

EaP Think Bridge

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Eastern Partnership monthly analytical digest

The dawn of new Armenia



Over the course of eleven days in April, tens of thousands of peaceful protesters in Armenia succeeded in forcing the country's long-serving leader to step back from power

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EaP Think Bridge is a platform uniting expert communities in the countries of Eastern Partnership region to fill the gap in distributing analytical products for stakeholders

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Bridging the information gap in the East Partnership

After a six-month break, we return with the updated monthly Eastern Partnership Digest and all for the same purpose: to share an up-to-date and unbiased analysis of the situation in the region.

Our bridge between the leading analytical centers of the Eastern Partnership is an attempt to fill in the information gap that exists between the six countries - Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. The states concentrate on bilateral cooperation with the European Union, undermining the powerful potential of partnership within the region. And the information that countries get about each other is often insignificant, untimely and distorted.

The main value of the monthly Eastern Partnership Think Bridge Digest is a fresh analysis from the experts on the ground. The focus of this issue is the turning point for Armenia, where due to the thousands of voices of the streets, the transition to a parliamentary form of government has unexpectedly become a transition to a new style of policy.

Traditionally, an important part of each Digest will be short analytical monthly reviews of the situation in the countries, first-hand analysis of key events in domestic and foreign policy and economy.

In this issue, the country authors tell about the difficult and troubled first half of 2018. The protests rose not only in Armenia. Numerous demonstrations also stirred up Georgia, forcing the prime minister and the attorney general to resign. The streets of Chisinau raged after the mayoral election results had been annulled. Azerbaijan also faced protests but without surprises as Ilham Aliyev remains in the presidential office for a fourth term.

And Ukraine and Belarus are only entering the election process, although the upcoming presidential and parliamentary elections are already affecting the agenda in full.

The new part of the Digest will be devoted to the analysis of Ukraine's successes and difficulties in implementing the priorities of the Joint Working Document "20 Deliverables of the Eastern Partnership until 2020". The experience of Ukraine can serve as an example of using the set of tools proposed by the European Union for other countries in the region.

As before, we are open to cooperation and will gladly accept your ideas and comments.

Olga Chyzhova,
Editor in Chief
EaP Think Bridge Digest

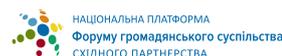


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Armenia: Fight for transformations

Richard Giragosian, Regional Studies Center (Yerevan, Armenia)

For the first half of the year, the dominant focus in Armenia was the completion of the country's long-awaited transformation from a semi-presidential to a parliamentary form of government. Based on the new Armenian constitution, the full change was due to be completed by April 2018, with the selection of a new prime minister as the new operational head of state after an indirect election for a new, largely symbolic president in March 2018.



Peaceful protests against the continuation of Sarkisian as the head of state on the streets of Yerevan.

Photo by Lika Mkrtychyan (Facebook.com)

DOMESTIC POLICY

The right man at the right time

Under the terms of the revised Armenian constitution, the new president is a largely symbolic head of state, similar to the examples of Georgia, Israel, and some European states. The presidency lost its legislative veto power and handed over the position as commander-in-chief to the next prime minister, with the figure head role concentrated around ceremonial duties. For both positions, president and premier, there will no longer be national direct elec-

tions. Rather, the president is elected by the parliament and the next prime minister is approved by a small “electoral college” composed of parliamentarians, regional governors, and a few other state officials.

For the Armenian government, the country's transformation to a new parliamentary form of government was largely seen as a predetermined passage of power. That scripted transformation opened on April, 9 with the inauguration of Armen Sarkissian, assuming the new post as a president, with no opposing candidate.

But it was the second, closing chapter in Armenia's political transformation that was a far more powerful trigger. In a move that was widely expected, incumbent President Serzh Sarkisian ended his second, final term as president by moving swiftly to assume the post of prime minister. He yet again became the functional new head of state on April, 17 as the sole candidate for the parliament's consideration. And while neither element of this transformation came as any real surprise, the reaction was anything but expected. The combination of astute political tactics by the opposition and the government's complacency in underestimating the degree of dissent and discontent quickly redefined the political calculus in the country.

In fact, throughout April 2018, the continuation of Sarkisian as the head of state was much more powerful trigger than expected and drove tens of thousands of peaceful protesters into the streets. After mounting pressure and resolute momentum by the demonstrators, Armenia's long-time president-turned-prime minister, Serzh Sarkisian, resigned smoothly and surprisingly after a decade in power. This rare success of "people power", defined by a campaign of peaceful and principled civil disobedience, was not only unique for Armenia but seemed to follow a broader trend in Georgia and Ukraine earlier.

Yet it must be noted that newly elected prime minister Nikol Pashinyan has been correctly seen as "the right man at the right time". An "alignment of stars" in Armenia's political galaxy, involving a potent new form of public activism, a largely discredited and deeply unpopular ruling elite and a gift for charismatic populist political leadership combined to energize and empower Pashinyan and his youthful team.

The real question now, however, is what lies ahead. After such polarization and dissent, the launch of parliamentary politics seems under threat and undermined by an inherent lack of trust or public confidence. Moreover, there are fears and concerns over the power of the ruling Republican Party, which is seen as potentially even more dangerous as it undermines the necessity for consensus and compromise by relying on one-party dominance.

Thus, snap elections are now crucial, especially to reflect the new Armenian political reality. And despite the Armenian government's misreading of the intensity of dissent and the impressive tactics of the protests, what is needed is a sober power-sharing reconfiguration. Yet such consensus and compromise seem very far away, and with mounting expectations and anger dangerously high, the real challenge of governance is only beginning.

ECONOMY

The same track

Prime Minister Nikol Pashinian's cabinet will carry on with the structural reforms that were launched by the previous Armenian government. The new leader has prioritized an unprecedented anti-corruption campaign, which has already done much to appease public expectations.

With mounting expectations and anger dangerously high, the real challenge of governance is only beginning

FOREIGN POLICY

No geopolitics

An impressive element of Armenia's so-called "velvet revolution" was that at no point in the dramatic demonstrations did geopolitics play any part. This was especially impressive given the dual reality of Armenia's "strategic alliance" with Russia and, even more startlingly, the unusually permissive Russian reaction. Neither Armenian opposition leaders nor embattled government officials sought to inject any context of international geopolitics. And the fact that a loyal and submissive leader of a small country firmly locked within the Russian orbit was neither defended by Moscow nor driven to appeal for Russian support was a significant surprise.

Thus, unlike Ukraine or Georgia, the Armenian model of regime change did not imply any strategic U-turn. And while the demonstrations were driven and defined by a local, rather than a geopolitical agenda, geopolitical considerations will undoubtedly exert pressure and influence over any new leadership in Armenia.

