workers move to Russia, in larger numbers than previously observed towards the West. While this labour migration increases the inflow of remittances, the EaP region suffers a

gradual and persistent demographic crisis, which in turn increases the appeal of intolerant and nationalist politics directed against the EU and widens domestic disparities in wealth and income.

Gradually, the impact of these developments becomes obvious, as democratic institutions are weakened and domestic instability increases in each of the six countries. Meanwhile, within the European Union itself, there is significantly less attention devoted to democratic governance or free elections, since the economic priority of forging closer ties to Russia and the downgrade of integration only weakens support for the Eastern Partnership.

Although some EaP countries try to resist these trends, others resign to a second-class status and hesitantly follow this new European mainstream. As a result,

the EaP countries enter a new, unprecedented period of volatility and instability, with demonstrable fear and frustration matched by disappointment with the EU. Internal divergence emerges within the Eastern neighbourhood region and exacerbates the underlying vulnerability of these countries to Russian power and influence. The six states countries return to a previous state of dangerous dependence on Russia, with the EU no longer seen as a viable alternative.

By the end of 2030 the countries of the EaP are stalling in their democratic progress while tormented by external economic and political influences, which limit their agency and hamper pro-European ambitions.

Country-specific scenarios

After weathering years of isolation derived from unresolved conflict and a heavy reliance on Russia as a primary security partner, **Armenia** stands out and stands alone as one of the few countries to gain from a new and emerging EU Pivot to Moscow. For the first time, Armenia's ties to Russia, forged with little real alternative, is in close conformity with a renewed EU attempt at a 'Russia First' strategy. Armenia seeks to leverage the synergy of this trend and offers an innovative opportunity as a platform for the EU to engage both Russia and the Eurasian Economic Union. Over time, however, Armenia faces a real risk, whereby Armenia's commitment to European values and democratic reforms become smothered by a Russian preference for a subservient and subordinate state, offering far less respect and fewer benefits than any full partnership would promise.

Europe's changing course on Russia leaves **Azerbaijan** dumbfounded and confused. A balanced foreign policy between Brussels and Moscow had long been the country's backbone for stability and independence. Now, the increased cooperation between the Kremlin and the EU spells more trouble for the government; it is increasingly losing control over domestic issues and strategic political and economic decisions. With the EU tacitly approving Moscow's return to the region, Azerbaijan, along with its South Caucasian neighbours, reluctantly opens the door to

Russian companies taking over key sectors of the economy and pushing out the local oligarchs connected to the ruling family.

Belarus is forced to learn the hard of the market economy. Growing fuel prices, taxation, state factory closure and new market-oriented financial regulations and financial strategy introduced by the National Bank of Belarus puts a halt to loans previously used to support ineffective state-owned production sites. The supply of raw materials and energy resources is diversified and the Belarusian quasi-socialist model slowly comes to an end. For Europe and China, the Belarusian role of offering a safe automotive, railroad and pipeline transit route remains crucial in light of the growing political unpredictability and a lack of effective control in Ukraine.

There are no more carrots given to **Georgia**, after the DCFTA and visa liberalisation. The departure of the United Kingdom, a prominent supporter of the enlargement process, and a more ambitious French agenda lead to a realignment of EU foreign policy in favour of appeasement and a security partnership with Russia. The emergence of the EU Pivot to Moscow considerably changes Georgian politics, weakens its pro-European forces and their credibility. Bilateral relations become more important, while Russia aims for EU disengagement with Georgia and the wider region and tries to fill the newly created void.

Many within **Moldova's** political class are supportive of partnering with Russia and new parties emerge which take a pragmatic approach towards the changed external situation. While there is some optimism about closer economic cooperation, Moldova's main political and socio-economic problems continue to prevail. Moldova's dependence of the Russian energy resources represents an obvious internal vulnerability of the state. Legislative efforts target improvements in the Moldovan industry, employment policy and exports but fall short of creating a strong dynamic. The domestic economy of the country grows slowly because the pathway to deep integration with the EU has been halted.

Both among the population and the political class in **Ukraine** there is disappointment with the EU. There is a decrease of the Union's attractiveness and parties turn away from their EU-agenda. Some experts and politicians focus on alternatives, such as a bilateral relationship with the United States or a more isolationist and nationalist stance. Polarisation between pro-Russian forces and their antagonists is likely to grow and may cause political instability. In searching for a partnership with Russia, the EU neglects its aspirations to democratise and transform Ukraine and the region. Moreover, it loses both its leverage and influence in the Eastern Partnership region.

4 Civic Emancipation



The emancipatory power of civil society to define, defend and demand changes in society becomes a key future of the Eastern Partnership region. It follows a global rise of popular protest movements with a discernible impact on the political process across the world. People in the streets or 'people power' is what drives an agenda of greater prosperity, access to education and expanded economic opportunity. Although this is based on a domestic, bottom-up driver of activism, to some degree independent from foreign actors and external variables, this trajectory is characterised by a stagnant and distracted West and an ineffective or disengaged EU.

Developments in recent years have led to a constructive and realistic reassessment of past failures, a recognition of the need to change the fundamentals of prior approaches and the recognition of the limited inherent capacity to drive change in the region from the outside. This coincides with a declining Russia, which is neither appealing nor a model for the EaP countries, thereby only bolstering the reliance on home-grown activism focused on practical domestic needs and aspirations.

Within the parameters of this more localised scenario, there is no real pros-

pect of greater integration nor any significant aspiration for EU membership in the short-term, but rather, a strategy of self-sufficiency to deliver on the practical expectations of citizens. This means that the EaP countries are somewhat left to their own devices and create a promising and more authentic opportunity for greater intraregional cooperation as well as interconnectivity. Yet such possibilities are hampered by a resistant and recalcitrant leadership in some of the countries, which in response provokes greater civil society mobilisation and bottom-up pressure. Just like the non-violent success of 'people power' of the Armenian

"Velvet Revolution" example, societies in other countries seek to take control.

