Abstract

This paper examines an impact of European Union’s (EU) Eastern Partnership (EP) project on reform processes in the former Soviet Union. EU launched EP in 2009 to improve political and economic ties and promote reforms in six former Soviet republics: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. Regardless of existing differences among EU members over precise goals of EP, EU still tried to use the project for promoting socioeconomic and political reforms in those six countries, without actually promising them EU membership. The paper asks if an absence of EU membership initiative impacted the project member states’ willingness to implement EU proposed reforms. Using the qualitative methods of process tracing and descriptive analysis, the paper finds that EU’s EP project did not have an impact on the implementation of the reforms by six former Soviet republics. This was caused by an absence of EU membership guarantees for them. The paper illustrates that the former Soviet republics: Estonia, Latvia, and Lithuania, which were given EU membership guarantees, implemented EU proposed reforms in much faster pace and on much wider scale than EP project member states, which did not have such guarantees. The paper’s findings can contribute to academic knowledge about the influence of supranational organizations over reform processes in developing countries.

Keywords: European Union; Eastern Partnership; EU membership; Reforms; Former Soviet Republics.
Introduction

Formerly Soviet Baltic States of Estonia, Latvia and Lithuania completed their accession process to the European Union (EU) on May 1, 2004 when they officially joined the EU. The process started back in the early 1990’s, right after the collapse of the Soviet Union. In 1992, European Community (EC) granted three Baltic States the status of Most Favored Nations by signing Trade and Cooperation Agreements with them (Prikulis, 1994). In 1994, three Baltic States have gained the status of prospective EU members along with seven other Central European countries. Baltic States officially submitted their EU membership applications in 1995. Estonia formally started accession negotiations in 1998. Latvia and Lithuania joined two years later in 2000. The negotiations were over by December 2002 (Vilpisauskas, 2003). Three Baltic States signed the Treaty of Accession to European Union on 16 April 2003, which went into force on May 1, 2004.

The entire accession process has been accompanied by rigorous reform process, which EU candidate Baltic States had to implement in case if they were to join the EU. Without reforms their membership process could not have gone far. Three Baltic States implemented far reaching, often painful, but largely successful reforms in relatively short time of five-six years. Reforms ranged from improving governance, liberalization of prices and creating viable agencies and mechanisms for effective market regulation to guarantying political and civil reforms.\footnote{Accession of Transition Economies to the European Union: Prospects and Pressures. Chapter IV. World Economic Outlook. October, 2000. IMF.} The successful reforms on their part helped Baltic States’ accession to the EU.
European Union in 2009 launched European Partnership (EP) project for six formerly Soviet republics: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine to deepen ties with these six countries and encourage political and economic reforms there. EP envisaged signing free trade, as well as traveling visa liberalization agreements with all six countries within the frames of Associated Agreements. However, EP has not given any guarantees of eventual EU membership to any of those countries, something which EP participant countries greatly desired.\textsuperscript{2}

EP actually was preceded by EU’s Eastern Neighborhood Policy (ENP), launched in 2004, whose East Group countries included same six former Soviet republics. However, ENP proved ineffective mechanism to persuade participant countries to promote reforms (Kubicek, 2005; 2009, pp. 336-338; Wolczuk, 2005; Kobzar, 2006). Newly launched EP, which was designed to reinvigorate failing ENP, also failed to promote reforms in the six former Soviet republics.

This research asks why EP project failed. The research examines what explains two different outcomes: successful reforms in three Baltic States and failed reforms in six former Soviet republics in the face of EU involvement in both regions.

Using the qualitative method of comparative process tracing the research finds that it was the lack of clear promise and guarantees of EU membership on the part of EU that discouraged six former soviet republics from carrying out rigorous and far reaching reforms.

For its data the paper relies on periodicals and internet news sources, as well as on various scholarly works.

The research has a limitation. It is examining only little over three year long period, after the inauguration of Eastern Partnership (in 2009) to this point, as opposed to twelve year long EU-Baltic engagement (in 1992-2004), which makes it difficult to fully assess the impact of EP program on the reform processes in EP’s participant countries. However, EP was preceded by largely unsuccessful ENP (as of 2004) and by EU’s, also unsuccessful, bilateral relations with six former Soviet republics before 2004. So, the pattern is already visible, which makes certain generalizations possible. It this very pattern that the research studies.