This inescapable fact stems from two main factors. Af-

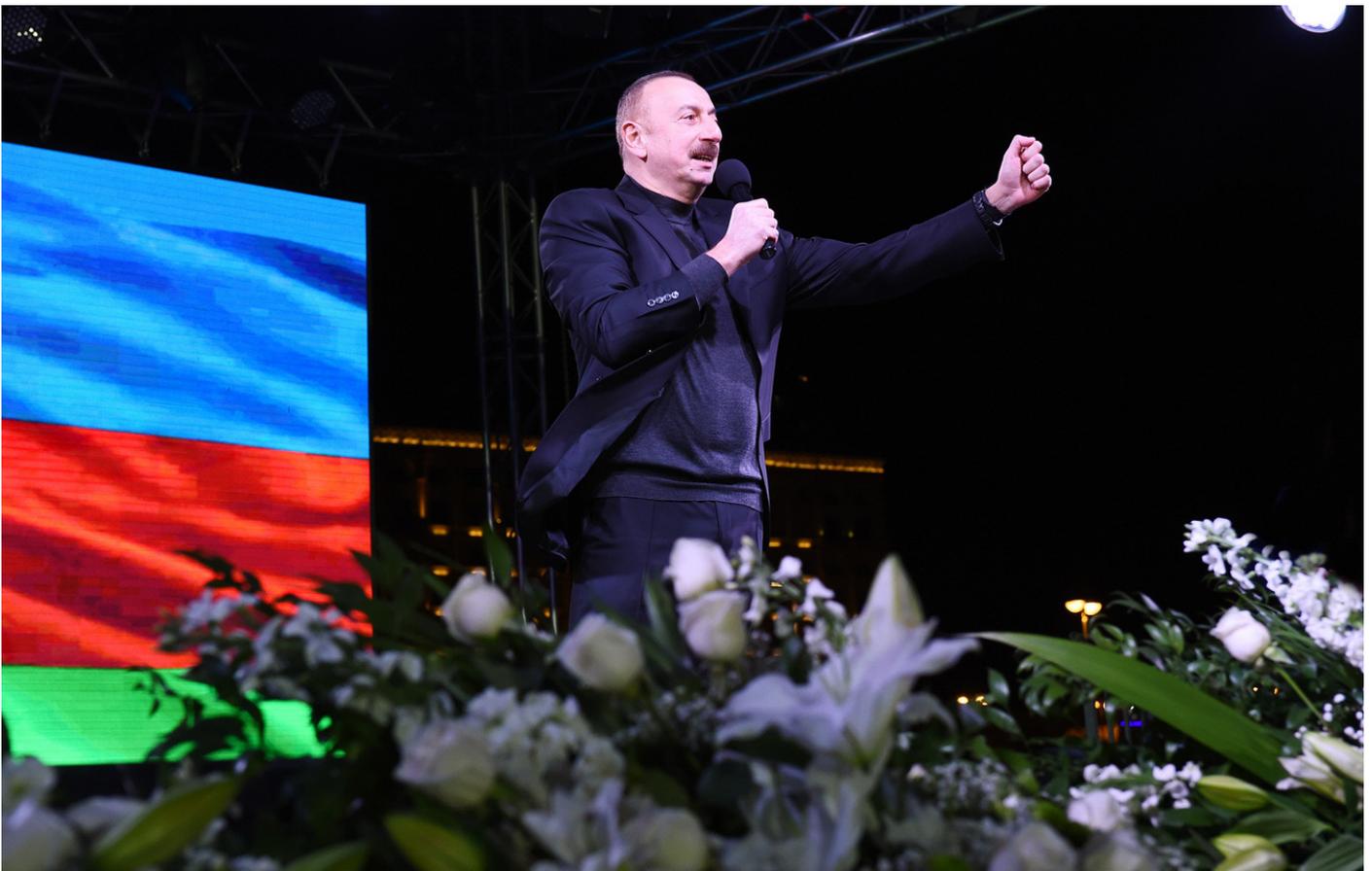
ter all, regardless of its leadership, Armenia remains deeply dependent on Russia, for guns, gas, and goods. It's the only host of a Russian military base and the only member of the Collective Security Treaty Organization (CSTO) in the region. Furthermore, the unresolved Nagorno-Karabakh conflict necessitates Armenian reliance on discounted weapons from Russia, especially as Armenia is compelled to keep pace with years of massive defense spending and an arms buildup by Azerbaijan. Equally important, Armenia is structurally dependent on subsidized Russian natural gas and remittances from workers in Russia, as well as the more recent impediment of membership in the Russian-dominated Eurasian Economic Union. Against that backdrop of limited options and little room to maneuver, the outlook for Armenia's tenuous position within the Russian orbit seems to be defined as a delicate and difficult balancing act.

The more detailed outlook for the prospects of developments in Armenia is provided in this issue's analytical piece "The dawn of new Armenia".

Azerbaijan: Calm struggle

Sevinc Aliyeva, Center for Legal Initiatives (Baku, Azerbaijan)

In 2018, the main challenge for Azerbaijan is maintaining recovery momentum and reinforcing economy's resistance to external shocks. Additionally, the country is expected to continue its struggle with employment and poverty. Azerbaijani economy is predicted to grow by 1.8% in 2018, mainly in the middle of the year.



With no participation of real opposition, Ilham Aliyev was re-elected president for the fourth term.
Photo by president.az.

DOMESTIC POLICY

Aliyev secured his fourth term

The presidential election, which was supposed to take place on October, 17, was moved to April, 11 in order to avoid presidential and parliamentary elections overlapping in 2025. Seven candidates other than the incumbent president ran for the office. All of them were evaluated as “not a viable choice for the voters” by [Giorgi Gogia](#), South Caucasus director at Human Rights Watch. Thus, Ilham Aliyev, who has been in power since 2003, guaranteed his fourth term with more than 86% of votes.

Two referendums, one in 2009 lifting the two-term presidential limit and the other in 2016 lengthening the presidential term from five years to seven, created favorable conditions for Aliyev's candidacy. Some opposition parties complained about the improper environment for competition, while others refused to run, blaming the election date advancement for constraints on their campaigns and meaningful participation. OSCE International Election Observation Mission mentioned that the restrictions in legislation limit the freedom of expression in the country.

Society in snap elections

Some representatives of the civil society criticized the snap election in the country for its pressured environment and restraints imposed on the opposition and the media. They [called the election illegitimate](#) because “the pre-election environment and electoral legislation do not provide the conditions for free and fair elections”. [Turan Agency reported](#) that elections took place without main opposition structures, namely the National Council of Democratic Forces, the Musavat Party, the Popular Front and the REAL movement. According to the [Committee to Protect Journalists \(CPJ\)](#), the government attempted to prevent any possible way of expressing different opinions by blocking websites, persecuting social media accounts, putting journalists in jails etc. On March, 31 nearly thousand people from opposition demanded fair elections and freedom for political prisoners. And following the election, on April, 11 approximately 1500 people [protested election results](#).

On June, 27 during the summer session of the Parliamentary Assembly of the Council of Europe, a document on [civil society rights violation in the Council of Europe member states](#) was adopted. According to the document, Azerbaijan is among the countries in which healthy environment for civil society engage-

ment is severely restricted. Within the last few years, the government has curtailed the rights of NGOs and has taken the full control over them. What is more, NGOs have been prohibited to receive foreign grants.

The first century of the first Democratic Republic in the East

On May, 28, a hundred years ago, the Azerbaijan Democratic Republic was established in Tbilisi by Mammad Amin Rasulzade. Within a short period of twenty-three months, ADR ensured voting rights of women, launched national bank and issued national currency. Moreover, a remarkable recognition was achieved in the international arena through close relations with other states despite the challenging socio-political situation. To honor the hundred years of the Azerbaijan Democratic Republic, 2018 was declared a year of ADR by President Ilham Aliyev. Various centennial celebrations took place both inside and outside the country.

The government attempted to prevent any possible way of expressing different opinions by blocking websites, persecuting social media accounts, putting journalists in jails

ECONOMIC DEVELOPMENT

The 3rd most inclusive emerging country

[Annual Inclusive Growth and Development Report](#) by the World Economic Forum was published for the year of 2018. It had evaluated 103 countries based on eleven indicators of economic progress. Azerbaijan ranks third out of 74 emerging economies on this year's Inclusive Development Index. The country's overall score in the Index is mainly pulled up by its performance on Intergenerational Equity, which includes adjusted net savings, carbon intensity of GDP, age dependency ratio, and public debt dimensions. Such growth and development indicators of the country as healthy life expectancy, employment, and labor productivity are trending positively according to the report. However, Azerbaijan still has unfavorable scores on Corruption and Financial System Inclusion scale.

Modest recovery

After the 2015-2016 economic shock, Azerbaijan experienced [modest growth in GDP](#) at the beginning of 2018 which mostly derives from the expansion in the

non-oil sector. According to the research, conducted by the Center for Economic and Social Development, transportation, information technology and tourism account for most of this progress. In the first four months of 2018, the inflation rate was 3.5% which was almost four times lower than that of the previous year. Furthermore, there was an [increase in revenues and expenditures](#) of the government budget and they both exceeded the expected amounts. In the first three months of the year, the [total investment](#) that mainly comes from organizations, bank loans, state budget funds and private funds was 2.86 billion manat (\$1.68 billion), 50.8% of which was allocated in the non-oil sector. Funds were mainly spent on construction.