In response, the EU offers limited support in these emancipatory efforts. Although there is some symbolic encouragement from the Nordic and Baltic states, the Franco-German tandem plays more of a pivotal role. But the uniform response from EU officials and member states' leaders is limited to an offer of moral and principled support for the movements, well short of any new funds or tangible forms of assistance. Despite these limits, the local movements do not expect more. The EU's message is taken as a confirmation for their own local strategy of self-reliance and self-sufficiency as the only way forward.

Following this, new leaders emerge spontaneously from civil society and are endowed with far greater credibility and credentials than the post-Soviet generation who they first marginalise and then replace. These new leaders leverage their local legitimacy into an avenue for taking on the burdens of tackling corrup-

tion and strengthening the rule of law, and forging a foundation for sustainable reform. A central achievement of the resulting political program is the ability to expand into economic reform, pushing an agenda of transparent privatisation, closing down and consolidating inefficient state-owned enterprises, and relying on market competition to weaken and eradicate oligarchic structures in the economy. As an outcome, the reforms bring closer integration among the six states, with a preparatory discussion about a regional free trade area. Despite a weakened Russia, there are no major strategic realignments because of a tacit agreement with Kremlin: direct interference and hybrid warfare are excluded if the countries' vow to maintain the pre-existing parameters of foreign poli-

cy. While this pragmatic agreement offers some superficial stability, there is no lasting resolution of the frozen conflicts in the region nor any other major foreign policy breakthrough.

There are some improvements in the educational sector, recognised as vital for the institutionalisation of sustainable reform. These gains include greater private-public partnerships, more institutional competition in higher education and an increase in teacher salaries. Additionally, the countries pursue trade diversification, with a search for new partners, such as China with its alluring One Belt One Road Initiative, and emerging markets in Asia and Latin America.

Overall, however, the immediate and short-term benefits from major reform remain less than desired and the

new leaders are challenged by dangerously high expectations. As this threatens to trigger a loss of trust and popularity, the imperative is for an unprecedented degree of leadership and statesmanship, which can only be attained through accountability and the capacity to graduate from states dominated by individual democrats to systems defined by institutional democracy.

In ten years, carried by a global wave of protest movements, the EaP countries are assertive in their pursuit of democratic standards and build up systemic resilience as a pillar of their sovereign resistance to foreign influence.

Country-specific scenarios

The significance of **Armenia** has never been as highly recognised as its "Velvet Revolution" becomes the model for a 'brave new world'. Across the region, civic activism is embraced as the most effective pathway to power and youth activism emerges as the agent of change. Within this new context, given Armenia's small size, both in population and territory, the country is too small to fail, articulating and embodying an inspiring message that it doesn't take many and it doesn't take much for real change. Although there is a stark recognition of the inherent limits and failed policies of the EU and the West, an equally candid assessment finds fault and failure with the Russian model. Thus, politics becomes much more local, based on home-grown activism, but also more regional and global, with a new shared commitment to broader common issues.

Growing frustration over the failed reform process, deepening economic crisis and poor social conditions have led hundreds of thousands of people to the streets in **Azerbaijan**. Prolonged street revolts lead to violence and eventually oust the president who flees the country for Moscow. The power gap opens the door to a new violent confrontation between religious groups and the traditional secular opposition. Strong engagement of Azerbaijan's civil society and support from the West that steps in out of fear for spillover effects for the

entire region eventually helps tilt the victory towards the secular pro-democratic camps.

Street activity and civil society plays less of an important role in **Belarus** compared to other countries of the region, although Belarusian authorities are forced to pay notably a lot more attention to social requests. The government keeps severe restrictions on dissident public assemblies and political self-organisation of citizens. The leading role in changing the socioeconomic landscape and the rules of game for businesses depends on young technocrats. This group of young reformers is gradually formed in the next decade as an upper-middle political class. However, they remain partially trapped under the existing political experience in their vision of reforms.

Encouraged by the positive role the EU delegation played in dealing with the recent political crisis in **Georgia**, civil society actors search to emulate this role and focus on the strategic needs of the country. The protracted absence of robust democratic checks and balances, a lack of systemic reforms of the judiciary and government accountability endanger Georgia's future as a functioning democracy. Civil society goes on the street to address these issues but also pressures the political class to change its state-centric approach and allow for the involvement of non-governmental actors. While the EU takes more distance after years of close relations, this empowers civil society organisations to fill the void.

The internal divisions and limited capacities of **Moldova**, with no prospect of greater integration, may stall the reform process. Weak governance, corruption, oligarchy, weak economy and dependence on remittance from expatriate workers contribute to the outflow of the population. As a result, activism and reformist sentiments of civil society grow. The role of the youth in political processes is increasing. There is an understanding that the ability to change the political situation in the country directly depends on the level of political literacy of the population. More attention is focused on education, activism and strengthening the position of the younger generation. Democracy is gradually being strengthened in Moldova. Meanwhile, the country maintains an apparent neutral position in terms of foreign policy.

A new generation of civil society actors emerges in **Ukraine**. They enter politics and become a dominant voice for the future of the country, while conventional pro-EU and pro-Russian parties face decline. As a result, Ukraine strengthens its ambition to be a model and leader for the region. Georgia and Moldova are seen as key partners but the doors remain open for the other countries. Ukraine also attempts closer ties with Central Europe through existing regional platforms such as the Visegrad Group and the Three Seas Initiative. There is also a deepening cooperation with emerging global players such as India and China, to compensate for limited domestic resources and a lack of support from the West.

