GLOBAL AND DIFFUSE RISKS IN THE EASTERN PARTNERSHIP COUNTRIES

Potential Impacts on EU Security

Kornely Kakachia and Bidzina Lebanonidze

This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement no. 769886
The EU-LISTCO Working Papers are peer-reviewed research papers published based on research from the EU Horizon 2020 funded project no. 769886 entitled *Europe’s External Action and the Dual Challenges of Limited Statehood and Contested Orders* which runs from March 2018 to February 2021.

EU-LISTCO investigates the challenges posed to European foreign policy by identifying risks connected to areas of limited statehood and contested orders. Through the analysis of the EU Global Strategy and Europe’s foreign policy instruments, the project assesses how the preparedness of the EU and its member states can be strengthened to better anticipate, prevent and respond to threats of governance breakdown and to foster resilience in Europe’s neighbourhoods.

Continuous knowledge exchange between researchers and foreign policy practitioners is the cornerstone of EU-LISTCO. Since the project’s inception, a consortium of fourteen leading universities and think tanks have been working together to develop policy recommendations for the EU’s external action toolbox, in close coordination with European decision-makers.

**FOR MORE INFORMATION:**

EU-LISTCO WORKING PAPERS SERIES:  
Saime Ozcurumez, Editor  
Senem Yıldırım, Assistant Editor  
Yan Overfield Shaw, Assistant Editor  
Bilkent University  
Universiteler Mh.,  
06800 Çankaya/Ankara  
Phone: +90 312 290 2019  
saime@bilkent.edu.tr

EU-LISTCO PROJECT:  
Eric Stollenwerk  
Elyssa Shea  
Freie Universität Berlin  
EU-LISTCO  
Ihnestr. 22  
14195 Berlin  
Phone: +49 30 83858501  
eric.stollenwerk@fu-berlin.de

All EU-LISTCO Working Papers are also available at:  
https://refubium.fu-berlin.de/handle/fub188/24656

FIND EU-LISTCO ONLINE:  
https://www.eu-listco.net/  
https://twitter.com/eulistco  
https://www.facebook.com/eulistco

© 2020 EU-LISTCO  
This publication is part of a project that has received funding from the European Union’s Horizon 2020 Research and Innovation Programme under grant agreement no. 769866. It reflects only the authors’ view and the European Commission is not responsible for any use that may be made of the information it contains.

This paper is reusable under a creative commons license ShareAlike under attribution (CC BY-NC-SA 3.0) details of which can be found at:  
https://creativecommons.org/licenses/by-nc-sa/3.0/
# TABLE OF CONTENTS

1. INTRODUCTION: GLOBAL AND DIFFUSE RISKS IN THE EU’S EASTERN NEIGHBOURHOOD ................................................................................................................................. 6

2. GEOPOLITICAL RIVALRY AND RISKS OF MAJOR ARMED CONFLICT .............. 10
   2.1 United States ........................................................................................................... 10
   2.2 Russia ...................................................................................................................... 11
   2.3 China ...................................................................................................................... 14
   2.4 Tipping points ....................................................................................................... 16

3. UNCONVENTIONAL SECURITY RISKS ..................................................................... 18
   3.1 Grey-Zone/Hybrid Warfare .................................................................................. 18
   3.2 Cyber-Warfare ..................................................................................................... 20
   3.3 Technology-Driven Disruption .......................................................................... 22
   3.4 Weapons of Mass Destruction and Arms Control ............................................. 25
   3.5 Tipping Points ..................................................................................................... 26

4. ENVIRONMENTAL AND BIOLOGICAL RISKS .......................................................... 27
   4.1 Natural Disasters and Other Climate-related Risks ............................................. 29
   4.2 Disease Outbreaks ............................................................................................... 30
   4.3 Tipping points ..................................................................................................... 30

5. DEMOGRAPHY AND MIGRATION ............................................................................. 31
   5.1 Tipping points ..................................................................................................... 34

6. GLOBAL FINANCIAL AND OTHER SYSTEMIC ECONOMIC RISKS ...................... 35
   6.1 Euro-Area Fiscal Challenges and Sovereign Debt ............................................. 35
   6.2 US-China Trade Tensions ................................................................................... 36
   6.3 Tipping points ..................................................................................................... 37

7. CONCLUSIONS ........................................................................................................... 38
   7.1 Prioritization of Global and Diffuse Risks ......................................................... 38
   7.2 Risks, Resilience and Governance Capacity ..................................................... 39
   7.3 Tipping Points ..................................................................................................... 40
   7.4 Implications for the EU’s Security and Stability ................................................ 41