Discussions over 200 manat banknote

The Central Bank of the Republic of Azerbaijan declared the [issuance of 200 manat banknote](#) on May, 24. It is worth approximately \$117.6 and will be the largest currency value in the country. Experts say that new larger denomination may lead to an increase in inflation rate and further depreciation of the currency. Vugar Bayramov, the chairman of the Center for Eco-

conomic and Social Development argues that “maybe in the future introducing a new and higher banknote will be necessary, but at the moment, we’re not supporting this decision”. On the other hand, the Chairman of the Central Bank of Azerbaijan, [Elman Rustamov stated](#) that new denomination is issued in order to decrease state expenditure on currency printing and it will not influence inflation dynamics.

Loan agreement with ADB

Azerbaijan and Asian Development Bank (ADB) [signed a loan agreement](#) on June, 8 to improve governance and public efficiency. ADB agreed to lend \$250 million capital resources. Within the framework of the program, legal and institutional structure of the state-owned enterprises management will be improved and financial accessibility will be secured.

FOREIGN POLICY

Legal status of the Caspian Sea: almost solved

Important developments in the first half of the year include two meetings of Special Working Group on the development of the Convention on the Caspian Sea Legal Status. The meetings were held in Russia and Kazakhstan respectively. Delegations from Azerbaijan, Russia, Iran, Kazakhstan, and Turkmenistan discussed the implementation of the previously reached decisions and worked on the convention draft to agree on the rights and obligations of the parties as well as the extent of their [use of the Caspian Sea](#). In Astana, the parties also came to an agreement upon cooperating in different fields such as trade and transport sector, avoidance of incidents in the Caspian Sea, and security. The Russian government followed with the approval of the convention draft in late June. Next summit is scheduled for early August to [sign the agreement](#).

Commissioning of TANAP

Linking seven countries, Trans-Anatolian Natural Gas Pipeline (TANAP) is one of the four projects in the Southern Gas Corridor scheme that serves the purpose of gas transfer from Azerbaijan’s Shah Deniz field to Turkey and Europe. The official opening ceremony took place in Baku on May, 29, followed by the commissioning ceremony in Eskisehir in Turkey on June, 12. The first commercial supplies are expected to commence in early July. A.S. Saltyk Duzel, CEO of TANAP, stated that they plan to import 2 billion cubic meters of gas within the first year of the project.

Spotlight on collaborations

At the beginning of the year, the Corporation Council between the European Union and Azerbaijan held its fifteenth meeting in which EU-Azerbaijan relations, economic growth in Azerbaijan, and democracy-related issues were discussed. High Representative of the European Union for Foreign Affairs and Security Policy, [Federica Mogherini mentioned](#) the importance of democratic institutions promoting civil society engagement and expressed the readiness of the EU to provide support to Azerbaijan for further improvements. Negotiations on a new bilateral agreement, mutual effort in trade, energy, and transportation sectors, and collaboration within the framework of the Eastern Partnership were on the agenda.

Several plans about Eastern Partnership initiative, which aims to foster the relationship of the six neighbor countries with EU, were discussed in Brussels on March, 12. Since Azerbaijan is in the process of developing [a new strategic cooperation with EU](#), this event was absolutely essential for the country. The significance of democratization and human rights issues were discussed. The representative of Azerbaijan, Deputy Foreign Minister, Mammad Guliyev emphasized the recent developments in civil society and their importance for strategic purposes of the government.

Belarus: From unpredictable Kremlin to the West and the East

Arsen Sivitski, Center for strategic and foreign policy studies (Minsk, Belarus)

Belarus authorities began preparations for the presidential and parliamentary elections and tried to ease the protest mood with the financial methods. In foreign policy, the trend of balancing between Russian, European, and Chinese directions is still preserved.



Cooperation with China is an important direction for balancing Belarus foreign policy. Bilateral talks during the Shanghai Cooperation Organization Summit. Photo by president.gov.by.

DOMESTIC POLICY

Stake on the security services and tightened control

The Belarusian authorities continued to pursue the policy of economic liberalization, removed the barriers for the business development and even scheduled the tax reform in the conditions of the reduction in budgetary resources. Thus, Aleksandr Lukashenko supported the proposals of the [business community on the business decriminalization](#) (the Criminal Code enactment about illegal entrepreneurship and pseudo-entrepreneurship). The Ministry of Finance considers reducing the [income and the profit tax](#).

Military and security forces tried to ease the protest mood and decrease the number of unauthorized campaigns with such financial mechanisms as high penalties for the participants. At the same time, the authorities made some concessions to the opposition and civil society by permitting to hold the public events in

a reduced format with respect for the authorities. So, on March, 25 the [Freedom Day](#) (an informal celebration of the Independence Day, the day, when the Belarusian People's Republic was established in 1918) gathered about 30 thousands people in Minsk. The authorities also sanctioned the traditional opposition campaign "[Chernobyl way](#)" on April, 26 in memory of the Chernobyl Nuclear Power Plant tragedy of 1986, but they slightly altered organizers' plans.

Aleksander Lukashenko continued to rely on the security services when making decisions on rotating the officials, for which the anti-corruption investigations were actively used as a tool. Only in May-June, the head of the Presidential Administration department ([abuse of power](#)), 33 officials from the healthcare sector ([systematic bribes](#) while purchasing medical equipment and medicines), [the assistant to the president of Belarus](#) – the inspector for the Grodno region Sergey Rovnieko (bribery in the amount of \$200 thou-

sand) were under investigation.

Meanwhile the KGB, headed by Valeriy Vakulchik, significantly strengthens its position compared to the other military and security forces and government staff in general, as it influences not only the resignations but also appointments. In its turn, the role of the Ministry of Internal Affairs, headed by Igor Shunevich, becomes less important, as the opposition protest activity decreased. The Interior Ministry is also trying to engage in an anti-corruption war.

It appears that Belarusian authorities have already started preparations to the presidential and parliamentary campaigns of 2019-2020. In April, Belarus

parliament adopted changes to [the law on mass media](#) in the first reading, including registration of online media and mandatory identification of commentators on the websites. The MPs disregarded the proposals of the civil society and the journalist associations. The developers of these innovations believe that such tightening of the rules on commenting on the Internet should reduce the level of criticism of the Belarusian leadership, and decrease the politicization of the population for the electoral period. These measures are also designed to limit external influence on public opinion and interference in the election campaign, primarily from the Kremlin.

ECONOMY

Small steps strategy and new industrialization

China's role as a partner for Belarus in the economic reforms grows further. Recently the Ministry of Finance of Belarus and Chinese rating agency China Chengxin International Credit Rating (CCXI) signed an agreement on [assigning the credit rating to Belarus](#). Thus, the preparation process for Belarus to enter Chinese credit market has finished. According to the Ministry of Finance plans, Belarus is to borrow \$400-500 mln from the Chinese financial market. It appears that the main goal is to raise funds for refinancing external liabilities, as Belarus needs the loans of at least \$1 bln annually until 2020. Active work continued upon the development of Sino-Belarusian [industrial park "Great Stone"](#).

Meanwhile, in Belarus, there are trends that threaten macroeconomic stability. Due to the increase in the population income level, imports are growing, including consumer goods. Even greater problem is the rapid increase of Belarusian debt burden. According to the National Bank of Belarus, the high credit activity of Belarusians can lead to the deficit in the country's balance of payments and worsen of the situation on the foreign exchange market. On the other hand, the Belarusian economy continues to demonstrate the previously formed positive trends. Particularly, in May, 2018 there was [a record of devolution](#). Prices for goods and services fell by 0,3%, and annual inflation was 4,4%.

Belarus authorities had fervent hopes for the range of new economic initiatives. Therefore, on March, 28 the [Decree on the Development of Digital Economy](#)

[\(#8\)](#) came into force. This document prolongs the expiry date of the special legal status for Hi-Tech Park (HTP) till January 1, 2049, including a number of innovations. The key points of the Decree are the following: expanding activities for the HTP residents, supporting the IT-education and training, creating the environment for the development of the production IT-companies, introducing complex legal regulation of businesses based on the blockchain technology. As a new kind of activity for the park residents, there is the development of biotechnologies, medicine, aviation and space technologies, cybersport. The Decree also provides the opportunity for the HTP residents to not only develop, but also to produce hi-tech science-intensive products. By the end of 2017, HTP export amounted to about \$1,3 bln. Within the first 5 months of 2018 more than 100 new residents were registered in HTP.