TRENDS

Politics and Energy

For the Eastern Partnership (EaP) countries, stability requires a restoration of public trust, renewed civic engagement and returns from socio-economic reforms. This necessitates the strengthening of democratic institutions and countering corruption, based on linkage between democratisation and economic development.

From that perspective, one of the more promising strategies for these countries rests with a reliance on the energy sector. And although the six EaP countries are characterised by a wide variance in energy profiles, Georgia, Moldova, Ukraine and Belarus stand out as strategic energy transit states. While Azerbaijan is the leading energy producer among the group, Armenia has an operational nuclear power plant, allowing it to export electricity.

From that perspective, the EaP countries have an opportunity for greater resilience to offset their geopolitical vulnerability and increase their significance to both Russia and the EU. Yet for each country, there is a need for reform of their energy sectors, with a focus on connectivity, consumption, and new 'green' technologies. But the potential from such reforms offers a degree of energy security sufficiently robust to withstand any Russian resumption of "weaponising" energy as leverage to put pressure on the EaP countries.

Country-specific trends

The unexpected success of **Armenia's** "Velvet Revolution" in 2018 demonstrates the inherent instability of authoritarian regimes in the post-Soviet space. The Armenian government pursues ambitious reforms, conducts free elections, fights corruption and initiated judicial reform. But Armenia is careful to concentrate on domestic reform and avoids altering its security ties to Russia. Although Armenia benefits from a Comprehensive and Enhanced Partnership Agreement (CEPA) with the EU, it still must implement the EU-driven reforms, meaning that the government must meet the expectations of both its population and the EU, while reassuring Russia that it is not a threat.

A landlocked, resource-poor country, Armenia's energy sector relies on hydroelectricity and nuclear power, which allows it to export electricity to Georgia and Iran, and to develop renewable and 'green' energy. But Armenia remains over-dependent on Russia for most of its gas imports and for helping run its outdated nuclear power plant.

After years of authoritarian rule and repeated elections marred by voting irregularities, **Azerbaijan** initiated some limited reforms last year, and replaced long-serving officials with a younger group of Western-educated specialists. Although parliamentary elections were again neither free nor fair, there is some hope for reform. However, the Nagorno Karabakh conflict remains both a burden and excuse for setbacks in democratization.

As an energy producer, with gas reserves that have overtaken oil as its primary resource, Azerbaijan has strengthened its energy significance, through the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, and the new Trans-Adriatic Pipeline (TAP) gas pipeline to South-Eastern Europe. While reluctant to cooperate with the EU, the energy sector is one area for collaboration. While the country neglects renewable energy, the larger problem is the lack of diversification in the heavily energy-dependent economy.

As one of the more authoritarian EaP countries, reforms in **Belarus** have been tentative, as long-time President Lukashenko

has focused on consolidating power. Facing an election this year, there may be pressure for reform, although change in leadership is unlikely, given the weak and repressed opposition. Nevertheless, Lukashenko succeeds in balancing between Russia and the EU, resisting Russian pressure for integration, while retaining independence to engage the EU.

Like Armenia, challenges for Belarus stem from a lack of natural resources and dependence on Russian energy. Although Belarus has recently started to export electricity, its thermal power stations rely on imported fuel, and Russia's Gazprom holds control of the Northern Lights pipeline and its leverage over gas to Belarus will increase as Russia pursues new pipelines to Europe.

Georgia's strategy and foreign policy remain centred on the closest possible cooperation with West, with aspirations for full membership in both the EU and NATO. Although tension with Russia over its military support for two separatist regions continues, mounting instability and deepening political polarization is an even more pressing concern.

As an energy transit state, Georgia remains a vital regional hub. Even though the country seeks greater diversification of gas supplies imported from Russia and Azerbaijan, the development of Azerbaijan's gas deposits and the planned expansion of pipeline networks from Azerbaijan to Turkey and to Europe will bring further benefits to Georgia.

Faced with deep political division and polarization, **Moldova** is challenged to find consensus and compromise between rival political camps, especially after the collapse of a stridently pro-European government last year. The country is also struggling with a fragile political system, informal networks of corruption and problems in the judicial system, raising the likelihood of protests and possible revolution if there is no improvement. Although the

country remains committed to the EU, stability is further undermined by its own unresolved Transnistrian conflict, where Russia also holds a strong influence.

The main threats to the Moldovan energy sector stem from its dependency on energy imports, limited energy connections with neighbours and energy inefficiency. Yet, there is some promise from further integration with the Ukrainian electricity market and expanded connections to the Romanian network, as well as the potential construction of a gas pipeline to Romania and the increased capacity of renewable energy.

Politics in **Ukraine** shifted overnight with the 2019 victory of Volodymyr Zelensky for the presidential office, riding a wave of voter disappointment and popular demands

for change. Yet, early optimism diminished as the government's pro-European narrative was not matched by its reforms, and the challenges from ongoing war in Eastern Ukraine, economic weakness and corruption overwhelmed the new leadership.

Ukraine and Russia have reached a new five-year agreement for Russian gas exports through Ukraine. The country has also achieved greater energy independence from Russia by decreasing consumption and diversifying gas supplies from EU countries, including LNG via Poland. The biggest challenge for Ukraine thus lies in the ability to implement EU legislation in the field of energy, which in previous years significantly lagged regarding the integration with neighbouring countries in the gas and electricity sectors.

Security



Despite three decades of independence, the Eastern Partnership countries are still plagued by insecurity, driven by political weakness due to authoritarian rule or incomplete democracy, external pressure, largely from Russia, and due to unresolved or frozen conflicts. The EaP countries are also subject to competition and confrontation between rival regional economic and security projects, such as the Eurasian Economic Union (EAEU), the Collective Security Treaty Organization (CSTO), and NATO's Partnership for Peace (PfP).

