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Introduction

Drawing on existing literature regarding the European Union's engagement with its Eastern neighbors, all of which are former ex-Soviet states, this thesis will analyze the level of political influence over the past seven years, considering the role of energy, price, and transport infrastructure in the power relations of the region. Can the EU Eastern Partnership achieve its goals in the countries of the Eastern Neighborhood without the prospect of EU membership considering a geopolitically more ambitious Russia?

This study analyzes the new EU Member States' engagement with neighbors in Eastern Europe and Russia's response. The outcome of these efforts will affect the balance of power and type of governments in the region, whether more democratic or authoritarian. The countries in the middle of it all find themselves in a clash between neo-liberalism and neo-realism and differing views of security between the EU and Russia. The EU believes its strength and security, in the face of increasingly

transnational challenges, comes from its intergovernmental and supranational character. Russia sees its advantage in traditional sovereignty, its rich natural resources, and *Realpolitik*. It considers the EU engagement effort as interference in its sphere of influence. The future direction of the countries in the Eastern Partnership is still in flux, but will at least in part be influenced by the price of energy and the efforts of Russia and the EU to increase their political influence and security in the region.

A Changing World

With the breakup of the Soviet Union, Central and Eastern Europe (CEE) faced a period of change and uncertainty. Many countries that were geographically a part of Europe, but formerly found themselves behind the Iron Curtain as Soviet satellites, were now eager to rejoin European institutions such as the European Union as well as the North Atlantic Treaty Organization (NATO).¹ Joining would secure their regained freedom, security, and development as free market democracies. Russia, meanwhile, with its economy in tatters and a blow to its prestige, despite inheriting much of the Soviet apparatus and veto power in the Security Council, was severely weakened. CEE countries were eager to join the more stable and prosperous EU.

With the fifth EU enlargement of 2004 and 2007, twelve new Member States joined, increasing the number of Member States to twenty-seven. The EU significantly extended its borders farther East, creating new neighbors in addition to bringing it much closer to Russia. While the EU soon faced “enlargement fatigue” and was preoccupied with making sure it could function effectively before any further enlargements, the EU still wanted to engage its new neighbors. Certain new Member States such as Poland, for example, were eager to bring Ukraine closer to the EU. “Although EU membership for Eastern Partnership (EaP) states is not yet on the agenda, we in Poland feel that the prospect of accession should be kept open. The alluring prospect of joining the European Union is one of the main sources of EU influence and ‘soft power’ and constitutes a powerful incentive for deep reforms.”²

With the visible and tangible benefits of EU membership, a majority of citizens in the new neighboring states such as Moldova and Ukraine held a favorable opinion of joining the EU. However, as less developed ex-Soviet states, often politically unstable, these countries were told they would have to significantly reform before they could be considered for a closer partnership in the future. Support began to gradually drop. With a stronger Russia trying to regain influence in the region, the prospects

¹ Mastny, Vojtech. Eastern Europe and the Early Prospects for EC/EU and NATO Membership. *Cold War History* 9:2, 2009, pp. 203-221.

² Sikorski, Radoslaw. The EU’s “Eastern Partnership” with Former Soviet States Holds the Key to Relations with Russia. *Europe’s World*, Summer 2009.

were further diminished. There were also emerging questions as to how far Europe extends geographically. They were relevant to future enlargement but hinted at the fact that the EU was approaching full capacity under current institutional structures. The EU now faced a dilemma between creating a new dividing line in Europe and overextending itself in its project of intergovernmental and transnational governance. For the foreseeable future, neighboring countries of the EU would be engaged through the EU's European Neighborhood Policy (ENP).