In the following chapter the paper provides literature review, followed by the chapters on the Baltic States’ EU accession process and EP’s engagement process with six former Soviet republics, respectively. At the end, the paper provides conclusion.

**Literature Review**

The impact of Eastern Partnership project on the reform processes in six former Soviet republics has been the least studied subject in international relations subfield and in political science discipline in general. However, impact of international organizations (IOs) on reform process has been studied from different ankles. For instance, Mansfield and Pavehouse (2008) argue that IOs certainly do affect reform processes. As they find, countries have particular reason to enter IOs in the midst of democratization process, because state leaders have trouble to make credible commitment to sustain reform, as they can benefit from rolling back liberalization. By entering IOs they can increase their credibility to democratization. However, as the authors argue countries do not find all IOs equally favorable. States are more inclined to join economic and environmental IOs rather than political IOs. This work provides interesting arguments. However,
it fails to find whether IOs actually promote reforms in states and whether they help to widen the scope of reforms.

Other works focus specifically on the role of EU on national political processes. For instance, Pridham (2001) developed so called “interactive approach” when studying how the factor of EU integration interacts with domestic factors, which in turn can contribute to democratic transformation. However, Pridham (2001) analyzed only EU candidate countries. He himself acknowledged that it was necessary to distinguish between those countries that are not negotiating for EU membership, but may have a chance in the long run and those countries that will never have a chance of EU membership.

Vachudova (2002) actually made such distinction, suggested by Pridham (2001), dividing countries into two groups. She, while studying the cases of Poland, Hungary, the Czech Republic, Slovakia, Bulgaria, and Romania in 1990s, argues that mere attraction of EU membership, or as she calls it “passive leverage,” did not have much effect on ruling elites’ desire to meet EU requirement for the membership. However, “active leverage,” or deliberate conditionality exercised in EU’s accession process, did manage to unseat the elites which opposed necessary reforms put forth by EU and helped to open the road to power for pro-EU elites.

In agreement with Vachudova (2002), Pravda (2001) argues that the prospect of EU membership certainly matters. As he states, the role of EU in the process of democratization is dependent on the prospect of a country’s EU membership. EU has more influence and leverage in those states that have secure prospect of EU membership. Such states tend to be more responsive to EU membership requirements. EU’s influence in those states that do not have the
secure prospect of EU membership is more limited. It depends on EU’s (bilateral) relations with that state and its geographic closeness to EU member states.

The works of Pridham (2001), Vachudova (2002) and Pravda (2001) largely share same deficiencies. First, they all study only states of Central Europe, not of the former Soviet Union; Second, they all focus on the impact of EU per se, not of Eastern Partnership program, which is the main objective of this research; Third, they all are focused on EU’s impact on democratization, rather than on reforms in general.

Kobzar’s (2006) work actually addresses the first problem of these three works. It studies former soviet republic of Ukraine, one of six EP participant countries. Kobzar (2006) examines the outcome of democratic “Orange Revolution” in Ukraine in 2004, which deposed post-communist corrupt and semi-authoritarian regime. She argues that engagement with European Union in 1990’s and early 2000’s certainly did have an impact on the process of democratization in Ukraine, regardless of the fact that EU never promised membership to the country. However, Kobzar (2006) does not ask whether EU had an impact on the reform process in general, not only on the process of democratization. The paper also does not study if Eastern Partnership project per se had any influence on reform process in Ukraine and whether the absence of EU membership prospect impeded reforms in the country.

There are also some early works on EP, mostly critical of it. Korosteleva (2011a) argues that Eastern Partnership brought more continuity than change in EU’s previously (unsuccessful) policy towards its neighbors. As she states, EP suffers from the fact that’s the notion of “partnership” is ill-defined, which creates problems in realization of EP’s (and earlier European Neighborhood Policy’s) goals. As Koresteleva argues, there is a gap between EU’s rhetoric and EP participant countries’ expectations, which generates obstacles for EP to find legitimation in
the neighborhood. Overall, this work focuses on the shortcomings of EP, rather than on its impact on reform processes in EP participant countries in the absence on EU membership guarantees.