One of the more demonstrable and disturbing trends in security is the militarisation and expansion of military spending, due to the recent (frozen) conflicts and the destructive influence of Russia, as well as from declining trust in the security promises made Western and international institutions. Security provisions in terms of closer integration with the EU and aspirations of NATO membership are important, but not enough to satisfy the security demands of the EaP countries. This has prompted a search for alternative sources of security among other security partners to counter-balance threats, such as Turkey, Iran and China. These trends have also contributed to a split among the EaP countries, as some seek Western security while others are more accommodating to Russia.

Country-specific trends

Armenia's security remains dominated by the dynamic of the unresolved Nagorno Karabakh conflict, which due to little chance for de-escalation, drives both militarisation and army modernisation, as well as deeper economic and strategic cooperation with Russia. Despite recent gains in democracy and reform, Armenian security priorities remain unchanged, manifested through close cooperation with Russia and the protection and promotion of its position defending Nagorno Karabakh. This also motivates Armenian membership of the Eurasian Economic Union and the CSTO, as well as its hosting of a Russian military base. Armenia also faces additional security threats, however, from demography, and economic weakness.

Like Armenia, the conflict over Nagorno Karabakh is the main trend in **Azerbaijan's** security, encouraging a surge in defence spending and a virtual 'arms race' with Armenia, while also deepening the militarization of society. After a successful military attack in 2016, Azerbaijan may be tempted to restart fighting and there is repeated violation of a ceasefire with Armenia and Nagorno Karabakh. At the same time, the country's authoritarian regime prevents more intensive political alignment or integration with the West, presenting another trend of distancing its political relations with the West and following a stronger orientation with Turkey. Recent developments suggest a process of authoritarian transition, with shifting internal elites and clans, which may trigger serious political turbulence in Azerbaijan.

For **Belarus**, security is threatened by pressure from Russia for closer integration and for Belarus to join a new "Union State" with Russia. Additional trends in security stem from growing Russian influence in security is-

ssues, the need to preserve the authoritarian regime with a possible attempt for a planned but risky transition of power. Belarus is an absolute exception among EaP countries in the case of security, because of its homogeneous ethnic composition and lack of any domestic and external conflicts. At the same time, the authoritarian regime is weakened by its critical economic and political dependence on Russia and if there is any substantial change in political leadership, Russian interference may be encouraged in Belarus.

Security for **Georgia** is based on the prioritised pursuit of deeper cooperation with NATO and the West, although security threats come from domestic instability, the permanent tension between Georgia and the breakaway regions of South Ossetia and Abkhazia, as well as with Russia, and further militarisation of the country. Although NATO membership seems an increasingly remote possibility, the country's closer alignment with the West also offers clear military benefits and will only strengthen defence reform and modernisation. Georgia is still vulnerable in security due to permanent domestic political crises, political protests and frozen conflicts, with a steady erosion of public trust and confidence in the state and for the Georgian political elite. In turn, that may lead to a new questioning of democracy. While there has been a demonstrable reduction in corruption, the economic situation remains weak, and widening divisions in wealth and income threaten social and economic stability within Georgia.

The major security trend in **Moldova** stems from domestic political conflict between a political group with a clear pro-Russian position that seeks cooperation with Russia and the Eurasian Economic Union, and a more reformist pro-European force. This division offers an opening for Russia to take advantage of the

situation. One notable example of a political opportunity for Russian interference is the role of current Moldovan President Igor Dodon, who advocates an openly pro-Russian position and receives wide economic and political support to support the Kremlin. With this advantage, Moscow is expected to make additional efforts to bring Moldova into the Eurasian Economic Union and will use their political supporters and partners for this project. Such Russian activity in Moldova could lead to a freezing of political projects with EU, which Moscow may exploit to argue that the EU is an unreliable partner for the EaP countries.

In addition, the burden of the Transnistrian conflict also provides an effective instrument of leverage, enabling Russian pressure and influence over Moldova. Energy security is also an important consideration for Moldova, and the issue has received greater attention in recent years.

The obvious and most pressing trend in **Ukraine's** security is the loss of Crimea, which was annexed by Russia and the ongoing war in Eastern Ukraine, also with direct Russian military involvement and engagement and militarily supporting proxy forces in the east. Other related Russian attempts to undermine and weaken Ukraine include a wide range of measures, such as hybrid warfare that encompasses cyber-attacks against critical infrastructure and media disinformation campaigns, as well as efforts to promote pro-Russian political forces within Ukraine. Overall, the ongoing conflict and sporadic open warfare with Russia and the forces it supports militarily in the Eastern portions of the country will continue to be the main factors that will define Ukrainian security priorities for the next ten years.

ELECTORAL CALENDAR

Country	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine
Presidential Elections	2025, 2030	2025	2020, 2025, 2030	2024, 2029	2020, 2024, 2028	2024, 2029
Parliamentary Elections	2023, 2028	2020, 2025 2030	2023, 2027	2020, 2024, 2028	2023, 2027	2023, 2027

Society and Demography



By 2030, the Eastern Partnership countries are likely to be characterised by greater diversity in the area of demography and as a consequence the ‘human’ dimension of development. Overall, the impact of an increasing urban-rural divide, brain drain and changes in family structures cannot be underestimated as significant and interrelated trends.

While according to traditional economic measures, which tend to suggest a general trend of economic growth, an upswing in gross domestic product (GDP) and amelioration in basic living standards, a more nuanced reading and forwards projection could indicate a less than rosy and far more stratified picture. Furthermore, though the UN ranks Belarus as “very high,” and the other five EaP states “high” in terms of their Human Development, this is seemingly tempered the Happiness Index rankings, which, based on people’s perceptions and senses of whether they are “living the life they value”, reveals less optimistic outcomes, especially with regards to the views of Ukrainians, Georgians and Armenians. Current and emerging trends and facts on the ground suggest that by 2030 economic growth and human development, understood in a broad sense, will be more

patchy and societies less happy. A number of interrelated trends appear to confirm this claim.