The ensuing rejection of the European Constitutional Treaty by French and Dutch voters brought about a period of uncertainty regarding Europe's future institutional structure and policy of enlargement. Meanwhile, prices of energy continued to rise, and Russian president Vladimir Putin was overwhelmingly reelected to a second term. Russia would soon demand higher prices from its neighbors, leading to disputes with transit states that would interrupt flows of energy to Europe. After repeated occurrences, the reliability of Russian energy supplies became questionable, leading the EU to reconsider its energy policy and heavy dependence on one supplier. The war in Georgia increased the impetus for additional EU engagement in the region.

Despite this realization, EU engagement and assistance were weak. Prior to the latest EU enlargement, the promise of membership was a great foreign policy tool to encourage and facilitate reform among neighbors, even in tough times. This time, however, "enlargement fatigue" and domestic challenges limited the EU's traditional "soft-power" influence. Russia, despite its own challenges, capitalized on these events by increasing its own engagement in the region.

There are therefore now more questions regarding the EU's relationship with Russia. Russia's use of energy resources as a political weapon has spurred the EU to look for alternative sources and routes that bypass Russia. This has been effectively countered by Russian projects intended to maintain Europe's dependence on Russian energy. Yet at the same time the results of the recent "reset" and thaw in relations with Russia remain to be seen.

European Neighborhood Policy (ENP)

Even before the enlargement of 2004 the European Commission was bracing itself for a Wider Europe,³ knowing that its borders could not be expanded indefinitely and that it would take time to adjust to the enlargement. "Countries in the Wider Europe program have been offered the prospect of full participation in the EU's market and its four fundamental freedoms—mobility of goods, capital,

³ Commission Communication on Wider Europe. *Wider Europe—Neighbourhood: A New Framework for Relations with Our Eastern and Southern Neighbours*, COM(2003) 104; Brussels, March 11, 2003.

services, and eventually, people—provided they adhere to certain core values and show concrete progress in political, economic, and institutional reforms.”⁴ The desire to integrate with neighbors and spread the EU model without expanding membership was already apparent earlier in Western European Member States. The President of the European Commission at the time, Romano Prodi, gave a speech in 2002 where he spoke of a policy instrument that would offer “everything but institutions.”⁵ Anticipating the drastic institutional changes that would come about with the expansion of the EU, along with the accompanying border and security issues, there was a greater effort at partnerships and developing them in a multilateral framework. “The plan now is to extend the ‘common regulatory area’ beyond the EU borders to build immediate surroundings that are stable and predictable. With the creation of the ENP in 2004, the EU was preparing itself for the upcoming changes. The ENP covered the EU’s political, economic, and cultural relations with sixteen countries and aimed to establish a common area of peace, security, respect for human rights, democracy, and the rule of law.”⁶ It relies on bilateral cooperation through European institutions, Country Reports, and Action Plans to measure progress regarding set goals and reforms. Since the promise of membership could not be used to promote stability along its borders as in the past, the EU wanted to use this alternative mechanism to offer other incentives and opportunities for cooperation and engagement. The purpose and goal was first and foremost security. The idea and hope was to create a “ring of friends” around Europe, increasing cooperation in areas such as border controls, energy, and immigration. The evolving European Neighborhood Policy has also been considered a geostrategic plan, as the EU was eyeing alternative energy sources and routes to Europe bypassing Russia. It was the European Commission, for example, who recommended that Georgia, Armenia, and Azerbaijan be included in the ENP, even though the countries did not make such a request initially themselves.

Despite the ENP’s efforts at “enlargement lite,” there was increasing consensus that it was not as effective as offering the prospect of membership. In terms of financial assistance and benefits, the economic advantages of membership were still far greater than what ENP had to offer in the form of market access and other accrued benefits. “On the issue of aid and of market access the promise has not been fulfilled, and possibly could never be, at least to a degree that would be equivalent, even if only in

⁴ Alnutt, Luke. Where Does Europe’s Enlargement End? Radio Free Europe/Radio Liberty. May 3, 2004. <http://www.rferl.org/content/article/1052595.html>. Accessed May 2010.