In another work Korosteleva (2011b) assesses an impact of European Neighborhood Policy and Eastern Partnership on Belarus, Ukraine and Moldova, with Russia as added perspective. Korosteleva (2011b) points to the top-down and conditional governance approach in EU treatment of its neighbors, which she considers as Eurocentric in nature and perspective, blaming it for the failure to understand partners’ internal dilemmas and needs. This, as she asserts, in turn impedes effective implementation of EU policies. Korosteleva’s (2010b) work shares the shortcoming of her first work. It only assesses the deficiencies of EP without illustrating its impact on the reform process. It also fails to include in the study South Caucasus states of Armenia, Azerbaijan and Georgia, other three participants of EP. Whitman’s (2010) work, just as the works of Korosteleva (2010a, b) also fails to assess direct impact of EP on the reform processes.

This research addresses all these shortcomings. It directly examines if the absence of EU membership guarantees by EP project had an impact on the pace and scale of the reform in EP’s six participant countries. By providing answer to this question, the research can contribute to academic literature about the influence of international organizations on reform processes.

The Case of Baltic States: Estonia, Latvia and Lithuania

Three Baltic States, former Soviet republics of Estonia, Latvia and Lithuania started their steady move towards EU membership from the early 1990’s, almost right after the collapse of the Soviet Union. It is noteworthy that they have been receiving all the positive signals from EU,
giving them a reason to believe that their aspirations for membership eventually would be realized. For instance, in May 1992, just mere six months after the collapse of the Soviet Union, Baltic States gained the status of Most Favored Nation when the European Community (EC) and each of the three Baltic States signed trade and cooperation agreement (Prikulis, 1994). Certainly, this event reinvigorated Baltic States’ move towards Europe and gave a momentum to the reform processes in those three countries.

By mid 1990’s it was all but clear for the Baltic States that EU membership was coming. In October 1994, EC adopted a declaration that recognized the need to develop closer relations with Baltic States amid forthcoming enlargement of the EU and urged EU to develop coherent policy towards the region. The declaration unequivocally stated that the importance of the Baltic region, its markets and economy made it highly desirable for both sides (EU and the Baltic) the region to be integrated into wider European economy to the furthest extent possible. Simultaneously, European Commission unveiled a policy paper that once again emphasized the importance of the region to Europe and urged for more comprehensive ties with the Baltics. The paper explicitly stated that Baltic States’ integration into the Europe would best serve the interests of EU because of already increasing ties between Baltics and the rest of Europe.³

Baltic countries welcomed such moves from EU, which led to intensive negotiations, eventually resulting into the signing of Association Agreements between European Community and Estonia, Latvia and Lithuania on June 12, 1995 in Luxemburg.⁴ The agreement set the stage

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for the Baltic countries’ EU membership. It represents highly important document and a watershed moment in EU accession process. The agreement reiterated the EU’s ultimate objective of the Baltic countries’ EU membership. The agreement made provisions to set up the Association Council, the Association Committee and the Parliamentary Association Committee.

It emphasized the importance to institutionalize political dialogues between EU and the Baltic countries, as well as of the regional cooperation among three Baltic States. The agreement also reaffirmed the importance of developing the basic principles of human rights, democracy and the market economy in all three countries.

The agreement established so called transitional period for far reaching political and economic reforms for Latvia and Lithuania, but not for Estonia because of the latter’s greater progress in this regard. Overall, transition periods for the two Baltic States were shorter than for other associated states. It would end no later than December 31, 1999. The agreement also gave the Association Council the right to examine regularly the progress made in the process of economic reforms and the implementation of other fundamental principles of the association.

Based on the previous trade agreements the Association Agreement established free movement of workers and guarantees for their protection and training; right of provision of services; free movement of capital; terms for international shipping, air and land transportation.