Alexander Lukashenko sent various mobilization signals, demonstrating concern over the Kremlin's unpredictable actions towards Belarus

Since last year the Ministry of Economy has been elaborating the schedule for the so-called [Belarus industrialization](#) – a map of the projects of the investment opportunities. It is designed to ensure the country's GDP growth to the level of \$ 100 billion by 2025. The Industrialization Plan includes 1742 investment projects in three key directions: import substitution, joint projects with China, projects initiated by the state and business. Nevertheless, there is still uncertainty about the sources of funding for these projects.

Restrictions and opportunities for balancing

Belarus-Russia relationships were marked by Minsk's attempts to formulate a constructive agenda and use the beginning of the new presidential term of Vladimir Putin to "reset" the bilateral relations. However, these attempts have not yielded significant results.

During [the Eurasian Economic Union summit](#) on May, 14 in Sochi, the President of Belarus Aleksander Lukashenko spoke with the traditional "constructive criticism" of the organization. His criticism was mostly aimed at the restrictions in mutual trade and the lack of progress in creating the single market of gas, oil, and oil products. The main event in Belarus-Russia relations was the meeting of the Supreme State Council of the Union State on May, 19 in Minsk, which was supposed to solve most of the present problems. However, the meeting of Vladimir Putin and Aleksander Lukashenko was rather formal and fruitless, as it has not resolved the main problems in the bilateral relations: restrictions on the supply of Belarusian agricultural products to the Russian market, unilateral actions by the Russian side to deploy border infrastructure on the border with Belarus, delay in signing an agreement on mutual recognition of visas, etc. Thus the relations between Russia and Belarus are still uncertain.

In short-term Belarus faces another problem that could undermine the stability of Belarusian economy. The Ministry of Finance assumes that the state may lose a significant part of income after Russia refuses to levy the export customs duties on oil and oil products. Overall, [total loss may exceed over \\$2 bln](#) which is about 20% of the state budget's income in 2018. According to the plan of the Russian Ministry of Finance, the tax maneuver should be finished by the end of 2019. At the same time, the agreement on Russian gas prices for Belarus expires at the end of 2019. It is for the years 2019–2020 that the presidential and parliamentary campaigns in Belarus start. Therefore, there is a great possibility of a new gas-and-oil conflict between Minsk and Moscow, considering fundamentally different approaches to energy pricing. Moreover, a political factor will appear, specifically the intention of the Kremlin to get strategic concessions from Belarus, using this point as a bargaining tool.

Apparently, for this reason, all this time Alexander Lukashenko sent various kinds of mobilization sig-

nals, demonstrating concern over the unpredictable actions from Kremlin towards Belarus. First he expressed [concern about the Russian military activities](#) on the Belarusian-Russian border, and on June 22, just a few days after the Union State summit in Minsk and the meeting with Vladimir Putin, he reported that there was a [threat of being incorporated as a part of another state](#), turning into the "failed state", as well as of provoking war in Belarus, as in Ukraine, if Belarus is unable to cope with economic problems.

Meanwhile, Belarus seeks to force events on the western flank of its diplomacy. The visit of EU Commissioner Johannes Hahn on June, 21 encouraged an open discussion about Belarus-Europe relations. The outcome was the European statement that the agreement on the priority of collaboration between the EU and Belarus will be signed in 2018. During his meeting with Johannes Hahn, Lukashenko traditionally pointed out the importance of Belarus as a transit corridor between the EU and the EEU, highlighting the absence of trading and transit barriers for European goods. Belarus intends to sign a basic framework agreement on partnership and collaboration with the EU in 2020 and also enter the World Trade Organization, which is essential to eliminate the obstacles in the trade with the EU.

One more problem is the stalled process in Minsk-Brussels negotiations about the visa regime facilitation and readmission. Although all the technical details of the agreement are almost ready, the main obstacle is the position of the EU on human rights and democracy in Belarus.

As for the Chinese direction, Minsk continued to increase its activity, primarily in the areas of economic cooperation and military-political cooperation. At the level of official visits, China demonstrated a special strategic interest in Belarus. So, on April, 5-8 the new PRC Secretary of Defense Wei Fenghe came to Belarus [with the official visit](#). Apparently, this visit should give new impetus to the development of the Belarusian-Chinese military projects, primarily the missile program. On May, 27-29 Vice Premier Wang Qishan visited Belarus. During the summit of the Shanghai Cooperation Organization on June, 9-10, [bilateral negotiations](#) of Alexander Lukashenko and Chairman of the People's Republic of China Xi Ji took place in Qingdao, China. As the result of the visit, the intergovernmental arrangement on the visa-free regime for the holders of ordinary passports was signed.

Georgia: The new government is looking for a way out

Lasha Tughushi, Liberal Academy Tbilisi Foundation (Tbilisi, Georgia)

The first six months of 2018 turned out to be rather difficult for Georgia. The situation in the country was heated to the brink by the series of protests leading to the resignation of the Prime Minister. The new government faced a range of acute issues – from economic and judicial reforms to Georgia’s Euro-Atlantic integration.



Street protest against the underqualified investigation of the two murdered schoolboys case.
Photo by Nino Macharashvili (facebook.com)

DOMESTIC POLICY

“Small government” and judicial reform

The resignation of Georgia’s Prime Minister Giorgi Kvirikashvili was partially caused by his differences in views with Georgia’s ruling party “Georgian Dream” and its leader Bidzina Ivanishvili. “There are certain differences between me and the ruling party, in particular, regarding the efficiency of the economic policy. I would like to point out that recently we have had different opinions with the party leader on a range of fundamental issues”, Kvirikashvili said. However, no explanation relating to specific fundamental

differences followed this rather ambitious statement. After a while, Kvirikashvili left the ruling party as well.

Giorgi Kvirikashvili was elected the Prime Minister of Georgia in December 2015. From 2012 to 2015 he held a number of exalted posts: he was Georgia’s Minister of Foreign Affairs, Vice Premier and the Minister of Economy. The Prime Minister, whose main focus was economy, was replaced by a young Mamuka Bakhtadze, who also emphasized the importance of economy.

However, despite all the expectations, the first statement of the new head of state was focused on the country’s foreign policy, rather than on its economy. “Our main priority is Georgia’s integration into Euro-Atlantic space”. These

were his first words after his nomination by the ruling party.

The concept of “small government” followed. Bakhtadze downsized the government from 14 to 10 ministers and is planning to minimize the administrative budget costs for 100 mln lari (\$40.82 mln). He also intends to impart an innovative profile to economic reforms.

Nevertheless, this government faces another important problem, the judicial reform, the minefield of which lies in appointing the chief prosecutor. The government has clearly experienced problems resulting from the underqualified investigation of the two murdered schoolboys case by the prosecutor’s office. The citizens of Tbilisi were outraged by the biased investigation, which shielded the members of the influential prosecutor’s family. Powerful street

protests both in and outside of Tbilisi boggled the minds of authorities and encouraged the government to react. Along with the Prime Minister, the attorney general has also resigned. Obviously, it is important now not only who will become the attorney general, but also how he is going to be elected and how efficient his control system is going to be. It is also interesting what the first steps of the newly appointed Prime Minister will be in this rather critical situation.

The citizens of Tbilisi were outraged by the biased investigation, which shielded the members of the influential prosecutor’s family

ECONOMY

Regular pace

As for the economic growth, positive trends can be observed. According to the National Statistics Office of Georgia, the country’s economy grew by 7.5% compared to the same period last year, while its average real growth made up 6.1% during the first 5 months of 2018. “Roughly estimated, May 2018 saw considerable growth in transport, manufacturing, recycling, trade, finances, as well as in hotel and restaurant business compared to the same period last year”, says Geostat report. The positive dynamics that secured Georgia’s economic growth in transportation mainly were mainly achieved by the progress in aviation.