⁵ Prodi, Romano. A Wider Europe—A Proximity Policy as the Key to Stability. Speech at Sixth ECSA-World Conference. Jean Monnet Project, Brussels, 5-6 December 2002.

⁶ European Commission. *European Neighborhood Policy*. Strategy paper, 2004. Available at http://ec.europa.eu/world/enp/pdf/strategy/strategy_paper_en.pdf

perspective, to membership.”⁷ However, it was hard to differentiate between those countries that wanted closer ties to the EU and those who happened to be close to Europe. The ENP included Mediterranean countries with no chance of membership, in addition to countries in Eastern Europe who did have at least somewhat of a chance of joining in the future. The New Member States (NMS) were therefore eager to focus more EU attention and resources on the bordering neighbors, since they knew the hard structural adjustments required to meet EU standards and regulations were unlikely to occur without more incentives.

New Member States’ Effect on EU Foreign Policy

The resulting initiatives such as the Eastern Partnership (EaP) were strongly supported by the Baltic States and Poland. As members of the European Union, these NMS were quick to make a mark on EU foreign policy. The NMS were particularly interested in relations with their neighbors to the East. Although there were differences among NMS, they saw the continuation of EU convergence policies as in their interest.⁸ The corresponding tension with Russia for political and economic influence in Eastern Europe should not come as a surprise. Prior to entry into the EU, NMS foreign policies were clearly oriented towards the West. They focused on joining the European Union and NATO in order to once again be united with the rest of Europe. Once members, however, their foreign policies became more preoccupied with the East regarding the Common Foreign and Security Policy, NATO expansion, and relations with Russia and the countries in their common neighborhood.⁹

The history of Russia and Eastern Europe made the relationship between the EU and Russia more complicated. The NMS have been more willing to voice concern over Russia’s renewed ambitions. They have also been more proactive in addressing the region’s security issues. Their rationale was to increase the EU’s influence in the region while cementing their own identity as free market democracies. By encouraging reform and promising assistance or possible future membership to their neighbors, they wanted to continue the EU’s success in bringing peace and prosperity to the continent. There were also risks involved. The countries of the EaP were poorer, had unresolved “frozen conflicts,” and were considered stagnating democracies. New border controls and visa requirements therefore led to a

⁷ Chilosi, Alberto. *The European Union and Its Neighbours: “Everything but Institutions?”* MPRA Paper No. 925, University Library of Munich, November 25, 2006.

⁸ Jonavičius, Laurynas. *The Democracy Promotion Policies of Central and Eastern European States*. FRIDE Working Paper 55, Madrid, March 2008. Available at www.fride.org.

⁹ *Ibid.*

concern about a new division of Europe.¹⁰ Cooperation with Russia, the other main regional power, was necessary if the EU and Russia were to prevent a new dividing line.

The EU, however, had trouble creating or maintaining a common policy regarding Russia and its neighbors. Some EU Member States were more concerned with the southern neighbors and the Balkans, while others were divided regarding the status of the EU's relationship with Russia. Russia saw these divisions as to its advantage. The EU therefore was not seen as a threat to Russia or its quest to be an "energy superpower." NATO was seen as the only institution capable of denying Russia the ability to restore its past sphere of influence. With the Iraq war dividing "old" and "new" Europe, Russia's differential treatment of European Member States in the energy field further took advantage of the national interests of the Member States.¹¹

The "Orange Revolution" in Ukraine in 2004, however, would bring about a new urgency for Russia and a sense of false optimism for the EU. Russia wanted to reverse the trend of post-Soviet states sliding to the West. "Since the 2004 'Orange Revolution' in Ukraine, Russia had been working tirelessly to draw the countries of the region into its sphere of influence while the EU continued to pursue a strategy of 'enlargement-lite'—offering the neighborhood states the prospect of eventual political and economic alignment with the EU while dampening down any hopes of actual accession."¹² The EU would have to offer more incentives and engagement if it wanted to attract the Eastern neighborhood countries to the European Community.