The Agreement obliged three countries to take appropriate steps that would achieve same level of the protection of intellectual, industrial and commercial property by the end of the transitional period as it existed in EU. The agreement ought to open up each others’ public contracts to all sides’ companies; approximate laws of Baltic countries to that of EU; deepen economic cooperation based on sustainable development; cooperate in the spheres of science and
technology, education and training, agriculture and the agro-industrial sector, fisheries, energy, nuclear safety, the environment, transport, telecommunications, postal services, information infrastructure, financial services, monetary policy, regional development, social affairs, tourism, small and medium-sized businesses, consumer protection, customs, public administration, money laundering, and combating drug abuse. The Agreement envisaged cooperation in fighting corruption, illegal trafficking, counterfeit goods, drugs, etc. It also set the stage for cultural cooperation in different fields, including harmonization of international broadcasting rules. In 1994, Estonia, Latvia and Lithuania were given the status of prospective EU members and joined the group of Central European candidates. In 1995, they official submitted the application for EU accession (Vilpiauskas, 2003).

In 1996 European Commission put forward new initiatives aimed at improving economic and political conditions in Estonia, Latvia and Lithuania. The initiative covered various activities ranging from improving contacts between public and private institutions to dealing with illegal immigration, developing legislative and administrative systems, exchanging information and protecting minorities’ rights. The task was huge, however, there was encouragement and certainty that Baltic States would definitely join EU if satisfactory progress was made. In October 1997, Klaus Kinkel Foreign Minister of Germany, the most powerful country of EU, explicitly stated that Germany wanted three Baltic States to join EU as soon as possible. He further elaborated that Germany felt particular closeness to all Baltic States and it would try to do everything in its power to ensure their accelerated accession to EU. In November of the same

6 Ibid.
year, European Commission President Jacques Santer further elaborated that EU enlargement would include all candidate countries (including three Baltic States). In 1998, Estonia started accession negotiations. Latvia and Lithuania began negotiations two years later, in 2000.

The degree of assurance that Baltics would join EU was high and it certainly had big impact on the pace and scale of reforms and EU accession process in general. Three Baltic countries implemented whole range of reforms related to labor and product markets, pension and social benefits, improvement of local governance, liberalization of trade and foreign exchange systems, privatization of a significant shares of both large- and small-scale enterprises, liberalization of prices, reorganization of enterprises, development of financial institutions, creation of legal and regulatory frameworks for the market based economy, formation of independent agencies or commissions with an exclusive mandate for market supervision and enforcement, assurance of political and civic freedoms, etc. In fact, Baltic States drew praise for a successful path towards EU membership. By the end of 2001 Latvia already closed 22 chapters of membership talks out of total 31, Lithuania 21 and Estonia 20. Baltic politicians did point that the certainty of EU membership was playing the main role in successful reform process. For instance, Estonia’s Prime Minister Mart Laar stated that preparations for accession to EU were helping Estonia a lot

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to implement reformers which it needed anyway.\textsuperscript{12} In this entire process the EU has continuously acted as an external guide for the direction and pace of the reforms (Stefanova, 2002, p. 171).

In December 2002, all the negotiations with the three countries were over. On 16 April 2003, Estonia, Latvia and Lithuania, along with seven other European countries, signed the Treaty of Accession to European Union. On May 1 2004, the treaty entered into force. EU accessions process for Baltic States was complete.

**The case of six former Soviet republics: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine**

European Union’s (EU) Eastern Partnership (EP) project was initiated by Poland and initially supported by Sweden. Poland’s and Sweden’s Foreign Ministers presented the project to Brussels in May 2008. EU inaugurated EP on May 7, 2009, in Prague, the Czech Republic.

Geographically EP’s would consist of six former Soviet republics: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. EP would be directly controlled by the EU’s European Commission, having no institutions of its own.

EP was launched to complement EU’s earlier and largely unsuccessful European Neighborhood Policy (ENP) project and activate EU’s relations with its eastern neighbors. EP’s declared goals were to improve the political, economic/trade relations and promote human rights, rule of law, democratic reforms and the principles of good governance, free market and sustainable development in six former Soviet republics.

