

# DGAP REPORT

RUSSIA'S WAR IN UKRAINE:

## Rethinking the EU's Eastern Enlargement and Neighborhood Policy



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This report draws on two workshops and consultations in December 2022 as part of the Think Tank Network on the Eastern Partnership. This project was initiated by the German Council on Foreign Relations (DGAP) during Germany's Presidency of the Council of the EU in 2020 with the support of the European Commission's Directorate-General for Neighborhood and Enlargement Negotiations (DG NEAR).

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# Executive Summary

- The stagnating EU accession process needs political will and procedural changes allowing eastern candidates to advance. In the meantime, they should be more supported to use the full potential of existing opportunities for gradual economic and sectoral integration with the EU.
- An upgraded Eastern Partnership needs a comprehensive security dimension linking resilience, connectivity, and defense policy, as well as cooperation in the area of the Common Security and Defence Policy.
- The protracted regional conflicts (in Moldova and the South Caucasus) require a more active EU engagement as existing OSCE formats continue to be blocked, and Russia's role and military presence weaken. New openings for conflict resolution mean higher demand for the EU's diplomatic, monitoring, and peacekeeping capacities.
- A new eastern Neighborhood Policy should be designed for the wider region, connecting the Black Sea and the South Caucasus with Central Asia and thus creating viable alternatives to the competing geoeconomic and governance "offers" of China, Russia, and Turkey.

# Introduction

Russia's full-scale invasion of Ukraine in February 2022 has upended not only the post-Cold War European security order but also the foundations of the European Union's eastern Neighborhood Policy.

With its June 2022 decision to give Moldova and Ukraine membership candidate status and to acknowledge Georgia as a potential candidate, the EU rejected the idea of a Russian sphere of influence in the eastern neighborhood. It opened the path for further enlargement with these countries that have become known as the Association Trio (in reference to the Association Agreements that the three have signed with the EU).<sup>1</sup> This decision ended the EU policy of compromise with Russia that for too long ignored the country's confrontational actions in the "shared neighborhood," which inevitably put the two sides on a collision course. Even after Russia's illegal annexation of Crimea in 2014 many EU member states ignored or underestimated President Vladimir Putin's desire to enforce Russia's imperial policy at all costs, including with military means. While EU decision-makers did not respond adequately and decisively to the 2014 escalation by Russia and the subsequent military conflict in eastern Ukraine, last year's decision to open the accession process with the Trio marked a watershed moment in the EU's eastern policy.

The war has finally shattered old illusions in Berlin, Paris, and other (mostly Western) European capitals about Russia's true intentions in the "shared neighborhood." It has also underlined how much of a security threat Moscow's imperialist ambitions pose for democracy and security in Europe. But, while the war has helped European leaders to unite on a more strategic perspective towards Moldova, Georgia, and Ukraine, to impose severe sanctions on Russia, and to decouple from Russian hydrocarbons, it has not yet led to a new neighborhood and enlargement policy.

The way forward for the EU will build on two significant policy shifts that happened in 2022. First, the decade-old red line of not extending enlargement

<sup>1</sup> Also often referred to as the Eastern Trio.

further east was crossed. As a result, the future EU will be bigger and more Eastern European than before, which for some member states, such as France, is a historical turning point. Second, the separation between enlargement and the Eastern Partnership (EaP) was overcome and the two will now be intertwined.

In late 2022, the EU and its eastern partners (without Belarus) agreed to keep an “adjusted” EaP in place, making it more flexible and fitted to the new geopolitical realities. There is a broad consensus that an “adjusted” EaP should not slow down the accession track of the Association Trio, whose governments can develop bilateral programs with the EU while pursuing further regional cooperation. For different reasons, Armenia and, partly, Azerbaijan have expressed their interest in preserving the EaP as a regional framework. In the long run, this also makes sense for a future free Belarus (a development that will depend a great deal on the outcome of Russia's war against Ukraine). But, while such flexibility might be good to address short-term challenges and a fast-changing reality, the EaP's institutional design and its decision-making procedures will still require a serious upgrade.

In the accession process, existing formats had already reached their limits with the lack of political will and obstructionism by several member states that brought progress to a standstill. This has cost the EU a lot of credibility in the Western Balkans, but it is also closely linked to the very divisive issue of EU internal reform, which will take a long time to resolve.