Within the period from January to May 2018 the number of civil flights increased by 10.5%. The situation is also improving in terms of air freight.

Three Georgian airlines have already been authorized by the European Aviation Safety Agency (EASA). According to the data provided by Georgian Civil Aviation Agency

of the Ministry of Economy and Sustainable Development of Georgia, within the framework of authorizing airlines of non-EU members states (EU safety authorization for foreign air operators – PART-TCO), European Aviation Safety Agency (EASA) has granted single air clearance to GEO SKY, a Georgian freight airline.

With this authorization, the airline gets the right to operate in 28 EASA member states and four countries of European Free Trade Association based on the centralized clearance.

Currently, the fleet of the airline operator consists of two Boeing B747 aircrafts. The airline is based in Baku airport and provides freight transportation to the Emirates and Afghanistan (supplying the US peacekeeping mission with food). GEO SKY has Georgian aircraft, engineering, and technical staff. Air clearance will significantly increase GEO SKY operation in the European aviation market and will contribute to further development of the airline.

FOREIGN POLICY

Georgia heading for NATO

According to the statement made by Assistant Secretary of State for European and Eurasian Affairs Wess Mitchell, the USA is building up military assistance for Georgia and Ukraine.

“We are building up the means of self-defense for those states most directly threatened by Russian military, Ukraine and Georgia. We have lifted the previous administration’s restrictions on providing lethal aid and helped those states acquire much-needed defensive weapons”, Mitchell noted addressing the Senate Committee on Foreign Relations.

It is not clear exactly what military assistance and what

kind of weapons the USA intends to provide to Georgia. According to the widespread information, in addition to Javelin anti-missile systems, the USA will probably supply Georgia with Stinger air-defense systems.

Addressing the Parliament, the acting Minister of Defence Levan Izoria said: “We have been promised that in the nearest future Georgia will receive modern Stinger air-defense systems”.

If US Congress approves this decision, Georgia will follow Lithuania and Latvia and become the third country in the post-Soviet space to get an anti-missile system. Getting new weapons is an important component for modernizing Georgia’s army. The summit taking place in July will show exactly how close Georgia really is to NATO.

Is Moldova still on the track of democratic reforms?

Victoria Bucataru, Foreign Policy Association of Moldova (Chisinau, Moldova)

During the first half of 2018, the Republic of Moldova consistently lowered its democracy level by undermining fundamental human rights and violating the rule of law. Celebrating four years after signing the Association Agreement turned out to be deplorable due to the lack of consistent reform implementation and repeated concerns expressed by the development partners. The invalidation of the mayoral elections in Chisinau confirmed by the Moldovan Supreme Court of Justice on the evening of June, 25 not only manifested the lack of transparency and independent judiciary but also reinforced the state capture status of the Republic of Moldova.



Streets of Chisinau protest the Supreme Court decision to declare the result of the mayoral elections null.

DOMESTIC POLICY

On the edge of democracy

The domestic developments have focused around the Mayor of Chisinau elections that took place in May – June,¹ and required two rounds of elections due to low voter turnout at the polling stations. The two major candidates were: the representative of the Party of Socialists, Ion Ceban and the leader of the Dignity and Truth Platform Party, Andrei Nastase. The second round of elections registered a 39.10% turnout, and the posi-

tion of the Mayor of Chisinau was won by Andrei Nastase with 52.57% of votes compared to 47.43% of votes in favor of Ceban.

Nevertheless, Nastase is unable to perform his duties as a result of Moldovan Supreme Court of Justice final decision to invalidate the mandate and declare the result of the elections null. The Supreme Court of Justice upheld the Appeal Court decision of June, 19 based on the fact that social media communications

¹ The first round of election for the Chisinau Townhall took place on May 20th and the second round of election on June 3rd

with voters on the election day might have illegally affected the outcome of the race. According to the Moldovan electoral code, no campaigning is allowed during the election day. However, Nastase's social media video could be regarded as the one, encouraging civic activism rather than campaigning.

The invalidation of the mayoral elections in Chisinau has attracted the attention of the international community whose representatives expressed disagreement with the violation of the key principles of the rule of law. In a [joint statement](#) by the High Representative of the European Union for Foreign Affairs and Security Policy Federica Mogherini and Commissioner Johannes Hahn the two European officials urged the "Moldovan authorities to take appropriate measures to ensure that the results of the Chisinau mayoral elections, as recognized also by national

and international observers and reflecting the will of the voters, are respected". The major European political families have come up with statements of concern as well. Among others Petras Auštrevičius (Liberal Movement of Lithuania), European Parliament's rapporteur on Moldova referred to the difficulties that the ruling coalition is facing in performing properly its duties assumed as an Associated Partner of the European Union. He also reminded of the joint statement of July 4, 2017 by the European Parliament, the Council and the Commission, which clearly stated "[a pre-condition for granting macro-financial assistance](#) is that the beneficiary country respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights".

ECONOMY

"More for more" and "less for less"

After several diplomatic "warnings" the EU kept its promises and froze the delivery of the first tranche from the 100 million Euros macro-financial assistance to Moldova. Following the EU-Republic of Moldova Association Council in Brussels on May, 3, the Commissioner for European Neighborhood Policy and Enlargement Negotiations, Johannes Hahn, referred to several key areas of reforms where the results are needed in particular. [Commissioner](#) emphasized the anti-corruption sector, the banking fraud, and the electoral code, which also can be found among

political preconditions for the disbursement of the financial assistance. Asked recently if Moldova will be granted the assistance in autumn when the parliamentary elections are due to take place, Commissioner Hahn [reaffirmed Brussels "bewilderment"](#) on the developments in Chisinau resulting in the invalidation of the mayoral elections.

The invalidation of the mayoral elections in Chisinau has attracted the attention of the international community

FOREIGN POLICY

Twice failed success story

On June 27, 2018 Moldova was to have celebrated four years of signing the Association Agreement including Deep and Comprehensive Free Trade Agreement (DCFTA). After four years of DCFTA implementation and two years of Association Agreement in place, the Republic of Moldova confirmed the status of a failed success story of the Eastern Partnership in political terms. Although progress has been made in adjusting the legal framework to the *acqui communautaire*,² further efforts are needed in order to address high-level corruption, recover the misappropriated funds from the one-billion-dollar banking fraud as well as carry out a thorough reform of the judicial system. These are the conclusions of the [joint report](#), released on April, 5 by the European External Action Service and the European Commission.

On May, 14 the Russian President, Vladimir Putin announced the decision of the Eurasian Union leaders to grant the Republic of Moldova the observer status. Moldova is the first country to be given this status, but it seems not the last one as the Russian leader encouraged other member states from the Commonwealth of Independent States to join in. The decision comes as a result of a cooperation Memorandum signed by the President of the Republic of Moldova, Igor Dondon in April, 2018. The present document and status were not well received by the Moldovan

Government which stated its contradictory value to the [main foreign and domestic policy vector](#): European Association.

With 64 votes in favor and 15 against the UN General Assembly has passed the resolution on complete and unconditional withdrawal of foreign military forces from the territory of the Republic of Moldova. On one hand, the decision is regarded to be a sign of support on the part of the international community which after 27 years confirms the [illegal stationing of the Russian military](#) in the Transnistrian region. On the other hand, experts draw attention to the fact that the UN General Assembly resolution neither stipulates the concrete steps of Russian military withdrawal nor contains a request to change the current peacekeeping format into a civilian mission under the international mandate. Moreover, 83 states abstained from voting, including the countries which have an important voice such as China and India. The unbinding nature of the resolution raises serious questions regarding the further actions of the Moldovan Government and the response of the Russian Federation to this purely symbolic decision.

² The accumulated legislation, legal acts, and court decisions which constitute the body of European Union law

Ukraine: Economic growth and foreign policy struggle before elections

Sergiy Gerasymchuk, Foreign Policy Council “Ukrainian Prism” (Kyiv, Ukraine)

In the first half of 2018, Ukraine’s domestic policy got a pronounced pre-election tint. At the same time, foreign policy showed the positive dynamics in the relations with the EU, Germany in particular. But the relations with Russia remain conflicting with the militants in the east ignoring the ceasefire.