\textsuperscript{12} Estonian PM: EU Integration Speeds up Reforms, October 2, 2012. Baltic News Service.
EP envisaged signing the Association Agreement between EU and the participant countries. The agreement was designed to create an elaborate framework of cooperation in areas of politics, economy, culture, etc. The Association Agreement would include Deep and Comprehensive Free Trade Agreement (DCFTA) and visa free travel rules with the participant countries. Progress of the negotiation in reaching Associated Agreement would depend on the pace of the implementation of reforms by EP participant countries.

The biggest issue, however, was the question of EU membership. There was major disagreement among EU’s most powerful members about whether EP should serve as a means for its participants to become EU members. United Kingdom (UK) saw EP as a stepping stone for the participant countries towards eventual EU membership. However, other great European powers, Germany and France, certainly were not seeing EP as a vehicle toward EU membership. French and German diplomats indicated that EP was a substitute for EU membership, not the road to it. EU’s most influential Eastern European member, Poland, in line with UK, also hoped that EP would lead its participant countries towards eventual EU membership.

From the very beginning, six former Soviet republics did not have a clear indication whether EP would help them towards their goal of EU membership. This situation has not changed in the following years either. European Parliament report, adopted in May 2010, has in fact called for greater EU role in South Caucasus and urged to use EP project to this end. The report also urged Armenia, Azerbaijan, and Georgia to implement reforms aimed at creating modern, inclusive,

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13 EU Chief Negotiator Speaks of Association Agreement Talks With Georgia. May 18, 2011. [www.civil.ge](http://www.civil.ge)


plurality, democratic, free market, prosperous societies. Also, the report has mentioned that EU would pursue Association Agreements with the three states with the intent to sign free trade agreement and visa free travel in the EU. However, there was not indication that EP would take any steps towards the participant countries political integration, thus their EU membership.\(^\text{16}\)

Before EP even was officially inaugurated there already were doubts whether proposed EP project, without offering solid membership prospects to the participant states, would be effective mechanism to enhance EU’s relations with the former Soviet republics.\(^\text{17}\)

EP was intended to expand the activities conducted under the auspices of European Neighborhood Policy (ENP), which was country specific. EP was designed as more regional in its approach. However, from the very beginning, some warned against EP becoming a paper tiger, unable to produce anything meaningful, as EP’s initiatives met with skepticism by local civil societies in the absence of viable mechanisms and the lack of visible success of previous ENP project, especially in the areas of human rights, democracy and justice.\(^\text{18}\)

EP was created as a means for the EU to build soft power and influence in the eastern states.\(^\text{19}\) Also, EU declared that EP was “one of the main priorities of the European Union.”\(^\text{20}\) However, it was not entirely apparent that those EP participant countries really were priorities


for the EU. Quite the opposite was on display. To Georgia’s and Moldova’s bewilderment EU removed its special representative to South Caucasus and Moldova in 2010.\textsuperscript{21}

EU’s Commissioner for Enlargement and Neighborhood Policy Stefan Fuele called EP “absolute success,” one year after the project’s inauguration.\textsuperscript{22} However, the evidence of success was hard to find. In May 2010, EU acknowledged that ties between Brussels and six participant countries have been slow to get off the ground. Fuele himself expressed doubt that Ukraine, under the leadership of newly elected President Viktor Yanukovich, would remain committed to the reform package compatible with the European agenda. Also, free trade agreements with EU did not turn out compatible with ultra-liberal ideas that the Georgian government has been pursuing. Several dozen Georgian pro-government NGOs even created “Coalition for the European Georgia” in 2010. The coalition’s one of the goals was to oppose the country’s possible EU accession, because EU conditions were considered as contradictory to ultra-liberal economic principles that the Georgian government and its supporter NGOs championed. Political links between Brussels and Georgia actually cooled in 2010.

As the EU Commissioner Fuele himself stated, EP participant countries remained willing to enact EU-compatible legislation, although lagged behind to implement them, especially in political areas such as fundamental freedoms and human rights.\textsuperscript{23}

One year after its inauguration, EP has been assessed as a failure in all regards, having neither big enough carrot nor the stick to lead the participant countries towards reforms.\textsuperscript{24}


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Thomas De Waal in his interview with Radio Free Europe/Radio Liberty stated that absence of membership incentive on the part of EP hampered reforms in the participant countries. In other words, “carrot is not big enough in Eastern Partnership,” he argued. Belarus’s authoritarian President Alyaksandr Lukashenka even dismissed Eastern Partnership as just “chatter.”