After the epochal events for Europe last year, **it will be crucial for the EU in 2023 to rethink enlargement with the Association Trio and the future of an “upgraded” EaP.** This is not only a task for the European institutions in Brussels, or for Sweden and then Spain as holders of the Presidency of the Council of the EU this year. It is a common challenge for the 27 national governments and the broader foreign policy community in the EU as well as in partner countries.

This paper is structured in two parts. The first deals with the revision of the EU's enlargement policy and the second with the revision of the EaP. It concludes with policy recommendations.

## THIS PAPER DEVELOPS FOUR ARGUMENTS:

- **First**, the EU accession process needs to be upgraded to provide tracks for deepening the political integration of the candidate countries through “staged accession.” In the meantime, the Association Trio should advance their economic integration using all available formats and policy frameworks under their existing Association Agreements with the EU. Both tracks can work in complementary ways.
- **Second**, the EaP framework needs a security dimension to stay relevant. The EU should become more engaged in efforts to manage and to resolve the protracted conflicts in the region, as well as deepen security cooperation with the EaP countries.
- **Third**, an “upgraded” EaP could strengthen the EU's connectivity agenda, linking the Black Sea region, the South Caucasus, the Caspian region, and Central Asia. This would bring the post-Soviet countries closer to the EU not only economically but also in terms of norms and standards.
- **Fourth**, as Russia's power and dominance in the post-Soviet region continue to diminish in the long run, the EU will need a Wider Eastern Neighborhood Policy that includes Central Asia.

## PART 1

# Ukraine is Challenging the Stagnating Accession Process

The case for reforming the EU accession process and making it more credible, which has been long overdue for the Western Balkan candidates, is now being strengthened by Ukraine's quest for survival as a state, which is a geopolitical priority also for the EU.

Unlike the Western Balkan countries that enjoy regional security, Ukraine is implementing reforms while fighting a war. This is unprecedented in the history of EU integration and will require some adaptation of the procedures of the pre-accession period. **The point is not to relax conditions for Ukraine but to build up more capacity to support it** and to show extra dedication to help it succeed in the process. This will require additional financial resources for Ukraine, and the rest of the Association Trio, in the current Multiannual Financial Framework (2021–2027), on top of budgetary support for Ukraine's wartime economic resilience.<sup>2</sup> It also requires readiness by the EU to deliver when the candidates have taken necessary measures. For the time being, however, a "gradual" and possibly also accelerated integration of Ukraine and Moldova – and eventually Georgia if it overcomes its democratic and rule of law deficits – will have to move forward on tailor-made tracks and with ad hoc support.

Russia's war against Ukraine has pushed the EU to jump-start the early stages of the accession process for the Association Trio, unlike in previous enlargement rounds. Candidate status was granted to Mol-

dova and Ukraine, and a "European perspective" to Georgia, less than four months after they formally applied for membership. This was a geopolitically driven decision, but in the case of Ukraine it is often overlooked that the country already had a solid record of reform under its Association Agreement and Deep and Comprehensive Free Trade Area (DCFTA). The **mix of geopolitical and merit-based approach by the EU** was also illustrated in granting candidate status to Moldova but not to Georgia, due to the latter's democratic backsliding and drifting away from the EU.

Moldova and Ukraine received candidate status on the understanding that they will take additional "key steps" specified in the European Commission's June 2022 opinions on their application. This entails more than mere institutional and legislative action in several policy areas. Only once these conditions are met will the European Council decide on further steps regarding the advancement of Moldova and Ukraine on the pre-accession track, and Georgia towards candidate status.

A large group of member states supported a proposal that the European Commission provide an early assessment of the Association Trio's implementation of their respective recommended steps already in the spring of 2023.<sup>3</sup> In the end, a small minority of member states (including Germany), reluctant to build in interim milestones in this process, blocked this. Instead, there will be only an informal "update" by the European Commission without any specification on the objective. At the December Council, EU leaders also confirmed that the Trio will get a full assessment only when they feature for the first time as a part of the EU's regular annual reports (now called enlargement packages) in October 2023, together with the other accession and pre-accession countries from the Western Balkans and Turkey.

This small diplomatic dispute was indicative of **deeper divisions among EU governments over the pace and modalities of the pre-accession process** with the Association Trio. In theory, more interim assessments and guidance should be built into the enlargement process to provide clarity for candidate countries and more predictability for the next stages. There is now a window of opportunity until October 2023 to introduce some changes so that the Trio

<sup>2</sup> This issue merits special attention but falls outside the scope of the present paper.