Meeting of the heads of Normandy format states in Aachen.
Photo by president.gov.ua

DOMESTIC POLICY

Scandals, arrests, and games with the Constitution

The domestic policy of Ukraine was marked by a number of incidents. Firstly, on February, 12 the ex-president of Georgia, ex-governor of Odessa Oblast and head of the party “Rukh novykh syl” (“Movement of the new forces”) Mikheil Saakashvili was expelled from Ukraine. He lost the lawsuit regarding the preservation of his Ukrainian citizenship and failed to receive the refugee status.

Secondly, the Nadezhda Savchenko case was no less explosive. A Member of Parliament, a Hero of Ukraine, and previously a political prisoner in Russian Federation, Savchenko was arrested for attempting the terrorist act in the Ukrainian Parliament and a

coup. Both politicians, therefore, fell out of the political race. At the same time, the other participants of the political process are entering the election campaign (the presidential and parliamentary elections will be held in 2019).

Among the other events, on June, 15 a current leader of the public opinion Yulia Tymoshenko introduced her “[New Course for Ukraine](#)” and also stated the necessity [to change the Constitution of Ukraine](#) in favour of the parliamentary republic. In his turn, President Petro Poroshenko proposed to consolidate two strategic goals in the Constitution of Ukraine: Ukraine joining the EU and NATO, to avoid the country’s turn to the East if the pro-Russian powers win the 2019 elections. Also, the president touched upon the matter of decentralization, which, he said, will be a vaccination against federalization.

ECONOMY

Growth and headwinds

According to the [government statistics](#), Ukrainian economy continues to grow for 9 quarters in a row. The success is the result of signing and ratifying the Deep and Comprehensive Free Trade Agreement which opened EU markets for Ukraine. Thus, the country was able to redirect producers to the markets alternative to the Russian one. The [Ministry of Economy of Ukraine informs](#) that in 2018 export to the EU has increased by 26.6% (\$1,4 bln).

The government of Ukraine also counts on the budget revenue from privatization ([the law on privatization](#) entered into force on March 1, 2018). Approximate [revenues](#) are expected at 21.3 bln hryvnya (about \$820 mln).

Ukraine still relies on the support of the international partners. In the first half of the year, Ukraine took several steps to ensure compliance with the requirements of international organizations. So that, on March, 7 a law [on Supreme Anti-Corruption Court](#) was passed. Adoption of this law is

in line with the recommendations of the Venice Commission and is a signal to the International Monetary Fund (IMF) and the European Union about Kyiv's readiness to cooperate with international partners in the fight against corruption. As a result, on June, 26 the EU Council decided to grant Ukraine 1 billion euros of macro-financial assistance. Along with that, to a certain extent, the development of the economy is hampered by the lack of land reform. Land reform in Ukraine remains [high-priority for IMF](#). Moreover, according to the decision of the European Court on Human Rights on May 22, 2018 in the case [Zelenchuk and Tsytsyra v. Ukraine](#) the complete prohibition of buying and selling agricultural lands violates European Convention on Human Rights. However, at present, the political environment in the country does not encourage the solution of this problem.

Political actors are entering the election campaign for the 2019 presidential and parliamentary elections

FOREIGN POLICY

Attempts to reanimate Normandy format and regional activity

The positive dynamics in Ukraine-Germany relations is one of the Ukrainian foreign policy achievements in the first half of the year. On April, 10 the President of Ukraine Petro Poroshenko and the German Chancellor Angela Merkel [met](#) in Berlin. During the meeting, Merkel agreed with Poroshenko's arguments about the political component of the "Nord Stream-2" project and stressed that the project will be impossible until there is clarity on the future of the gas transit through Ukraine.

Also, active German participation in the negotiation process in Normandy format resumed. On May, 10 [the heads of the Normandy format states](#) met in Aachen: Petro Poroshenko, Angela Merkel and the president of France Emmanuel Macron. The meeting covered the matters of deoccupation of Crimea and regulation of military conflict in Donbass. Besides, the topic of political and military prisoners was discussed. On June, 11 the meeting of the heads of the Normandy countries foreign policy departments was held in Berlin. The parties discussed the possibility of deploying the UN peacekeeping mission in Donbass and for the first time touched

upon the [issue of releasing Ukrainian political prisoners](#) who are illegally detained on the territory of the Russian Federation. However, there is no actual progress in this matter. [Ukrainian public defender is not allowed](#) to the Ukrainian political prisoners, some of whom [announced a hunger strike](#) (Oleg Sentsov, Stanislav Klykh, Aleksandr Shumkov, Vladimir Baluch).

In the Minsk process, there is no significant breakthrough either. The representatives of separatists from Certain regions of Donetsk and Lugansk Oblasts and their monitors from Russia drag out and block the humanitarian initiatives from Ukrainian side (drawing up lists for the exchange of prisoners, opening the Zolotoy checkpoint), ignore [Ukrainian readiness for compromises](#).

In this context, it is not surprising that Ukraine builds up its defense potential and adopted a new edition of the law [on National Security and Defense](#), which determines Ukrainian membership in NATO and the EU as the priority, and guarantees to provide 5% of GDP to the security and defense sector.

At the same time, some progress could be noted at the regional level of the foreign policy. On June, 9 in Kyiv the heads of the parliaments of Ukraine, Moldova, and Georgia signed the statement on creating [Interparliamentary Assembly of three countries](#).

The dawn of a new Armenia

Richard Giragosian, Regional Studies Center (Yerevan, Armenia)

Over the course of eleven days in April, tens of thousands of peaceful protesters in Armenia succeeded in forcing the country's long-serving leader to step back from power. In an unusually uncontested political confrontation, the long-time Armenian president-turned-prime minister, Serzh Sarkisian, ended a decade in power by resigning surprisingly quickly and easily, commendably refraining from any resort to armed forces to stay in the office.



Not yet a revolution

The forced resignation of the entrenched leader was a rare success of “people power”, defined as a campaign of civil disobedience, where peaceful protesters succeeded without any incidents of violence. Although the new political reality will necessitate a special snap election of a new Armenian parliament, the election of opposition leader Nikol Pashinyan as the country's new prime minister marks a watershed moment for Armenia. But as important as that achievement was, it may have been the easier part, as the current challenges of forging consensus, finding compromise and managing the imperative of governance are even more daunting.

Moreover, the pressure of dangerously high expectations for the new Armenian government to deliver quickly poses real challenges. Nevertheless, a “new Armenia” has already emerged. Although it has been unexpectedly successful, it is not yet a revolution, as the old system needs to be replaced and repaired, with added necessity for regaining and restoring public trust and

confidence. But a new day has dawned in Armenia and change is now not only certain, but is also well underway, with marked progress in terms of both reform and efforts to combat corruption.

Three pillars of Pashinyan's constituency

In terms of the political constituency of the recently elected new Prime Minister, opposition leader Nikol Pashinyan, there are three important pillars. First, the wave of mass demonstrations stood apart from earlier political protests due to its positive and peaceful approach. There was little anger compared to enthusiasm and later, even victorious jubilation. This is revealing because it affirms the fact that the largely youthful protesters represented a new, much more constructive wave of activism, with many rallying around Pashinyan and embracing non-violence and civil disobedience as their first experience of political activity.

A second element of this constituency was rooted in the fact

that as the opposition held the initiative and maintained their momentum, the demographic profile expanded rapidly and visibly to include older demonstrators and bridge the country's socio-economic and urban-rural divides.

And the third element stemmed from the deep and entrenched lack of popularity of the ruling Republican Party. With the absence of free and fair elections Republicans as the elite in power exercised an "arrogance of power" for over a decade and dangerously ignored popular demands for change and expectations of reform.

Yet, a related question now is to what degree the new Armenian government can retain the support of such a broad and diverse constituency. And with dangerously high expectations and pressure to deliver results rather quickly, the only way forward is to forge a new, broad-based coalition, to offer an opportunity for political reconciliation and to meet the challenges of governance, including the necessity for new parliamentary elections to match and reflect the new Armenian political reality. Moreover, looking ahead, there is a need to rebuild trust and restore public confidence, and to prevent the Republican Party from obstructing reform. And the best avenue for such smooth political change is to seek consensus and stress compromise within the parliamentary system.