The situation has not changed in the following years either. By 2012, it was all but clear that EP was not being effective in forcing participant states to promoting reforms, whether it was in the sphere of human rights, political freedoms or free trade negotiations. Belarus was continuing to repress its political opposition. This caused further deterioration in EU-Belarus relations to such an extent that Belarus even stayed away from attending EU-EP talks held in Prague in March 2012. Another EP participant country, Ukraine, was not deterred by EU threat that EU-Ukraine Association Agreement would be shelved had it not stopped politically motivated charges against former Prime Minister Yulia Timoshenko, who is serving seven year jail sentence on abuse-of-office charges.

Overall, the progress has certainly been mixed across all six countries. Moldova and Georgia made some, even though limited, progress in regards of democratic reforms. Armenia, Azerbaijan, and Belarus remained consolidated authoritarian regimes and Ukraine under new President Viktor Yanukovich was (and is) moving in that direction too.

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26 Belarus Frees Key Opposition Figure. October 2, 2011. Radio Free Europe/ Radio Liberty. [www.rferl.org](http://www.rferl.org)

The progress was slow, if not altogether absent, in free trade negotiations too. After holding more than a year long, seven rounds of negotiations with Armenia, within the frames of EP, EU and Armenia still could not manage to lunch negotiations for signing Deep and Comprehensive Free Trade Agreement (DCFTA), because the country was failing to implement EU requested reforms in the customs service. DCFTA envisaged mutual lifting of customs duties and harmonization of Armenia’s economic laws and regulations with those of EU, something that the country was failing to do. DCFTA is the key element in the EP offered association agreement, which could not go forward without those reforms.28

The main reason for all the failures of EP was the absence of clear membership guarantees to EP participant states. Official Moldova expressed its frustration over the absence of clear, full-fledged EU membership perspective and dismissed EP as “just talk,” which was not enough for the country. Moldovan Economy Minister Valieriu Lazar said that the country could not be kept in EU’s “waiting room” forever. He complained that the Association Agreement that Moldova was negotiating with the EU did not envisage neither EU membership, nor annulment of visa regime for Moldovans, as it was hoped.29 Absence of EU membership guarantees led to the lack of reforms, which on its turn led to significant “Euroskepticism” in Moldova. The percentage of people willing to join EU dropped by 15 percent to 46 percent in late 2011.30


Georgia’s President Mikheil Saakashvili also referred to the importance of EU membership perspective when in July 2012 he expressed the hope that for the next year’s EP summit, EU would grant EU membership perspective.\footnote{Georgia Wants Membership Perspective From EU. July 11, 2012. \url{www.civil.ge}}

German Chancellor Angela Merkel, while visiting Moldova in August 2012, actually declared that Moldova does have “European perspective” in which Europe would accompany the country step by step.\footnote{Vladimir Socor. Angela Merkel Opens European Perspective for Moldova. September 5, 2012. The Jamestown Foundation. \url{www.jamestown.org}} However, it’s not clear yet whether this means the possibility of the country’s recognition as EU candidate country down the road and whether it can have any effect on reforms efforts in Moldova.

**Conclusion**

This research examined why EU-initiated reform processes have succeeded in the Baltic States of Estonia, Latvia and Lithuania and why they have failed in the six former Soviet republics of Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. As the research found, the clear perspective of European Union membership was the single biggest motivation and cause of successful and far reaching reforms. The presence of the membership perspective motivated reforms and its absence largely killed the reform processes.

The research’s finding can benefit the political science literature about the impact of international organizations on reform processes in developing countries. Future research can address such questions as: do all international organizations have same degree of appeal to developing countries? If not, what kinds of organizations have more and less appeal? Would perspective of membership work equally effectively in all countries under different ruling
regimes? Answering these questions can further benefit scholarly literature in international relations subfield.
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