<sup>3</sup> In December 2022, the member states wrangled until the last minute over the decision whether to carry this out as an additional interim report. The Czech EU Council Presidency saw this as a logical revision of the agreed timetable in order to maintain momentum by Moldova and Ukraine, and to provide further guidance to their governments.

do not end up in the same stagnating process as the Western Balkan candidates. So far, member states have been willing to adapt some modalities of the process but not to fundamentally change its methodology. This would require more political initiative and creativity from the European Commission vis-à-vis a reluctant Council to introduce a dual dynamic of “gradual integration” to reward further reforms by candidates and “reversibility” to punish their backsliding.

## WILL THE EU GIVE “STAGED ACCESSION” A CHANCE?

Among the reform ideas in circulation, the most clearly structured is one whereby four formal stages would be grafted onto the enlargement process that was revised in 2020. This would allow for the accelerated extension of tangible benefits of membership (inclusion in single-market policies, funding, and institutions) to countries, conditioned on their measurable performance in adopting EU laws and values.<sup>4</sup>

This model foresees two “pre-accession” stages in which ratings of compliance with EU law and values determine the passage from Stage 1 to Stage 2, with corresponding increases in benefits. Stage 3 would be reached when the candidate has met all standards for full membership and is included as a new member state in EU funding streams and institutions, but would still be subject to a few transitional derogations. In the Council, the new member state would have qualified majority voting rights but no veto power. It would also have no commissioner until the Lisbon Treaty’s provision for reducing the number of commissioners to two-thirds of the number of member states is implemented. These derogations are of crucial importance to overcome the concerns of France and other member states about the functioning of the EU institutions if there is further enlargement.

Recent years have seen too many examples of how the fragility of democracy in some of the most recent member states can threaten the functioning of the EU, including the accession process. In the model discussed here, with the end of the Stage 3 transitional period the new member state would become a full member of the EU (Stage 4). The duration of

Stage 3 and the conditions for ending it would have to be determined by the European Council, in compliance with the established case law of the European Court of Justice. To avoid accusations of creating a second-class membership, the best solution would be for the EU to reduce the veto powers of member states across the board, as is already much debated – thus cutting Stage 3 short or out, as the case may be.

Such a modification to the accession process would constitute a helpful first step in addressing the issue of EU internal reform and would increase decision-making by qualified majority voting, which Germany’s Chancellor Olaf Scholz has described as inevitable alongside the next enlargement.<sup>5</sup>

For this “**staged accession**” to work, the Council would have to rely on qualified majority voting for decisions over the details of chapters and clusters, reserving the unanimity requirement for the big political decisions over the graduation from stage to stage.

One can ask whether it is necessary to divert attention from the debate on the future of the European security order to revise an enlargement process that was revised less than three years ago, but this misses the point. Further procedural changes are needed to serve the EU’s geopolitical interests vis-à-vis the Association Trio and the Western Balkans. And the ongoing tension between the EU’s widening (enlargement) and deepening (internal reforms) will in any case accompany the next phases of the Trio’s integration.

Once the EU proves itself to be a credible counterpart, it will also be more obvious for the Association Trio that superficial reforms will not suffice. They will have to prove themselves credible partners in the long trust-building exercise that is the pre-accession process. For the member states to trust that they can be considered future peers in a community of law where money and power are shared, the Trio will have to do their utmost when it comes to reforms and convergence with EU laws and standards. They will have to make substantive and credible progress, while either fighting a war or dealing with massive security and economic challenges.

<sup>4</sup> <https://www.ceps.eu/ceps-publications/a-template-for-staged-accession-to-the-eu/>

<sup>5</sup> <https://www.bundesregierung.de/breg-de/suche/rede-von-bundestkanzler-scholz-an-der-karls-universitaet-am-29-august-2022-in-prag-2079534>.

## GRADUAL ECONOMIC INTEGRATION

Following the logic of staged accession, candidate countries can also be “gradually integrated” on the pre-accession economic track. Even without further revising the enlargement methodology, the EU can move forward with the Association Trio through deepening their association process (the same applies to the Western Balkan candidates). Using the full potential of the DCFTAs, the EU can invite Georgia, Moldova, and Ukraine to strengthen their links with the single market in several sectors. In fact, their DCFTAs already provide a vehicle for practical steps for unprecedented market openings and harmonization of regulatory frameworks that in several respects go further than what is currently available for the Western Balkan candidates.

In particular, Ukraine’s Association Agreement and DCFTA provide an opportunity for the closest form of economic integration with the EU of any non-European Economic Area country by offering the possibility for “mutual internal market treatment” in specific sectors. Ukraine also has an annual political dialogue with the EU at the summit level, which Georgia and Moldova do not. This can be used now to move forward the political, economic and security integration agenda.