Trade and Energy

The EU is the largest trading partner and source of foreign direct investment for all countries in Eastern Europe and the South Caucasus except for Belarus. However, although the EU enjoys a greater amount of trade with the neighboring countries when compared to Russia, Russia has been more strategic with its investments, especially regarding energy and infrastructure. The price of oil and gas steadily growing to record all-time highs coincided with a Russian revival of its economy and desire to once again play a role in international affairs. In 1999 a barrel of crude oil cost around \$10. It tripled by 2004. By mid 2008, prices were over \$140 a barrel before retreating. During this time Russia was able to

¹⁰ Casier, Tom. *The New Neighbors of the European Union: The Compelling Logic of Enlargement?* In *The Boundaries of EU Enlargement—Finding a Place for Neighbours*. Edited by Joan DeBardeleben. Houndmills, Basingtoke, Hampshire, U.K.: Palgrave Macmillian, 2008.

¹¹ Smith, Keith C. *Russia and European Energy Security—Divide and Dominate*. Washington, D.C.: Center for Strategic and International Studies, 2008.

¹² Popescu, Nicu, and Andrew Wilson. *The Limits of Enlargement Lite: European and Russian Power in the Troubled Neighbourhood*. London: European Council on Foreign Relations, June 2009.

significantly build up its foreign exchange reserves to around \$600 billion, the third largest in the world at the time, repay much of its foreign debt, and even create a rainy day fund.

The Eastern Partnership, Russia, and Energy Security

The EaP was launched on May 7, 2009. Its purpose was “to speed up economic development, to strengthen democracy and freedom, to enhance the legal and administrative capacities, as well as to build civil society structures in six eastern European and South Caucasus countries.”¹³ Despite the EU trying to convince Russia that the Eastern Partnership was not aimed against it, Russia was not convinced. The countries of the EaP—Belarus, Ukraine, Moldova, Azerbaijan, Armenia, and Georgia—were considered by Russia to be its “near abroad.” The countries themselves however are at quite different levels of what the EU would consider democratic states.

Ukraine and Georgia are considered *transition countries*, struggling to reform and without the clear benefits of eventual membership. Moldova, Azerbaijan, and Armenia are seen as having failed to implement basic reforms and are therefore considered to be in *prolonged transition*.¹⁴ Complicating matters for future membership is a Russian military presence in a majority of the countries in the Eastern Neighborhood. Armenia and Belarus are close Russian allies. Georgia and Moldova both have separatist regions with Russian troops present, and Ukraine holds a Russian naval base at Sevastopol.

Despite the challenges, or perhaps because of them, earlier attempts and pushes for a closer, more engaging partnership with Eastern Europe by the NMS were slow. It was later quickly developed and approved, its urgency made apparent by the conflict between Russia and Georgia the year before over two separatist enclaves, Abkhazia and South Ossetia. The EU wanted to prevent such conflicts from occurring rather than spending resources trying to contain them after they spun out of control. In addition to assistance from the European Neighborhood and Policy Instrument (ENPI) which these countries received under the ENP, the funding for the EaP was increased by another 600 million euros for the period 2010-2013. The bulk of it was earmarked to support comprehensive institution building programs, regional development programs, and the program’s multilateral framework.¹⁵

¹³ Czeszkowski, Andrzej. Plenipotentiary of the Minister of Foreign Affairs for the Eastern Partnership, Republic of Poland. Speech at Brooking Institution, November 2, 2009.

¹⁴ Raik, Kristy and Grzegorz Gromadzki. *Between Activeness and Influence: The Contribution of New Member States to EU Policies Towards the Eastern Neighbours Policy*. Tallinn: Open Estonia Foundation, September 2006, p. 5.

¹⁵ European Commission. External Relations Directorate General. *Vademecum on Financing in the Frame of the Eastern Partnership*. Updated December 16, 2009. Available at http://eeas.europa.eu/eastern/docs/eap_vademecum_14122009_en.pdf.