A new style

Clearly the most fundamental difference in policy is already evident in terms of style and essence. For example, several moves by Pashinyan, ranging from his negotiations to his election, included the element of transparency and public engagement. This further reflects the divergence from the old system of closed and secretive politics and an opaque process of public policy. Thus, there both has been and will be a stark and serious contrast in the approach to governance. And in many ways, the outgoing elite was much more comfortable with "ruling" Armenia, while ascending opposition is much more committed to "governing" the country.

More specifically, however, in terms of policy difference, the field of foreign policy stands out as one major difference, for three reasons. Firstly, and most fundamentally, the primary focus of governance will remain centered on the domestic agenda, mirroring the protests and meeting the rising expectations of the people. This also implies that the domestic reality will crowd out all other policies.

Secondly, and more broadly for any new government, there will be both a desire for calmness and a return to normality. In foreign policy, this means reassuring Russia that there is to be no sudden "U-turn" in policy or shift in strategy, which is crucial in order to both avoid prompting any Russian interference or provoking any Russian move to undermine the new government.

But the third factor is perhaps more distressing, and suggests that for domestic political reasons, any compromise or concession in the peace process with Azerbaijan over the Nagorno-Karabakh conflict will only be more difficult and less likely. Armenia may instead push for an opening for Nagorno-Karabakh diplomatically, rooted in less of an Armenian "monopoly" to negotiate on their behalf and an attempt by Karabakh to return to the peace process talks as a full party.

The impact on civil society

Given the fact that Armenian civil society is deeply engaged in



supporting reform and has reached a degree of political prowess, there is little danger of any setback or reversal of its role as advocate for deeper democratization and more robust economic development. However, by the very nature of its role in society and its commitment to reform, this also means that Armenian civil society needs to continue its pivotal mission to challenge any government, no matter who leads it, and to demand greater accountability. In real terms, this suggests that civil society not only needs to redouble its focus on the domestic agenda, rewarding the reform effort when successful, but also challenge the govern-

It is not yet a revolution, as the old system needs to be replaced and repaired, with added necessity for regaining and restoring public trust and confidence

ment in the event of any policy shortcomings or retreats.

Yet such a role is also crucial for the new government that will already feel pressure to meet the rising expectations of the people. And although the initial stage of expectations will naturally include a desire for immediate returns, the new government will enjoy only a brief period of popular patience and time to deliver.

And a related factor, the potential role of the Armenian diaspora, as an engaged and interested partner, is also important. This also requires a more nuanced policy of engagement, however, whereby the Armenian diaspora needs to elevate concerns for the democratization and economic development of the country, and demanding that Armenia become more of a "center of gravity" for the diaspora, and less of a tourist destination or a mythical concept.

The primary focus of governance will remain centered on the domestic agenda, mirroring the protests and meeting the rising expectations of the people

And more broadly, while the sudden resignation of the Armenian president-turned-prime minister was as abrupt as it was unexpected, it was, after all, an individual resignation, and not yet an institutional revolution. Thus, looking beyond the inspirational importance of such a rare achievement, a victory of non-violent "people power" over a long-time, deeply entrenched incumbent leader, the hard part is now only just beginning, involving the challenges of governance.

Deeper implications for Armenian foreign policy

In the wake of the abrupt, forced resignation of Serzh Sargsyan, the new political reality in Armenia also has several significant implications for foreign policy and regional security no matter who takes over the next government.

In a broader sense, the victory of the opposition in Armenia is also the victory of the EU, in terms of ideals and ideas. For example, the reforms, the emphasis on the rule of law, and the necessity for deeper democracy are all priorities that are much closer to the EU than to Russia. And for the new Armenian leadership, there is a unique opportunity to pursue a greater degree of strategic significance for the EU and an arguably more strategic position within the Eurasian Economic Union (EEU).

More specifically, Armenia has been able to leverage the downturn in fortunes of the Eurasian Economic Union (EEU) and exploited Russian recognition of the need to garner greater legitimacy and credibility of the EEU. In this context, Armenia's strategy is to use the new EU-Armenia Comprehensive and Enhanced Partnership Agreement (CEPA) to actually serve Russian interests by becoming a "bridge" between the EU and EEU and thereby offering a greater degree of credibility for the EEU.

At the same time, Armenia's geographic position, despite the lack of land borders with the EEU itself, was also reinterpreted as an advantage. The country's location offers the EEU alternative avenues to leverage Armenia's relations with Iran, proximity to the Middle East and even interest in the feasible benefits from the possible reopening of its closed border with Turkey.

Although it is very unlikely that Armenia will withdraw from the Eurasian Economic Union, the issue is significant for two specific reasons. First, Armenia needs to formulate a new strategy to either re-negotiate the terms of its membership or to at least seek preferential treatment for a very important challenge – the imposition of higher tariffs on Armenia, specifically referring to the coming expiration of the exemptions of some 800 Armenian products and goods that are not required to be subjected to the higher tariffs of the Eurasian Economic Union.

And a second significant factor is the related reality that such a debate in the parliament will only strengthen Armenia's position in such renegotiations with Moscow and other EEU members. The Armenian government can demand more and argue more effectively for its position by pointing to less than expected support within Armenia. And Armenia's strategic importance is greater now than in 2013, when Moscow saw Armenia as the sacrificial pawn and leveraged its successful pressuring of Yerevan as a message of strength aimed to deter other Eastern Partnership countries.

But now the timing and the context are different, and there is no longer such need to pressure Yerevan, with Moscow also sensing little danger of "losing" Armenia to the EU no matter what new agreement is reached. Especially since any new agreement would be less than the broader Association Agreement and DCFTA. Thus, Russia provided Armenia with a much greater degree of maneuverability, as seen in little real interference over the negotiations between Armenia and the EU in this second attempt at redefining the relationship.

The victory of the opposition in Armenia is also the victory of the EU, in terms of ideals and ideas

And looking ahead, in terms of overall national security, Armenia will now seek to garner greater strategic alternatives. For Armenia, the guiding principle of defense, development and foreign policy is driven by a "small state" strategy designed to seek "balance" between the competing interests of much greater regional powers, such as Turkey, Russia and Iran. This quest for balance also involves efforts to maximize strategic options, as evident in the country's inherent contradiction of maintaining a close relationship with Russia while deepening ties to the West.

Beyond the success in regaining and restoring Armenian relations with the European Union, Armenia has also significantly deepened ties to China. However, the most important element of Armenia's strategic "pivot to China" is not limited to trade. The emergence of a more robust military and security relationship with China stood out as an equally significant achievement for Armenia. More specifically, despite its security partnership with Russia, the new Armenian government will seek an alternative to the over-reliance on Russia.

Obviously, the danger for Armenia stems from the now apparent over-dependence on Russia after several years of a steady mortgaging of Armenian national interest, involving the Russian acquisition of economic sectors, the reliance on Russian gas imports, and more structurally, Armenia's position as Russia's foothold in the South Caucasus. This later factor results from Armenia's sole position in the region as the host of the only Russian base, as a member of the Collective Security Treaty Organization (CSTO) and, most recently, of the Eurasian Economic Union (EEU).

All pictures by Facebook.com

20 deliverables for 2020: Where is the Eastern Partnership Heading?

Yuriy Vdovenko, Eastern Partnership Civil Society Forum Steering Committee Member 2016-2017

A Joint Staff Working Document “20 deliverables for 2020” has become yet another attempt to specify the vectors for the EaP development, which would be based upon real progress in reforms and democratic transformations in partner states with the support of the EU. In fact, the entire action plan for the upcoming years provides the understanding of tangible results expected from the cooperation. So what framework has been set for the Eastern Partnership policy?