During 2022, the EU took important steps to liberalize trade with Ukraine as a temporary measure, to synchronize Ukraine’s electricity grid with the European one, and to bring Moldova and Ukraine into joint gas purchasing schemes. It should promptly act on its stated willingness, repeatedly indicated by European Commission President Ursula von der Leyen, to take further steps. In its most recent conclusions on enlargement, the Council of the EU encouraged the European Commission to prepare **a roadmap outlining next steps to ease Ukraine’s access to the single market**. This is expected to be announced at the next EU-Ukraine summit planned for February 3, 2023 in Kyiv. The EU can begin to phase Ukraine in in those sectors where the country has implemented the required acquis and where its capacities have not been destroyed by the war.

The roadmap could prioritize the free movement of goods – one of the EU’s four market freedoms – and

make trade liberalization with Ukraine permanent. In fact, Ukrainian businesses do not expect that the temporary measure will achieve much in the short term due to the difficulties with moving goods out of the country under war conditions, especially via the Black Sea routes. However, it could be significant in the long term for generating revenue and for adapting farming and business strategies.

Bringing Moldova and Ukraine into the European free roaming area<sup>6</sup> or the Single European Payments Area for fast banking transactions would be highly popular in both countries and deliver direct benefits to their populations. However, this could take a few years to implement. In the meantime, **new agreements could be concluded with each of the partner countries to join the activities** of a raft of EU agencies. The roadmap could provide more clarity on the timelines and ways to speed up progress.

Similar measures could be taken also for Georgia and Moldova in areas where they are aligning to the acquis and with a view to contributing to their economic development and reducing their dependencies on Russia, including in trade. For instance, the EU has already temporarily liberalized its trade in agricultural products with Moldova.

Russia’s potential to foster instability in **Moldova** should not be underestimated. The impact of the severe gas and electricity crisis as a result of the war and Gazprom’s blackmailing by slashing over 50 percent of energy exports to the country is exacerbated by the Kremlin’s financing of social and political unrest and its interference in the region of Gagauzia. Adding to the challenge is a weaker pro-EU consensus in Moldova than in Georgia and Ukraine, with about 60 percent supporting integration, and the approach of the electoral cycle starting in 2024. Therefore, the political message of EU accession and financial support are important stabilizing factors in Moldova too.

**Georgia** is advanced in sectoral acquis approximation and has strong public administration capacity compared to Moldova. With the “European perspective” granted, it has the potential to become a candidate if its government is willing to fulfill the necessary obligations. The government needs to deliver real reform to guarantee political pluralism, an

6 The EU-Ukraine association agreement contains an internal market treatment clause to bring the country into the EU roaming area if it aligns itself with the relevant EU legislation. No such provisions exist for Moldova. However, it is expected that the cost of the necessary investment in Moldova would be insignificant compared to that for Ukraine and that it would bring immense impact.

independent judiciary, freedom of the media, and de-oligarchization of politics and the economy. These core issues linked to the Copenhagen criteria for EU candidate countries are also ones where reforms will challenge the power of the ruling Georgian Dream party and its de facto leader, Bidzina Ivanishvili. But, even if the government only carries out superficial changes, it will be important to keep the possibility of EU accession open for Georgia; this will put more pressure on the government to return to a genuine reform path. Maintaining the possibility of membership will also be an important signal to Georgian society so that it does not further lose its pro-EU orientation.

Of course, any integration advancement of the Association Trio will further distinguish them from the rest of the EaP. The more they integrate with the EU on the enlargement track, the wider the gap will be between them and Armenia, Azerbaijan, and Belarus.

## CAN THE EPC ADVANCE EU ENLARGEMENT?

The Association Trio could use some intergovernmental formats in Europe to advance their EU accession as well as their bilateral relations with key member states. In recent months, a lot of attention has focused on the European Political Community (EPC). Initiated by France's President Emmanuel Macron, it is supposed to provide a new platform to discuss strategic issues on the continent on equal footing at the highest political level, filling the gap for a political dialogue among EU and non-EU countries since Russia's full-scale invasion to Ukraine. At the inaugural EPC summit in October 2022, the participating countries<sup>7</sup> agreed on priority areas with a broad focus on security and connectivity, including energy, strategic infrastructure, cybersecurity, and regional cooperation. The EPC will meet twice a year, with summits to be alternatingly hosted by EU and non-EU countries.<sup>8</sup>

With the limited involvement of the EU institutions,<sup>9</sup> the prospects for the EPC to serve as an anchor of enlargement are small. On the other hand,

as the EPC format is not yet clearly defined and established, much of the agenda-setting and summit preparations in 2023 will be in the hands of the rotating presidencies that are expected to coordinate among themselves: Moldova, followed by Spain and the United Kingdom. Spain will also hold the Presidency of the Council of the EU in the second half of 2023. This sequence gives Moldova some small scope to use the Chisinau Summit (planned for June 1, 2023) to advance its EU integration process and to drum up political support for the whole Association Trio.