Pipeline Politics

Since the late 1990's the EU had been trying to develop bilateral relations with energy producers as well as transit countries. Much of this effort had not been very effective, as the producer countries deemed the incentives unconvincing. "Major oil and gas producers see benefits offered by the Europeans as unattractive, their demands as too intrusive (such as linking human rights issues with economic support) and whatever leverages they have as too weak."¹⁶ Because of a lack of remaining alternatives and plans for future enlargement, the EU would aim for improving relations with neighboring transit countries through cooperation agreements. Energy cooperation was therefore an important part of the negotiations. The EU wanted to improve transparency and make energy flows that come from Russia and Central Asia through the neighboring transit states more reliable.

Energy cooperation became even more of an issue in 2006 with the gas dispute between Russia and Ukraine leading to a cutoff in supplies to the EU in the middle of winter. The EU has since then been more proactive regarding its energy vulnerability, increasingly trying to find alternative solutions. For example, still in the planning stages is the Nabucco pipeline, which would bypass Russia. "EU officials insist Nabucco's intention is not to pick a fight with Moscow, but they make no secret of the fact that Russia's reputation as a supplier has taken a beating following repeated gas spats with Ukraine—and that finding reliable alternatives is now an EU priority."¹⁷ Russia, however, has been pursuing its own rival offshore projects, despite them being significantly more expensive to build than over land. One is the North Stream Pipeline, the first line of which is to be completed in 2011, which will bypass Belarus and Poland through the Baltic Sea directly linking to Germany. The other is South Stream, a challenge to Nabucco, which would bypass Ukraine through the Black Sea. The concern regards specific countries that are almost totally dependent on Russia for energy supplies. Although the pipelines would increase capacity and increase Europe's gas supply, they omit certain states, making it potentially easier to block energy flows to specific Eastern European countries without Western Europe being affected.

The NMS heavily dependent on Russia are most concerned about such developments. They therefore favor strengthening the European common energy policy in addition to adding energy interconnections among states, thereby improving their energy security and reducing the likelihood of political interference. Their plan has the added benefit of strengthening their identities as democracies,

¹⁶ Wyciszkievicz, Ernest. EU External Energy Policy—Between Market and Strategic Interests. Polish Institute of International Affairs, PISM Strategic Files #1, January 2008, pp. 1-5.

¹⁷ Lobjakas, Ahto. "Strategic" Nabucco Deal Inked to Help Curb Dependence on Russian Gas. Radio Free Europe/Radio Liberty, July 13, 2009. http://www.rferl.org/content/Strategic_Nabucco_Deal_To_Reduce_Dependence_On_Russian_Gas/1775655.html. Accessed July 13, 2009.

improving their negotiating bargaining power with Russia in future energy deals, and facilitating further integration.

Theoretical Framework

The conflicting ideas of governance and international relations (IR) of the two powers have manifested themselves in the neighboring countries of the EaP, considered Russia's "near abroad" and the EU's Eastern Neighborhood. In the context of the competition for political influence in this particular region, two competing IR theories dominate, that of neo-realism and neo-liberalism. Realism believes survival and balance of power are the main concerns of states.¹⁸ Realism argues that a state with more relative power has the advantage in international competition for influence and power. States therefore act in a self-help manner and hold their national interest and security as their primary aims. The state with more power capability and control over resources will therefore have the advantage in the anarchic environment of international relations. Neo-liberalism, on the other hand, argues that economic ties, trade, and institutions increase interdependence and cooperation among states while also making behavior of states more predictable. There is a hint of constructivism in the idea that "societal ideas, interests, and institutions influence state behavior by shaping state preferences."¹⁹ Those preferences often include a nation's wealth and welfare in addition to traditional "high politics" concerns, since wealth and stability also determine a state's position and influence in international affairs. Neo-liberalism differs from realism in that it puts an emphasis on increasing the general welfare rather than a zero sum game. It does not solve the "security dilemma" but it does diminish it.