First, GDP growth will be somewhat overshadowed by divergences across a number of axes, including between urban and rural settings and between older and younger generations. This could imply that by 2030 striking differences in wealth and opportunity will be ever more apparent, particularly in Moldova, Armenia and Georgia, with capital cities becoming focal points for investment and development to the detriment of other regions. By definition this will lead to a swelling of urban populations and a continuation of the socio-economic hollowing out of towns and villages, to unprecedented levels, which will pose significant challenges for governments to create adequate social safety nets. Despite any government policies aimed at bolstering the regions and spurring rural development, by 2030 areas beyond the capitals are likely to be marked by vicious circles of high levels of poverty, weak infrastructure and limited economic development.

This tendency could well be exacerbated by sustained outflows from the regions of predominantly younger working-age populations, which by definition will expedite the ageing process, raise unemployment rates, lower GDP per capita and heighten poverty rates compared to the average national level. In the face of governments' lack of resources and capacities in the fields of social and health policies, lifelong-learning and (re)training for the over 50s structural as well as long-term unemployment may become the norm beyond the big cities. What this adds up to could be a scenario in which substantial and unbridgeable divergences become ever more apparent within societies, which cannot be ameliorated by government policies.

A second key trend also relates to migration. Declining populations have long been a principle feature in virtually all post-Soviet states. This trend will be both reinforced, but also transformed, by more intensive and varied forms of outwards migration, which over the next ten years will have far-reaching impacts upon the EaP states. In terms of destinations, workers from the EaP states, and especially from Moldova, Armenia, Belarus and Ukraine, who may have previously opted to work in Russia, increasingly head westwards to take up employment in the EU member states. However, it does not end there, as a change of destination is only a small part of a bigger and more consequential story.

There is a notable tendency for migrant workers from the EaP states to be female, so much so that by 2030 it is possible to foresee that the typical EaP migrant worker will no longer be a male working in the construction industry, but rather a young female working in the service or care sector in Western Europe. Coupled with this, though demand for workers in manual (and male) domains will continue, by 2030 the types of jobs on offer to migrant workers from the East will typically attract the more educated and skilled elements of society.

A further discernible trend is for migrant workers to hold longer term contracts and therefore for migration to be less 'circular' and fixed-term in nature. Difficult and unpredictable economic realities in Eastern Partnership states, coupled with attractive opportunities in the West, are seeing migrants become more attached to their host countries and therefore less involved and interested in their countries of origin. In other words, in the run up to 2030, migrants are spending more time away from home and some figures suggest that permanent migration is a becoming a discernible feature.

The effects of this are already being felt and are likely to become more pronounced over the forthcoming decade. To begin with, the brain drain is becoming ever more intense and the notion that migrants will return with new-found skills and attributes to deploy at home to boost local development is being palpably challenged by reality. Global trends suggest that such changes in migration patterns have direct and detrimental effects on societies; a fall in the levels of remittances, which traditionally

get passed either directly to families and relations back home or formally via state coffers, will make households poorer and reduce levels of consumption and state income.

Based on current tendencies Moldova, Armenia and Georgia would be most affected in this area, which is noteworthy given that by 2030 payments from overseas workers could plausibly fall by around 25%. All in all, whilst labour migration will continue to bring benefits, by 2030 the changing nature of outwards migration will be an ever more pressing source of insecurity and risk for EaP states.

A third contributing trend to shaping states and societies in the EaP region also relates to the structural factors and impacts outlined above but refers to very specific developments at the level of families and communities. Migration studies tend to concur that the family unit is a victim of migration, especially when it involves movements on based on economic hardship from very poor to much richer countries or regions.

Within the EaP region migration patterns within countries, coupled with strong outwards migration has indelible effects on families and on the children who are most likely to be 'left behind' when their parents move away for work, especially for lengthy periods. Though commentators disagree on how far this phenomenon detrimentally affects children's development and psychological well-being in a permanent sense, in the context of the Eastern Partnership states the consequences are fairly well documented and crucially are expected to be of more significance and impact.

A growing number of economic migrants from the EaP countries tend to leave their children in the care of grandparents or other ageing relatives, often in rural areas and, as already mentioned, tend to be away from home for longer and longer periods. Trends suggest that instances of parents leaving their children home will only increase, rather than abate, in the face of sustained domestic economic hardships and perceptions that things are not getting any better. In this scenario, research suggests that children of migrant workers may have higher cases of nutritional neglect and attachment-related behavioural problems, which present intensive policy challenges for governments to create and support institutional structures needed to alleviate problems with being 'left behind'.

Overall, based on the selection of the kinds of indicators highlighted above, the socio-economic condition of most EaP states on route to 2030 is not wholly positive and crucially, it will be the already underprivileged elements of society that will continue to be most vulnerable. This situation will pose significant policy challenges for governments which do not have adequate resources and means to implement the kind of social, educational and regional policies to counter this scenario.

Information and Digital



Strengthening information and digital security is important for the Eastern Partnership countries. With the emergence of aggressive cyber-attacks and hybrid information threats, mainly from Russia, the EU has provided technical support and assistance to the EaP countries to foster greater resilience to defend and protect each country's information sovereignty and digital security.

In addition to strengthening cyber-defence and to counter attacks on critical networks as well as the dissemination of

so-called 'fake news', these efforts have also sought to help each EaP state to develop digital policies and expand capabilities to withstand hybrid attacks.

There is also a direct relationship between the state of domestic media freedom and the variance in vulnerability to Russian disinformation campaigns, suggesting the need for greater balance between an open media landscape, information sovereignty and digital security in the EaP countries.