All in all, the EPC is shaping up to be an interim platform for security dialogue in "wider Europe" until the war in Ukraine ends and a new security order emerges. It is driven by President Macron and dependent on other leaders' willingness to participate. But it could also take away too much political and diplomatic energy at the expense of EU enlargement and upgrading the EaP.

7 In addition to EU members, participants included the six Western Balkan countries, five EaP countries (Belarus was not included), the four countries of the European Free Trade Association, the United Kingdom, and Turkey.

8 The EPC will have no permanent secretariat and the model most likely to be followed is that of the G20. For more on the EPC, on why it is a sign of the dysfunctional relationship between France and Germany, and on the differences in these two countries' respective approach to "wider Europe," see <https://dgap.org/en/research/publications/analysis-european-political-community-misses-point>

9 The role of the EU institutions was limited to attendance by the presidents of the European Council and of the European Commission, as the result of a compromise to keep the United Kingdom on board.



## PART 2

# How to Reshape the Eastern Partnership?

On December 12, 2022, the EU foreign ministers met with their counterparts from Eastern Partnership countries (except Belarus). They reaffirmed joint commitment to continuing the EaP policy, in parallel to the enlargement process, as a “vehicle for regional cooperation,” while making it more flexible and tailored to the need of EaP countries. It was also agreed to work with willing countries to support their resilience and security.

## SECURITIZATION OF THE EASTERN NEIGHBORHOOD

The Eastern Partnership was launched in 2009 to strengthen the EU's relations with its eastern neighbors. As part of the European Neighborhood Policy, the EaP aimed to create a safe and prosperous neighborhood. But, although it was partly a reaction to the Russian-Georgian war of 2008, it had a weak security component, focusing mainly on the rule of law, migration, and organized crime. Since 2014, the EU has added hybrid threats to the EaP's security agenda, focusing on disinformation and cyber security. In the context of the war in Ukraine, it needs a stronger focus on security linked to state resilience in various areas to match to the new reality in the region.

Russia is now the biggest security threat to the EU as well as to the EaP countries. Since February 2022, the EU's strategic goal has been to help Ukraine survive as a state and to prevent any aggression by Russia against its other neighbors like Georgia or Moldova. Five of the EaP countries have territorial conflicts that in some way involve Russia; the exception is Belarus, which has de facto lost its sovereignty to Moscow. Currently, Russia's military is active or deployed in the six countries. The peacebuilding

formats in which Russia participates, such as the OSCE 5+2 talks on Transnistria and the OSCE Minsk Group on Nagorno-Karabakh, are in a stalemate or completely blocked.

Likewise, the securitization of the EU's eastern neighborhood has an impact on questions of security of infrastructure, connectivity, energy supply, and influences in conflict zones in the region. To strengthen capacities, foresight, and regional stability, the EU and NATO should improve cooperation with the EaP countries, while the EU can include the Association Trio in the EU's Permanent Structured Cooperation (PESCO) on a regular basis. So far, only Ukraine is among a handful of third countries that have signed an agreement with the European Defense Agency and it also participates in PESCO projects. Although all of the above operate more at the bilateral level and in relation to EU integration and cooperation under the CSDP, some of these partnerships could also be linked to the EaP framework.

## MORE EU ENGAGEMENT IN PROTRACTED CONFLICTS

The weaker Russia becomes economically and militarily, the less able it will be to impose “authoritarian stability” in the EU's eastern neighborhood. Its ability to support financially the breakaway entities of Abkhazia, South Ossetia, and Transnistria will decrease, especially in the former two for which Moscow subsidizes comprehensively. Russia has also deployed its professional soldiers from most of the conflict zones to Ukraine, replacing them with conscripts, which has weakened its military capabilities. There are strong interdependencies between the breakaway entities and Chisinau and Tbilisi – in electricity provision in Abkhazia and South Ossetia, and in electricity and gas in the case of Transnistria. This presents new opportunities and needs for Georgia and Moldova to reengage with these entities with the EU's support and facilitation. But the conflicts in Georgia and Moldova are different and need a customized approach, the former having a strong inter-ethnic dimension while the latter being primarily an economic one. Moldova and Transnistria are also in many areas integrated in the framework of the country's DCFTA, which is not the case with Abkhazia and South Ossetia and Georgia. And, unlike Georgia, Moldova does not have a border with Russia, and there are fewer Russian troops in Transnistria than in Abkhazia and South Ossetia.