Although the competition may be between two powers with conflicting theories of international relations vying for influence, both soft and hard power play a role. Both depend on the strength of the economy and the price of energy among other factors. When the price of energy is low, more developed and diversified economies that are dependent on imports, such as the EU, have a higher likelihood of economic growth and steady tax revenue from a wider tax base. The economic prosperity in turn makes for good soft power, "the ability to get what you want through attraction rather than coercion or payments."²⁰ In the opposite case, high energy prices mean higher government revenue for energy-producing countries such as Russia, incentivizing control over exports of energy, transit, and distribution

¹⁸ Waltz, Kenneth Waltz. *Theory of International Politics*. New York: McGraw-Hill, 1979.

¹⁹ Moravcsik, Andrew. Taking Preferences Seriously: A Liberal Theory of International Politics. *International Organization*, 51:4 (Autumn 1997), pp. 513-553.

²⁰ Nye, Joseph. *Soft Power: The Means to Success in World Politics*. New York: Public Affairs, 2004.

to increase state power. High energy prices make tax revenue from other sources less necessary but increase the likelihood of the state trying to maintain its monopoly. This would likely translate into more involvement in Russia's neighboring states, especially those it considers as part of its sphere of influence.

Model

There are two variables that determine the effectiveness of EU engagement in the countries of Eastern Europe: the price and control of energy—particularly oil and gas—and the perceived level of engagement of the EU in assistance and possibility of future membership. Generally speaking, the higher the price of energy and the lower the perceived EU engagement, the more leverage Russia has politically and economically. The lower the price of energy and the higher the perceived level of EU engagement, the greater the influence and attraction to the European Union.

The methodology consists of qualitative case studies focusing on the countries of the Eastern Partnership. The effectiveness is measured in terms of election outcomes, particularly for Ukraine, but also Georgia and Moldova, analyzing the propensity of the electoral victors to favor closer ties to Russia, to the EU, or a balance between the two. It takes into consideration the price of energy and level of Russian leverage over energy flows.

Ukraine

Ukraine has had fluctuating feelings towards the EU. It was highly in favor of joining the EU between 2004 and 2006, but support has since fallen.²¹ The EU, on the other hand, is not in favor of membership for Ukraine for now, but has become more open to more visa liberalization, a free trade agreement, and closer partnership. In terms of influence and strategic importance, Ukraine was important to both the EU and Russia. The 2004 “Orange Revolution” showed that the EU prefers to use tools such as the OECD (electoral monitoring) and support for civil society to promote its interests in the region, whereas the gas dispute in 2006 showed that Russia saw energy as its preferred tool of choice. The elections during this time period offer a glimpse of the outside political influences in the country.

The presidential elections took place on October 31, 2004, with a runoff on November 21. Russian president Vladimir Putin clearly supported the campaign for Viktor Yanukovich, who was considered the favored candidate of Russia. Putin stated himself that Russia was not indifferent to the

²¹ Copsy, Nathaniel and Natalya Shapovalova. *SIPU Report for the Swedish International Development Agency (SIDA)*. April 30, 2008.

outcome of the election. Ukraine is considered a vital neighbor by Russia, making a loss of influence there a setback to its geopolitical ambitions and the Russian desire to once again be a global power.²² The Ukrainian Central Election Commission declared Yanukovich the winner of the election, but after continued and increasing opposition demonstrations and critique of the Organization for Security and Cooperation in Europe (OSCE) and other electoral observers, the vote was disputed. Putin was critical of the EU for its support of the EU-leaning Yushchenko. After negotiations among EU, Ukrainian, and Russian representatives, they agreed to a new election to settle the post-election crisis. With new presidential elections taking place on December 26, Yushchenko was declared the winner with 52 percent of the vote compared to 44 percent for Yanukovich. Yanukovich was in favor of joining not only the EU, but also NATO, to which Russia was adamantly opposed.

