

Eastern Partnership External Relations Workshop: “Connectivity in EU’s Wider Eastern Neighbourhood”

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**Austrian Central Bank (OeNB),
Otto-Wagner Platz 3, 1090 Vienna**

Background

Connectivity is a key concept and goal of the Eastern Partnership of the EU (EaP). ‘Stronger Connectivity’ including in the transport and energy sectors is one of the four key priority areas of the ‘20 Deliverables for 2020’ agreed upon at the Brussels EaP Summit of 24 November 2017. Connectivity in EU’s Eastern Neighbourhood extends beyond the borders of the EaP partner countries, to the territory of the Russian Federation, to Asian members of the Eurasian Economic Union (EAEU) such as Kazakhstan and Kyrgyzstan, and to the Chinese OBOR initiative.

The EU launched the Eastern Partnership initiative in 2009 in the framework of its Neighbourhood Policy. EaP comprises six countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. The latter three EaP countries have concluded Association Agreements, including Deep and Comprehensive Free Trade Area with the EU (AA/DCFTA agreements entered in force in 2016-2017). The other two EaP countries, Armenia and Belarus, are members of the Eurasian Economic Union (EAEU: comprising also Kazakhstan, Kyrgyzstan and the Russian Federation), a regional integration project in Eurasia driven by Russia since the 1990s and formalized in 2015 on the basis of the previous Customs Union. Moldova recently became an observer of the EAEU, upon request by its (non-executive) President and contrary to the opinion of the government. The recent progress in ‘frozen’ conflict’s resolution involving Moldova’s separatist region Transdniestria represents a promising example of enhancing economic connectivity in the EaP region. A similar approach could be used to improve connectivity in other frozen conflicts: Abkhazia and South Ossetia as well as Nagorny Karabakh.

Armenia is another interesting case: having withdrawn from signing AA/DCFTA in September 2013 and subsequently having joined the EAEU, the country concluded a Comprehensive and Enhanced Partnership Agreement (CEPA) with the EU in November 2017 and thus seeks a closer cooperation with both the EU and EAEU. Finally, Azerbaijan is pursuing more autonomous policy, yet it negotiates a trade and political agreement with the EU that should be ready for ratification next year. Even Belarus that traditionally has close relations with Russia and the EAEU is seeking to improve trade and economic relations with the EU, for

example by negotiating bilateral agreements with the EU and by hosting an informal EaP Dialogue in June 2018. However, neither Azerbaijan nor Belarus are members of the WTO – a prerequisite for a proper free trade agreement with the EU.

Apart from the complex institutional relations among and within the EaP countries, the geopolitical rivalry between Russia and the EU about their shared neighbourhood, including a competition between the EU and the EAEU, is having adverse effects on the countries concerned (Ukraine being the most egregious example, but others suffer from the EU-Russia tug-of-war over their shared neighbourhood as well). At the same time, some of the contested countries are internally split and attempt to find more balanced and sustainable integration solutions. Politically, they want to achieve a stable security environment and, economically, an improved economic connectivity in the region since they are interested in trading both with the EU and with the EAEU.

Whereas the EAEU is in the early stage of its formation process - from a (still incomplete) free trade area to a Customs Union and ultimately aiming at an EU - like “common market” comprising four freedoms of movement (goods, capital, services and labor), it is seeking legitimacy and the international recognition, the EU is reluctant to establish formal inter-institutional contacts with the EAEU and privileging bilateral contacts to the EAEU’s individual members. Largely owing to the conflict in and around Ukraine, the Russian Federation represents the main stumbling block in launching official EU-EAEU contacts which would go beyond lower-level expert technical negotiations.

Outline

The workshop will explore selected aspects of connectivity/ways to improve connectivity in Europe in the context of economic relations between the EU, EAEU and other EaP countries. The individual panels will deliberate on cooperation experiences of the EU and the EAEU and explore ways of linking existing AA/DCFTAs between the EU and its three EaP partners (Georgia, Moldova and Ukraine) to the remaining EaP countries (Armenia, Azerbaijan and Belarus) and Central Asia. The focus will be on three topics: effective multilateralism; macro-economic aspects and effects of EU-EAEU cooperation; and the sectoral connectivity. The workshop is organized in the framework of Austrian Presidency of the EU Council.

Organisers

The [*Vienna Institute for International Economic Studies*](#) (wiiw), the [*Friedrich-Ebert-Stiftung, Regional Office for Cooperation and Peace in Europe \(FES-ROCPE\)*](#) under the auspices of the [*Austrian Presidency of the EU Council*](#).