The EU can also no longer acquiesce to the “stability management” by Moscow of crises like the one in Nagorno-Karabakh. Russia’s military focus on Ukraine and its aim to circumvent Western sanctions via Turkey as well as its need to develop alternative trade routes via the South Caucasus on the North South Route to Iran are now shaping its interests this conflict. Recent events around Nagorno-Karabakh, where Russian peacekeepers remained passive witnesses to outbreaks of violence, have demonstrated Moscow’s unwillingness and inability to be a security guarantor. At the same time, as noted, the multilateral formats that include Russia, like the OSCE Minsk Group, are blocked.

The role of European Council President Charles Michel in the negotiations for a possible peace agreement on Nagorno-Karabakh and a border delimitation agreement between Armenia and Azerbaijan has been crucial in increasing the EU’s footprint in the region and its contribution to conflict resolution. With its two-month monitoring mission on the Armenian side of the border until mid-December 2022 and its plans to transform this into a long-term CSDP mission, the EU has taken an important step to internationalize the resolution of this conflict as well as to engage on the ground.<sup>10</sup>

Because of the ongoing tensions, Europe now has an opportunity to strengthen its relevance for the region. In concrete terms, EU leaders have a bigger chance to facilitate an agreement between Armenia and Azerbaijan, and to provide Armenia with stability, transparency, and security, while decreasing its dependence on Russia. This can be complemented by support for Armenia’s economic and energy transition as well as its deeper economic integration with the EU.

For the near future, the European External Action Service, supported by the European Commission, could look into taking a more active role in conflict resolution in Transnistria. Since the OSCE 5+2 format is blocked and the war has a direct impact on the disputed region, there is a need for more EU engagement and confidence building measures beyond public statements.

The EU has already been indirectly involved with Tiraspol through the trade and economic benefits

in the framework of the DCFTA.<sup>11</sup> Now it is crucial to prevent any spillover of the war in Ukraine into Transnistria, which will require more EU presence on the ground. One possible format is a new EU special representative tasked with comprehensive security cooperation with Moldova, confidence-building measures between Chisinau and Tiraspol, and developing a new agenda for political dialogue. This could cover local security as well as economic and humanitarian challenges along the Transnistria segment of the Moldova-Ukraine border, and be done via the EU Border Assistance Mission to Moldova and Ukraine, which already acts in confidence-building measures between Chisinau and Tiraspol.

## STRENGTHENING CONNECTIVITY: UPGRADING THE EAP FOR ARMENIA AND AZERBAIJAN

A reshaped Eastern Partnership policy could play an important role in bringing the partner states that do not currently aspire to EU membership (Armenia, Azerbaijan, and Belarus) closer to EU norms and standards, and in counteracting authoritarian governance in Baku and Minsk. The goal should be to avoid creating a grey zone in an area where Russia is becoming weaker, countries like Turkey are more engaged, and the EU is focused on the Association Trio. For **Belarus**, with a leadership lacking any legitimacy and depending on Russia’s support, there should always be an option to reenter the EaP if the regime changes. At the same time, EU funding and instruments should be used to support and preserve Belarusian civil society and independent media under the current circumstances when most of its leaders are in exile.

There is particularly a need for more flexibility in the form of these three countries’ partial integration into the EU in the single, energy, and electricity markets as well as in areas such as digitalization, climate transition and the green agenda, or roaming.

