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Brexit and the EU's Eastern Partners: Opportunity or Threat?

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Summary

The United Kingdom was supposed to leave the European Union (EU) on 29 March. Now the British government has secured agreement from the EU for a delay. If we assume that the UK does eventually exit the union, then what (if anything) does this mean for the six members of the EU's Eastern Partnership initiative?

At first blush, the UK remains committed to working within existing security structures in eastern Europe. As a member of NATO, the UK will continue cooperation with the six Eastern Partner states through the alliance's Partnership for Peace programme; particularly with Azerbaijan and Moldova, which have Individual Partnership Action Plans, and Georgia. The British government continues to believe that peace and security in eastern Europe can be achieved through shared values of democracy, liberal markets, and human rights.

However, there may well be a shift in emphasis for the six states in their dealings with both Britain and the EU. At present, the UK is the third largest contributor to the EU budget behind only Germany and France and the loss of UK funds is likely to impact Brussels' values-based foreign policy. While the UK appears keen to retain crucial security and intelligence cooperation with Brussels, there will presumably be breaks with the EU's policies and this will weaken the EU's approach to some degree.

A weakened hand for the EU in the region will surely be welcomed by Russia. The EU and Russia have seldom seen eye-to-eye when it comes to the 'inbetweener' states and signs of a divided approach to the region among Western allies will be viewed as an opportunity to reassert Moscow's role. This will alarm pro-Westerners in the states concerned. This shouldn't be interpreted to imply any Russian designs in getting us to this point: while there is some evidence that Russia-based actors sought to influence the

Brexit referendum, it is doubtful they had any appreciable impact on the outcome. Nor should it be interpreted to mean that either the EU or UK will abandon the region; the UK is keen to continue supporting stability and reform in Ukraine.

Economics

The six Eastern Partner states may look upon Brexit as an opportunity to increase trade with either the UK or the EU. Both depend on Brexit results; this will determine the opportunities available to others. Most obviously, a so-called 'soft' Brexit whereby the UK remains within the customs union would remove the space for the UK to conclude trade deals with third states. One might argue that a 'hard' Brexit creates the space for deals with the Eastern Partners. However, the fact remains that the UK's priority will almost certainly still be a trade deal with the EU.

Talks with the EU would predominate Britain's agenda in the event of a 'no-deal' Brexit. Perhaps even more so than they would with a formal withdrawal agreement in place, since the impact of broken trade ties will be felt sooner. That means that, even without a withdrawal agreement, something akin to a 'soft' Brexit could still prove the long-term outcome. Current trade between Britain and the six Eastern Partners is modest and shows potential for some growth. The largest economy of the six, Ukraine, had total exports to the UK in 2017 of only $501m (compared to $4.25bn of export trade with Russia despite the dire state of bilateral relations). For Belarus and Moldova, export trade to the UK is relatively more substantial. In 2017 Belarus exports to the UK comprised over 8% of its total export trade, amounting to $2.4bn, yet a whopping 93% of exports were refined petroleum. Ongoing frictions between Belarus and Russia – where the oil is extracted – are far more relevant than Brexit here.

If the Eastern Partner states are proactive, they may win concessions from the UK while the latter negotiates with the EU over the future EU-UK trade relationship. Britain has so far managed to sign deals with only a handful of states and the urgency of a 'no deal' will weaken its negotiating position considerably. The six may also seek to substitute for UK trade lost by the EU, although there have been sticking points in the past. For example, Belarus's efforts to sell foodstuffs into the EU market have run up against ostensibly non-convergent standards.

Quo vadis?

The main short- and long-term impacts of Brexit will be on the UK itself. The consequences may overwhelm the UK and deepen the country's ongoing crisis. Brexit affects the balance of forces within the EU too, with the Franco-German relationship

becoming more determinant than it has been in recent decades. It would seem that the implications for other states are fewer, but they could still be considerable in terms of both security and economics. I underscore the 'could' in that sentence: it is appropriate to sound a note of caution. As Yogi Berra, a baseball player for the New York Yankees, allegedly told us: 'Making predictions is hard. Especially about the future.'

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