Country-specific trends

There is a steady but subtle increase in the use of Russian 'soft power' in **Armenia**, mostly aimed at popularising pro-Russian politicians and bolstering the image of Russia in the Armenian media. Russian efforts in this area go beyond TV and radio and also rely on social media, exploiting Armenia's open and free media space. Despite progress in protecting information security, cyber-security in Armenia remains weak, with insufficient state involvement.

Although **Azerbaijan's** media is diverse, it is subject to strict government control and censorship. Russian soft power attempts have been challenged by a generally negative image of Russia in society. But the lack of media literacy and inadequate cyber-security suggests that Azerbaijan needs greater de-

fence against a possible escalation of hybrid assaults.

Information and digital security in **Belarus** are vulnerable because of the reliance of the population on state-owned and Russian TV channels as primary sources for news and information. With strict state censorship and limits on freedom of speech, social media is more free, but also more marginal. This increases the effectiveness of pro-Russian disinformation campaigns across the media landscape of Belarus.

Georgia remains a strong defender of freedom of speech and has introduced effective legislative and regulatory limits against Russian attempts to interfere in the Georgian media and to defend against hybrid information and digital attacks, although there is a lack of media literacy. Both social media and television reflect the country's deepening polit-

ical polarisation, however, and may undermine cyber-security over time.

Media in **Moldova** is highly politicised and reflects the domestic contest between pro-European and pro-Russian forces. Despite efforts to counter foreign content and propaganda, there is a risk of using these same measures to restrict media freedom. Cyber-security also remains under-developed.

The information and media space of **Ukraine** has become one of the most active arenas for a struggle to resist Russian disinformation campaigns and information warfare. In the wake of Russia's annexation of Crimea and war in Eastern Ukraine, popular levels of trust in Russian radio, television, online and print media have steeply declined. But a gradual erosion of media freedom may weaken defence against Russian disinformation warfare.

Economy and Technology

There are five important economic trends for the EaP countries, which will determine their prospects for the future. First, the effects of the DCFTA agreements in case of Ukraine, Georgia and Moldova. Second, the role of the ICT sector and the diversification of the economy. Third, problems related to demography and migration. Fourth, developments of transport infrastructure and fifth, the possible implications of a new economic crisis and the economic vulnerabilities of the EaP countries.

Despite their geographical and economic differences, the Eastern Partnership has proven to be a viable initiative, providing the grounds for a beneficial dialogue, a boost in trade flows between the EU and the neighbouring countries and increasing the overall favourable opinion on the European Union in the six states.

The assessment of the effects of the Deep and Comprehensive Free Trade Areas is an important step, because the agreements serve as a benchmark for those EaP states that did not agree to closer association and access to the EU single market. Positive results may serve as an additional incentive to deepen partnerships with the others.

Moldova and Georgia joined the DCFTA in July 2016 and in the case of Ukraine, it fully entered into force in September 2017, offering the associated countries the “four freedoms” of the EU single market, with some limitations concerning the free movement of capital, goods, services, and people.

Among the three members, Moldova has witnessed the strongest signs of a developing partnership between 2013 and 2018 – over 60% growth in exports, while also increasing the EU’s export share from 56% (2013) to 74% (2018). Ukraine saw significant growth of its exports to EU as well – 20% growth from 2013 to 2018, while the EU’s share in Ukraine’s exports also increased: from 27% (2013) to 42% (2018). It is important to note, that this increase happened even though Ukraine was experiencing an armed conflict in Donbas, losing parts of its territory and seeing a 25% decrease in total exports. Among the three DCFTA members, Georgia had the lowest increase in its exports to EU, six percent, while the European Union’s share between 2013-2018 remained the same (16%). The reason behind it is that Russia has lifted sanctions, imposed on Georgia’s agricultural products in 2005-2006, resulting in the increase of the export share of Russia from eight percent (2013) to 22% (2018).

Overall the effect of the DCFTA proved to be beneficial for these countries, especially in terms of export, while the growth

in foreign direct investment was insignificant. These promising results could encourage other EaP countries to follow suit.

One sector that plays an important role in the majority of the EaP countries is Information and Communication Technology (ICT). The ICT sector is expected to grow even more rapidly in the next decade. Its success is due to comparable ease to export services, which goods suffered more high costs after the dissolution of the USSR. Thus, it was a logical decision for many countries to jump on the bandwagon of a relatively new sector. Belarus, Armenia, Ukraine, Moldova and to a lesser extent Georgia started by providing incentives to the big tech companies and the adaptation of favourable regulations. Another reason for the sector’s success, was the relatively safe degree of investment and a lower degree of corruption.

Belarus has large tech parks and attracts a great number of foreign investments. Ukraine is one of the region’s leaders, with a high number of the Fortune 500 list relying on its country-based expertise. It also has the fourth-largest ICT workforce in the world. Already under the Soviet Union, Armenia was a notable IT centre where 40% of military mainframe computers were created. The country was a natural choice for further development of the sector and now has a year-on-year 25% growth rate, also supported by a large Armenian diaspora. Moldova has a high share of ICT services in relation to its GDP and overall exports, partly because of other low-performing sectors. Azerbaijan is characterised by a high imbalance: while declaring the ICT sector a priority, its share in overall export is still very low. Baku remains very dependent on the export of natural resources. As such, the ICT sector will play a crucial role in the future economic development of these countries. One challenge remains the region’s ability to further innovation within the sector and let its local tech grow into big enterprises before seeing them depart to the United States.

Demography plays a crucial role for the economy. A population with a low average age can give a significant boost to the labour market, as it happened after the Second World War, while a high average age creates a deficit of labour and puts pressure on the healthcare and pension systems. Almost all of the EaP countries – with the exception of Azerbaijan – saw a significant decrease of population between 1991 and 2018 and today face the problem of an aging population.