The obvious focal point for such a flexible approach would be **Armenia**, which is very much dependent on Russia and partly on Iran for its security, and geopolitical situation as well recourses demand. In the medium to long term, the EU should offer Armenia a European perspective if it asks for candidate

<sup>10</sup> [https://www.consilium.europa.eu/en/press/press-releases/2022/12/19/armenia-eu-monitoring-capacity-completes-its-mandate-new-planning-team-launched/?utm\\_source=dsm-auto&utm\\_medium=email&utm\\_campaign=Armenia%3a+EU+Monitoring+Capacity+completes+its+mandate%2c+new+planning+team+launched](https://www.consilium.europa.eu/en/press/press-releases/2022/12/19/armenia-eu-monitoring-capacity-completes-its-mandate-new-planning-team-launched/?utm_source=dsm-auto&utm_medium=email&utm_campaign=Armenia%3a+EU+Monitoring+Capacity+completes+its+mandate%2c+new+planning+team+launched)

<sup>11</sup> At present, 70 percent of Transnistria’s trade goes towards the EU. Around 3,000 Transnistrian businesses are connected to the EU and interested in peace and economic opportunities.

status – but the country would first have to leave the Eurasian Economic Union. Armenia was not able to sign an Association Agreement with the EU for political and security reasons and under pressure by Moscow. But its Comprehensive and Enhanced Partnership Agreement with the EU offers great potential for sectoral integration. Once Yerevan fully implements the agreement, this will bring the country in many areas nearly as close to the EU as the Association Trio, with the notable exception of a free-trade deal. Moreover, Armenia's government is trying to pursue a reform and democratization agenda despite the country's strong dependencies on Russia.

**Azerbaijan** has a strong interest in continuing its bilateral track in the EaP since this is its only format for cooperation with the EU. It is focused on energy and economic relations, and it is also interested in more investment. At the same time, from the EU's perspective, this format should also be based on a partner country's commitment to European values such as respect for human rights and democracy, which is not the case with Azerbaijan. Therefore, deepening this partnership should not only be based on energy and gas-transit interests but also come with strings attached, including a firm stance on human rights as well as on Baku's aggressive foreign policy.

The EU should invest in **connectivity** in the region with new trade routes and infrastructure, including through the Black Sea, as part of its diversification strategy as well as to circumvent Russia. The EaP agenda also includes important financial contributions by the EU, particularly through the **Economic Investment Plan** that would allow addressing issues from energy to connectivity. More funds could be provided in the longer term through a restructuring of the EU multiannual budget so as to spend more on the eastern neighborhood. In the next stage, the "upgraded" EaP could also be linked more with other formats that strengthen partner countries' economic development, resilience, and independence, such as the Energy Community, the Transport Community, and the Trans-European Network for Transport.

## TOWARDS A WIDER EASTERN NEIGHBORHOOD

The geopolitical and security changes in the EU's eastern neighborhood will increase the role of **China, Iran, and Turkey as shapers of the region** at the expense of the EU and Russia. They will try to push their norms and standards there, and their author-

itarian models of governance will make it easier for them to strike deals and compromises with Russia. New "regional orders" will emerge, with consequences for states in the region and for the EU. This adds to the need for the EU to increase its role in the eastern neighborhood. Beside developing a security component to its approach, the EU investing in infrastructure and integration of the energy and power markets of the countries there is a need to strengthen energy security and connectivity on both sides and to diversify supply away from Russia. This can also make the EU a key norm setter that underlines high environmental, social, and labor standards, in competition with China's Belt and Road Initiative.

At the same time, the **EU will have to build up its attractiveness for the countries in the eastern neighborhood**. It continues to be attractive through its internal market, rule of law, high standard of living, and freedom of travel. Investing in infrastructure and connectivity, resilience, and green transformation are important for the economic, environmental, and social transformation of these states. Equally, the EU should not underestimate what it has to offer and build upon it with a more consistent policy that meets the human security needs of the people in the neighborhood. Just as much as the EU, the neighborhood's countries are looking for opportunities to diversify their options as Russia's regional influence weakens. They do not want to depend too much on China either. More strategic investments by the EU should help to increase connections with Central Asia, but this should require progress on the rule of law and fundamental rights in the countries there.

In this decade, the transformation of the post-Soviet space will create more demand for an EU policy that connects the different regions and countries of the "wider" eastern neighborhood. There cannot be an upgraded policy for the EaP countries without linking it to updated strategies towards Russia, Turkey, the Black Sea region, and Central Asia. Therefore, investment in infrastructure and pushing EU norms and standards in the countries concerned are crucial. Progress in areas like energy security, connectivity, and security of infrastructure should be linked to further rule of law and legal system reforms.

In particular, the Black Sea region will be crucial in the conflict with Russia and for connectivity with Asia. As the region links different EU interests in the wider neighborhood, a comprehensive strategy for is needed, linking the EU's strategy towards Turkey with its security, connectivity, and energy agendas.