Russia accepted the results of the elections, but it would make the pro-western government pay, literally. Gazprom, the largest Russian gas company, raised the previously subsidized price for Ukraine of \$50 per one thousand cubic meters to \$160 per one thousand cubic meters, with an agreement to raise the price over time in order to bring it closer to market levels. Gazprom and Ukraine's Naftogaz signed a five-year contract, but another disagreement soon emerged, over amounts of debt and the claim that Ukraine was siphoning off gas intended for other countries, leading to Russia cutting off the supplies. A preliminary agreement was reached where Gazprom would now sell to an intermediary for \$230 per one thousand cubic meters, and the intermediary would then sell it to Ukraine, temporarily easing tensions.²³

In March 2006, there were parliamentary elections, which consisted of the same parties as in the "Orange Revolution." The pro-presidential party was unsuccessful in trying to create a coalition prior to the elections. Followers of the "Orange Revolution" were unhappy with the lack of progress and unfulfilled campaign promises, giving Yanukovich hope for a victory this time around. His party won the largest percentage with 32 percent of the vote, with Yushchenko's party garnering 14 percent. The election was considered free and fair by both the EU and the OSCE. However, a power struggle and political instability ensued, leading to early parliamentary elections the following year on September 30, 2007. The "Orange Revolution"-affiliated parties won a narrow majority. Another energy dispute emerged in October 2007, once again over debts owed and higher prices. The following year, the gas cutoff severely affected supplies to the rest of Europe in the middle of winter. In the 2010 presidential election, the leaders of the earlier "Orange Revolution" were defeated, with Yanukovich elected president. He said Ukraine would not join NATO, preferring not to take sides in its relations between

²² Brzezinski, Zbigniew. *The Grand Chessboard—American Primacy and Its Geostrategic Imperatives*. New York: Basic Books, 1997.

²³ Russia, Ukraine Reach Deal on Gas Pricing; EU Relieved, Oil Price Falls. *Forbes*, January 4, 2006.

Russia and the EU, both of whom he considered important partners for Ukraine. His political party, the Party of the Regions, stated that “EU membership is a strategic and long-term perspective for Ukraine. Since neither the EU nor Ukraine is ready for membership at the moment, Ukraine should better concentrate on more practical issues such as legal approximation, economic co-operation and a visa free travel regime.”²⁴

Moldova

After the experience of the “Orange Revolution” Russia changed its strategy, wanting to avoid such an event again, but economic factors were more of a concern among the public than the fact that there were still Russian troops on Moldovian soil. In the parliamentary elections in Moldova in March 2005, Russia sent its own observers, since it considered the OSCE biased towards the West. Meanwhile, since Moldova had an interest in future membership in the EU, the EU made it clear that it would pay attention to the elections and the OSCE monitoring mission, expecting them to be open and fair. In a rather surprising reversal, the Party of the Communists of the Republic of Moldova won the elections after expressing support for closer ties to the EU. The elections were considered meeting Western standards with no outstanding issues, and the EU praised the election. Russia criticized it, claiming it was not transparent and was conducted improperly.²⁵ Later Vladimir Voronin, the president of Moldova, also expressed support for closer ties to the EU. After he also won the elections, his win was seen as a clear step towards the EU and away from Russia.²⁶

In 2006, however, Russia raised the price of gas to \$110 per one thousand cubic meters, with Gazprom also requesting a larger majority stake in Moldovagaz, giving further control over the country’s energy infrastructure. The price was to rise closer to market levels in the future. Russia also brought about economic pressure and sanctions in the same year, which significantly affected the economy. In the parliamentary elections of 2009, Moldova’s four opposition parties formed a new coalition, the Alliance for European Integration, preventing the Communist Party from securing the three-fifths vote required to elect a president. However, the lack of a clear majority in either party has also led to political deadlock and crises. The issue of Transnistria is another major challenge for the country, where a separatist government close to Moscow has de facto control over the territory. It remains one of Europe’s poorest countries and is totally dependent on Russia for its energy supplies.