Ukraine is the “leader” in terms of population decrease, in absolute numbers, from 51.9 to 42.4 million since gaining independence. Weak economic performance in the EaP has lowered fertility rates, increased mortality rates and reduced the average life expectancy. However, migration is the most important reason

for the population decrease. In the past, people moved from the EaP countries to the Russian Federation but in the last few years this trend has changed, also due to a badly performing Russian economy and a devaluation of the currency. Migration patterns have reoriented to other, mostly EU labour markets. Ukraine and Belarus see an outflow to Poland, Moldovans migrate to Italy and Georgians go to other EU member states. Absent a recovery of the Russian economy, the EaP workforce mostly will target the EU as a labour destination in the next decade. This will result in more people-to-people contact and economic ties between the EU and the EaP, while not resolving the significant demographic challenge for the eastern neighbourhood.

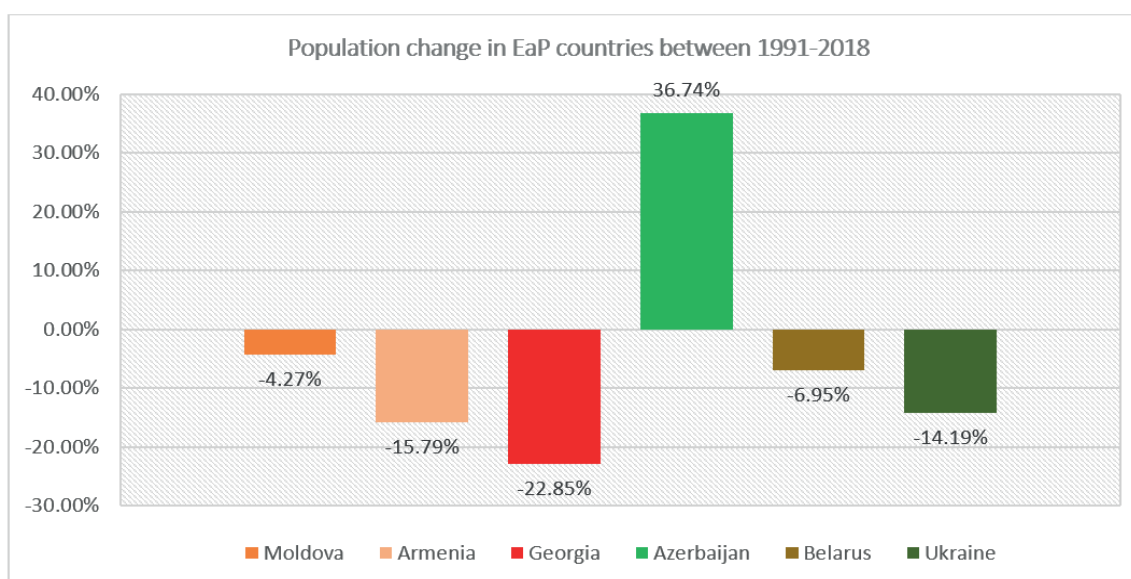
To a large degree, the development of transport infrastructure and international as well as external connectivity will have an impact on areas such as trade, economic growth and migration. Many of the countries in the region – Ukraine, Moldova, Georgia, Azerbaijan, Armenia – have a challenging situation in terms of infrastructure because of frozen conflicts and threats from geographical isolation.

The EU foresees that the development of the infrastructure significantly will bolster economic growth and create additional job opportunities in the region. This is why in 2017 the EaP countries were included into the trans-European Transport Network (TEN-T) and in December 2018 a so-called Investment Action Plan was adopted to provide almost 13 billion euros investment to construction and rehabilitation of a total of 4,800 kilometres of roads and rail network, six ports and 11 logistics centres by 2030. The biggest beneficiary of the investments will be Ukraine (4.4 billion euros) and Georgia (3.4 billion euros). All the proposed investment projects should boost trade and economic relations of the region, while also increasing mobility and interpersonal relations.



There is a reasonable chance that another global economic crisis could have lasting consequences for the EaP region. This could be the result of a slowdown of the Chinese economy, protectionist economic policies and tariff wars that hamper trade.

Not all economic trends foresee a negative scenario for the EaP region. A deepening of trade relations with the EU based on the DCFTA agreements and increased exports in the short run will help to avoid a sudden economic slowdown and could have favourable long-term effects. Strong growth in the ICT sector and ambitious infrastructure projects will encourage greater connectivity with and between the countries of the region. Nevertheless, it is important to emphasise the implications of demographic decline and migration in the EaP countries: a labour deficit, a sizeable brain drain and additional pressure on the healthcare and pension systems; while in case of a new global economic crisis, some countries are extremely vulnerable to any serious slowdown and would fall into recession for years.



Source: World Bank

Country-specific trends

The EU remains **Armenia's** largest export market. Armenia has managed its isolation, closed borders and unresolved conflict to focus on the development of its ICT sector, which has surged by some 25% annually. Endowed with a sizable global diaspora that is both politically sophisticated and technologically adept, the outlook for the development of Armenia's ICT sector and services industry remains promising.

Although **Azerbaijan** is not interested in EU integration, it pursues a Strategic Partnership and the EU is the country's main trading partner. Azerbaijan's ICT sector plays a marginal role and the share of ICT services in overall exports is still very low, at a meagre 0.3% of total exports. But the main problem

stems from dependence on energy for over 91% of exports, accounting for 44% of GDP.

For **Belarus**, years of sanctions and close ties to Russia have limited economic relations with the EU. Although trade with the EU is growing, and accounts for roughly one-third of total external trade, the starting point is low. Belarus is one of the most vulnerable EaP countries, given its deep dependency on discounted Russian gas.