# Conclusions

Russia's war against Ukraine has caused a fundamental shift in the geopolitical, economic, and security environment for the EU and its eastern neighborhood. The EU has taken some important steps in reaction, including offering a candidate status or perspective to the Association Trio, but it has still not upgraded its neighborhood and enlargement policy in a way that reflects the new reality. Beyond the EU's comprehensive military, humanitarian, and economic support for Ukraine, its member states have lacked the ambition to go beyond the current enlargement and neighborhood policy and to shape the new emerging regional orders in the eastern neighborhood. There is a lack of leadership on this issue, which does not seem to be a top EU priority.

As a consequence, frustration in eastern candidate countries might grow, and the likes of China, Iran, and Turkey will increase their role in the regions at the expense of the EU and Russia. The EU can only stay relevant in the eastern neighborhood if member states increase their ambition and develop a comprehensive strategy that includes security policy, domestic reforms, conflict resolution, and connectivity.

Russia's position in the post-Soviet region is weakened by its war against Ukraine, which opens a window of opportunity for the EU to increase its role as a peace actor and to connect the whole region in the framework of a more strategic and comprehensive agenda. The member states should invite the European Commission and the European External Action Service to develop a new Wider Eastern Neighborhood Policy covering Eastern Europe, the Black Sea, the South Caucasus, and Central Asia. This policy should make the EU more flexible and capable of acting in different areas at the same time. Being an actor on the ground in terms of conflicts, security, civil society support, and countering corruption, bad governance, and disinformation requires better coordination among the member states and EU delegations as well as an upgraded mandate for the heads of EU delegations and EU special representatives.

## FIVE RECOMMENDATIONS FOR A FUTURE EU NEIGHBORHOOD AND ENLARGEMENT POLICY

**1** The EU needs to upgrade its neighborhood and enlargement policy in view of the new geopolitical and security imperatives on the continent after Russia's full-scale invasion of Ukraine. The new challenges require more political will by the large member states like France and Germany as well as coordination with the eastern member states. Without more ownership and leadership in Berlin, Paris, Warsaw, and Brussels, in particular, the EU will lose even more credibility in the eastern neighborhood and ability to shape its future. This will also have a negative impact on the EU's global image and agency.

**2** Tension between EU enlargement and internal reforms will accompany the next phases of the Association Trio's integration but this cannot be an excuse for inaction. While the EU needs to demand credible convergence with its laws and standards by the candidate countries, it also needs to increase their opportunities for gradual integration in the pre-accession period and encourage a step-by-step approach that does not overstretch small countries like Moldova. Moldova and Ukraine will need more tailor-made support from Brussels and additional resources to implement reforms under war conditions. If they keep their current momentum and determination, they could even overtake some Western Balkan candidates after this year, thus energizing the whole enlargement process.

**3** The EU needs a comprehensive security approach as a new element of the Eastern Partnership as well as its neighborhood policy. This should include human security (support for human rights and the rule of law) as well as strengthening independent media, cooperation on disinformation and cybersecurity, and supporting reforms of security forces and the modernization of the military equipment of EaP countries in coordination with NATO. The Association Trio should be integrated into PESCO projects and EU military procurement.

**4** The EU should upgrade its role in regional conflict resolution beyond the support for dialogue and mediation. The recent EU monitoring mission on the Armenian side of the border with Azerbaijan was critical in this sense. Its successor could integrate many of the good practices developed by the EU Monitoring Mission in Georgia: an incident-prevention mechanism, a hotline, and border

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monitoring. The EU could provide a multilateral platform for negotiations as other formats like the OSCE have become dysfunctional. But it also needs to build up leverage on the parties to conflicts and strengthen the role of its special representatives in these. Monitoring and peacekeeping in conflict zones should become a key element of the EU's policy in the eastern neighborhood. The Council of the EU should increase its funding and member states their participation.

**5** Overall, the EU needs a comprehensive strategic approach to connect its different policies in trade, energy supply, digital and telecommunication infrastructure, and security to the EaP (Eastern Europe and the South Caucasus) and the Black Sea region and Central Asia. Developing a Wider Eastern Neighborhood Policy that links all post-Soviet regions will create incentives for regional cooperation, investment, and alternatives to “offers” or pressure by China and Russia.



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*DGAP receives funding from the German Federal Foreign Office based on a resolution of the German Bundestag.*

**Publisher**

Deutsche Gesellschaft für  
Auswärtige Politik e.V.

**ISSN** 2198-5936

**Editing** Nicolas Bouchet

**Layout** Luise Rombach

**Design Concept** WeDo

**Author picture(s)** © DGAP

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