²⁴ Copsey and Shapovalova.

²⁵ Radio Free Europe/Radio Liberty, *Newsline*, March 10, 2005.

²⁶ Moldova Poised to Turn West After Vote. *Moscow Times*, March 9, 2005, p. 1.

Findings

Based on the elections analyzed, the attraction and influence of the EU was greatest in 2003 and 2004, as evident in the popular support for pro-EU candidates. As time progressed, the previous influence gradually declined, often creating political deadlock and crises without clear majorities. The EU had been caught unprepared by Russia's tactics regarding energy supplies and infrastructure and was divided as to how to react, a reaction further complicated by Russia's idea of "sovereign democracy," dissatisfaction with NATO, and Europe's current security structure. In doing so Russia was "setting itself up as an ideological alternative to the EU, with a different approach to sovereignty, power and world order."²⁷

One strategy of the EU had been engagement, promoting democratic values, and developing common standards. The challenge for the EU was increasing cooperation without its traditional "soft-power" tools, the "carrot" of future membership. Russia, feeling threatened by the EU's encroachment on its "near abroad" and "vital interests" in the region, strengthened by revenue from the high price of energy, was able to counter with its own less bureaucratic incentives to the region, including visa-free travel and cheaper energy. Russian media also have an advantage in the region, where they play a role in shaping public opinion and domestic politics.

However, the economic crisis has hit the region very hard. Both Russia and the EU were limited in their ability to assist, since they themselves were affected as well. Russia spent one third of its foreign currency reserves in propping up the fall of the ruble,²⁸ while the EU now has several countries whose external debt has grown significantly during this time, making less likely an increase in aid and assistance to the countries when they need it most. The demand for energy, meanwhile, especially gas, has fallen significantly throughout the world, resulting in lower prices. On top of this, recent global energy developments such as an increased number of liquefied natural gas terminals and facilities, new technologies of gas extraction from unconventional gas sources, and exploration of large deposits around the world have significantly changed the outlook in world energy markets.²⁹ Russia, for example, was forced to borrow again from international markets to fill its budget gap.³⁰

²⁷ Leonard, Mark and Nicu Popescu. *A Power Audit of EU-Russia Relations*. ECFR Report, November 2007.

²⁸ Central Asia: Russia. *CIA World Factbook*. <https://www.cia.gov/library/publications/the-world-factbook/geos/rs.html>. Accessed March 18, 2010.

²⁹ Natural Gas—An Unconventional Glut. *The Economist*, March 11, 2010.

³⁰ Office of Director of National Intelligence. Annual Threat Assessment of the US Intelligence Community for the Senate Select Committee on Intelligence, February 2, 2010.

Conclusion

With the biggest enlargement in 2004 considered a success in helping secure the transition of the post-communist democracies, the EU once again faced the issue of security outside its borders. Until recently, the EU was accustomed to its neighbors strongly desiring to become members, and perhaps more importantly, making the necessary adjustments and reforms in order to do so. The effectiveness of EU engagement now that enlargement is less likely is hence diminished. The EU's attractiveness to other countries stemmed in part at least from its significant economic benefits. It required countries who wanted to join to implement and comply with all EU laws. Without the incentive of membership, the necessary reforms were harder to implement.

Now the EU faces a Russia whose government sees itself as a distinct Eurasian power with different interests and norms. The upcoming EU presidencies of Hungary and Poland are likely to focus even more on energy security and the Eastern Partnership. The easing of visa requirements and free trade would bring the region closer to Europe, but in the current climate that may be difficult. The direction the countries of the Eastern Partnership take, however, will have a significant effect on the future of Eurasia and its geopolitics.

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