Although **Georgia** has a DCFTA agreement with the EU since 2016, of each of the three EaP countries with DCFTAs, Georgia posted the lowest increase in its exports to the EU, at only six percent. In the ICT sector there is some growth, although ICT represents the second lowest share of ICT services in exports among EaP countries, at a marginal 1.2%.

Among the three DCFTA countries, **Moldova** has posted the strongest increase in trade with the EU and the EU is Moldova's largest trade partner. The ICT sector plays a significant role in the country's economy and Moldova holds the highest share of ICT services in both its exports and GDP. Moldova also has the largest ICT-related workforce, in relative terms, with the most people employed in the sector among EaP countries.

Ukraine expanded exports to the EU – the country's largest trade partner. Ukraine became a leader in ICT services and has the fourth-largest ICT workforce in the world. ICT service exports have surpassed all other EaP countries combined, with the service's share in total exports standing at 5.1% in 2017. Of the EaP countries, Ukraine suffered the most from population loss in absolute numbers and remains economically vulnerable.

EU and Environment



As a milestone for the EU's Eastern Partnership (EaP) programme, the upcoming EaP summit in May 2020 will be an opportunity for a serious consideration of environmental challenges. This effort will most certainly include the 'greening' of EaP policy, with a more ambitious approach based on the imperative for adopting policies to address climate change and safeguard the environment. As an illustration of this trend, a recent French proposal calls for the dedication of up to half of total EaP funding for climate change and environmental protection.

Such a proposal strengthens the likelihood that there will be a stronger and sustained commitment to environmental aspects of the EaP that go beyond existing structures and significantly surpass prior commitments. This will include issues beyond CO₂ reduction, and cover the areas of transport, energy security and efficiency, and environmental problems while recognising their cross-border and international dimension.

However, there are some structural problems in the Eastern Partnership countries that may limit concrete action, making it necessary to increase public awareness and interest within the EaP countries and to promote education and awareness of climate change, while encouraging greater political will among EaP states to act.

Country-specific trends

As an important component of Armenian-EU relations, **Armenia's** government has been actively engaged in cooperating with the EU regarding environmental protection, with specific commitments in the areas of energy efficiency, renewable and alternative energy, such as solar and wind power, forestry protection, and safeguarding air and water quality.

Several disputes related to ecology and the protection of environment, including many legacy incidents in the mining sector and nuclear energy inherited from previous governments, have been policy priorities for the Armenian government. Other critical national issues, including the need for better protection of water reservoirs, and Lake Sevan, have assumed greater importance and even enhanced recognition as security concerns in recent years. Faced with the necessity to balance the demands of economic activity, and especially in the mining sector, against the environmental impact from such industry, the Armenian government is also committed to the reduction of carbon emissions and the importance of the consequences of climate change, which has impacted Armenian ecology especially hard, as evident in the onset of desertification, for example.

As a major energy producer, **Azerbaijan** has a poor record of enforcing environmental safeguards, most notably evident in the damage from its mismanagement of its now depleted oil deposits, and the environmental damage inflicted during the construction of intrusive oil and gas pipelines. Beyond its weak environmental record, in terms of climate trends, Azerbaijan has certainly been the most difficult partner among the EaP countries.

Being highly dependent on fossil fuels and their export revenues, Azerbaijan has very little motivation to engage in efforts promoting energy efficiency. Over the long-term, however, the need for greater diversification of the economy may offer an important incentive to persuade Azerbaijan to invest more in sustainable governance and renewable energy resources in the future, while investing in renewables and the protection of environment in order to tackle pressing issues such as deforestation and oil-related pollution.

For **Belarus**, relations with the EU, as well as environmental protection and efforts to tackle climate change have been dependent on the will of the authoritarian Lukashenko government. The country has been turning to the West recently, however, largely driven by the need to balance against Russia and to attract Western investment, offering greater flexibility to address a wider range of issues with the EU, including the environment. As in the case of other EaP countries, the EU has been active especially in the sphere of energy efficiency, but also transport and air quality. For Belarus, these areas may be attractive and an especially important issue will be nuclear safety, in light of the planned nuclear power station, which will offer Belarus with an important chance to diversify its energy sector and decrease the percentage of electricity produced from coal and gas in order to lessen dependence on Russia.

Georgia is a leading country of the EaP and remains committed to expanding relations with the EU. While it has also continuously expressed its European aspirations and willingness to become an EU member, it continues to face severe problems with quality of air, water as well as waste management, which will

motivate Georgia to cooperate with the EU on sustainability and climate action in the future. At the same time, the Georgian government has been investing in its energy security and efficiency, including becoming more self-sufficient. In its energy mix, hydro-power plays an increasingly important role, but too often at the expense of the environment.

Moldova has a complicated partnership with the EU, which is also evident over the issue of environmental protection. There is an opportunity for progress, however, with EU support in the specific areas of 'green' energy policies and supporting the reduction of CO₂ emissions, providing access to drinking water and energy security. Moldova is particularly vulnerable to climate change because it is highly dependent on its agricultural sector and plans to cut its greenhouse gas (GHG) emission by 70% and seeks to increase the share of renewables in its energy sector.

As the largest EaP country, and the most insecure, **Ukraine** remains the priority focus of the EaP. In terms of energy and environmental issues, Ukraine has serious problems with waste management, and the low quality of air, water and soil, and energy security and efficiency are already important role as a part of the E5P initiative. The Commission's "Green New Deal" is perceived as an opportunity in Ukraine, which wants to move towards more sustainability and tackling the climate change. Achieving a goal of 25% of renewables in the national energy plan by 2035 (compared to 11% in 2020) illustrates a limited but concrete commitment by the new Ukrainian government. Ukrainian membership in the Energy Community Treaty and the establishment of the Energy Efficiency Fund give further hope for sustained progress as well.

VISEGRAD / INSIGHT

Special edition 1 (16) | 2020

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