The Fifth Eastern Partnership Summit in December, 2017 adopted the Joint Working Document “20 Deliverables for 2020”

A set of tools for every taste

The Joint Staff Working Document on “Eastern Partnership – 20 deliverables for 2020: focusing on key priorities and tangible results” was drafted in the EU in December, 2016, updated in June, 2017 and adopted in December, 2017 at the fifth Eastern Partnership Summit. Its features include focusing on four priorities proclaimed in the Declaration of Riga Eastern Partnership Summit. This indicates the European institutions’ efforts to ensure the continuity of the EaP strategic directions while deepening and specifying the forms of assistance and, accordingly, expectations.

The Joint Working Document is aimed at developing mostly multilateral cooperation. However, its guidelines are addressed to the specific countries or their groups in different combinations depending on the goals. Implementing these goals is intended to facilitate the approximation of the Eastern Partnership countries to the European Union in the sectoral dimension, and, in some cases, it should also improve the relations between the countries in the region. In terms of its contents, the document

does not take into account the discrepancy between progress and aspirations of the states regarding European integration, and as a result, repulses the interests of the Association Agreement signatory countries in deeper EU integration. Essentially, this is a set of tools, and states are able to choose those that are most interesting for them. The document is focused on solving specific issues, not connected by systematic influence on domestic transformations within the countries.

No contradictions with the Association Agreement

As for Ukraine, its unconditional priority is developing bilateral relations, while the Eastern Partnership remains a forum for multilateral dialogue on reforms and collaboration with the EU and partner states. The Eastern Partnership is based on the main developments, which by the time of its foundation have already been achieved by Ukraine in its relations with the European Union. Therefore, Ukrainian authorities perceive this policy not as a

basic one, but rather as an addition to a more ambitious bilateral format of relations, the basis for which lies in implementing the Association Agreement (AA).

The Joint Working Document does not contain provisions which contradict the Association Agreement, in fact, creating a correlative mix regarding all points of the joint goals. Only some goals duplicate the Agreement provisions, namely, specific deliverables mentioned in the following chapters:

- Regulatory environment and Small and medium enterprises development;
- Harmonization of digital markets;
- Trade and Deep and Comprehensive Free Trade Agreement implementation;
- Implementation of public administration reform;
- Security.

In most cases, the goals supplement and clarify the Association Agreement provisions. Such goals can be found in intersectoral cross-cutting chapters Structured engagement with civil society and Gender equality and non-discrimination, as well as in the chapters:

- Regulatory environment and Small and medium enterprises development;
- Implementation of public administration reform;
- Environment and adaptation to climate change;
- Visa liberalization dialogs and mobility partnership;
- Young people's skills, entrepreneurship, and employability;
- Skills development and culture;
- Research and innovation.

Key areas for Ukraine

Security remains the key issue for Ukraine. The deliverables, specified in the Joint Working Document, are mostly detailed provisions given in the Association Agreement. While the Association Agreement defined more generalized objectives, the Joint Working Document provides more details as for the overall goal. It represents one of the key elements of the AA – counteracting the proliferation of weapons of mass destruction, materials they are made of and means of their delivery. It also takes into account the main principles of the Association Agreement: fighting different forms of transnational organized crime. Yet, the Working Document, contrary to the Association Agreement, does not specify combating terrorism and illegal migration as a separate direction for cooperation.

As for the Deep and Comprehensive Free Trade Zone, the interim results and final objectives of the Working Document are rather the results of implementing the Association Agreement and carry no significant added value. The promising direction of harmonizing digital markets is built on the goals, mentioned in the Amendment to Chapter 14 of the Association Agreement, Digital Society. It creates pre-conditions for Ukraine to deepen its cooperation and convergence with the European Union in this sphere. Supporting small and medium-sized enterprises is made possible by creating and developing an umbrella platform EU-4Business, which summarizes European programs of entrepreneurial assistance and offers new opportunities to partner states.

Most objectives (both for 2017 and for 2020) of the Public administration reform chapter are not directly mentioned in the Association Agreement. In general, the goals of the chapter specify Ukraine's obligations within the context of Association Agreement provisions. In particular, approving the strategy of state administration according to the "principles of state administration", depoliticizing state service, providing better access to information and better functioning of e-government system, with more economic transparency and accountability.

Added value of the Document

The main interest lies in those goals which are additional in relation to the Association Agreement since it is exactly them that make up the added value for Ukraine. Additional goals can be found in all intersectoral chapters, while chapter "Strategic Communication, pluralism and media independence" concentrates solely on new goals. Attention is drawn to the chapters, which completely consist of new objectives compared to the Association Agreement:

- Limited access to finance and financial infrastructure;
- New job opportunities at the local and regional level;
- Implementation of key judicial reforms;
- Extension of TEN-T core networks;
- Eastern Partnership European school.

The document does not take into account the discrepancy between progress and aspirations of the states regarding European integration

The economic and infrastructural parts of the Joint Working Document correspond conceptually to the Association Agreement, however, offering some solutions in certain sectoral tasks. For Ukraine, such an example can be found in goals regarding creating efficient loan registers, developing strategies of smart specialization, launching business-oriented farm groups, clearing obstacles in logistics chains and developing domestic water routes.

In their turn, results and aims regarding the implementation of key judicial reforms detail the provisions of Article 14 of the AA but do not cover exhaustively all the declared tasks of this article.

As for Ukraine, its unconditional priority is developing bilateral relations, while the Eastern Partnership remains a forum for multilateral dialogue

Transformation for the sake of stability?

The Document defining 20 deliverables for 2020 signifies that the European Union still has aspirations to provide stability both within the community and at its perimeter. The desire to reach such stability using usual tools is the core motive behind all decisions and actions, which is reflected in the fundamental provisions of European Neighborhood Policy. However, the current situation in the EU and EaP countries proves that the desired effect has not been achieved within the time of policy functioning. Therefore, there is a need to develop and implement a set of drastic measures to transform the European Union, EaP partner states and the basics of their interaction which will deepen every year. So at this stage of Eastern Partnership existence it is necessary to monitor and evaluate the achievement of priorities set in the Joint Working Document in order to provide a foundation for necessary transformations after 2020.

The Digest will provide such evaluation for Ukraine, analyzing the progress made by Kyiv on the way to specific deliverables within the framework of the Joint Working Document, the success and difficulties of its implementation. Consequently, the other countries in the region will be able to use Ukrainian experience in order to implement the set of tools offered by the European Union.

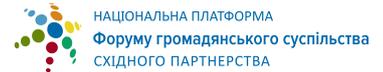
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Foreign Policy Council “Ukrainian Prism” (Ukraine) is a network-based non-governmental analytical center, the goal of which is to participate in providing democratic ground for developing and implementation of foreign and security policies by government authorities of Ukraine, implementation of international and nation-wide projects and programs, directed at improvement of foreign policy analysis and expertise, enhancement of expert community participation in a decision-making process in the spheres of foreign policy, international relations, public diplomacy.

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www.civic-synergy.org.ua

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Center for Legal Initiatives (Azerbaijan) is an independent legal think tank based in Azerbaijan. The overall aim of the organization is promoting rule of law, good governance, and democratic values, as well as assisting to the European integration processes in the country.

www.legal.org.az



The Center for Economic and Social Development (Azerbaijan) is a leading Azerbaijani think tank specialized in economic and social policy issues working with and establishing bridge between the government and the various representatives of civil society. The Center was set up in 2005 to promote research and analysis into domestic economic and social issues for the purpose to positively influence the public policy decision-making processes.

www.cesd.az



Center for Strategic and Foreign Policy Studies (Belarus) is a non-governmental non-profit independent think tank, the mission of which is to promote the opportunities for the Republic of Belarus in the international arena by analyzing international processes, and developing programs and projects.

www.csfps.by



The foundation Liberal Academy Tbilisi (Georgia) is a non-governmental, nonprofit organization, committed to promoting core democratic values, supporting peace-building and European and Euro-Atlantic integration and with that fostering the democratic development of Georgia and the

whole Southern Caucasus region.

www.ei-lat.ge



Foreign Policy Association (Moldova) is Moldova's leading foreign policy think-tank, committed to supporting Moldova's Europeanization, integration into the European Union and a viable settlement of the Transnistrian conflict.

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