REFERENCES .................................................................................................................. 43
LIST OF TABLES

Table 1: Population decline in the EU’s eastern neighbourhood........................................... 33
Table 2: Numbers of refugees and IDPs in the EU’s eastern neighbourhood ...................... 34
Table 3: GDP growth of selected countries and regions, 2005–2010 (in percent) .............. 36
Table 4: Global and diffuse risks and tipping points in the EU’s neighbourhoods .......... 42

LIST OF FIGURES

Figure 1: Unresolved conflicts (ALS) in the EaP countries .................................................. 9
Figure 2: The value of Russia’s oil in constant USD................................................................. 13
Figure 3: Countries at risk of BRI pipeline project-related debt effects ............................. 16
Figure 4: International Telecommunication Union’s Global Cybersecurity Index (GCI) ...... 22
Figure 5: Origins of AI surveillance technology................................................................. 24
Figure 6: Leading companies contributing to AI surveillance............................................. 24
Figure 7: Global water scarcity by 2025 ........................................................................... 28
Figure 8: Global Adaptation Index Score 2015................................................................. 29
KORNELY KAKACHIA is Professor of Political Science at Ivane Javakhishvili Tbilisi State University, Georgia, and Director of the Tbilisi-based think tank Georgian Institute of Politics. His current research focuses on Georgian domestic and foreign policy, security issues of the wider Black Sea area and comparative party politics.

e-mail: kakachia@gip.ge

BIDZINA LEBANIDZE is Postdoctoral Fellow at the Institute of Slavic Studies and Caucasus Studies at the Friedrich Schiller University Jena, Associate Professor of International Relations at the Ilia State University, and a Senior Analyst at the Georgian Institute of Politics.

e-mail: lebanidze@gip.ge
ABSTRACT

This paper explores the extent to which global and diffuse risks impact the Eastern Partnership (EaP) countries of the EU’s Eastern neighbourhood and identifies tipping points at which risks can turn into immediate threats for the EaP countries, with implications for the EU. We apply five major risk categories to the EaP area that cover the majority of global and diffuse risks and suggest their prioritization based on temporality, probability of occurrence, and potential multiplication effects. We identify 28 tipping points which may exacerbate the impact of global and diffuse risks in EaP countries and result in governance breakdowns or new violent conflicts. The evidence suggests three global risks — geopolitical rivalry, unconventional security risks and global economic and financial risk — as most probable and with the most destabilizing impact on the EaP area in the short term. Disease outbreaks can be equally destructive, but with less certain probability. In terms of actoriness, a majority of global risks seem to be linked to Russia and its assertive agenda, whereas others are diffuse in nature and hard to locate. Finally, in terms of resilience and mitigation of risks, societies in the EaP area seem to possess a basic degree of governance capacity which needs to be further strengthened by the EU to better cope with global and diffuse risks.

1. INTRODUCTION: GLOBAL AND DIFFUSE RISKS IN THE EU’S EASTERN NEIGHBOURHOOD

This working paper analyses the impact of global and diffuse risks on the EU’s Eastern neighbourhood region: the countries of the Eastern Partnership Area (EaP). It seeks to answer two research questions: (1) To what extent do global and diffuse risks impact the EaP? (2) What are the tipping points at which risks may turn into immediate threats for EaP countries, with implications for the EU?

Global and diffuse risks have a twofold impact on the EU’s security and internal stability: direct and proximate. Direct impacts emerge as a result of a direct interaction of global risks with the EU’s security. Proximate impacts travel through the EU’s neighbourhood regions: global and diffuse risks negatively impact EU neighbourhood countries with possible negative spill-over effects for the EU’s security. By analysing impacts of global and diffuse risks on the EaP area, this working paper contributes to the discussion and understanding of proximate risks that threaten the EU’s security via the EaP.

---

1 The EaP initiative covers six former Soviet republics: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine.
Drawing on the conceptual framework developed by Börzel and Risse (2018) for how risks increase the likelihood of violent conflict and governance breakdown, we start with the empirical observation that most EaP countries experience some form of areas of limited statehood (ALS) and/or contested orders (CO). Börzel and Risse define ALS as parts of a country in which the central authorities “lack the ability to implement and enforce central rules and decisions and/or in which they do not control the means of violence” (2018: 9), while CO are “incompatibilities between two or more competing views about how political, economic, social and territorial order should be established and/or sustained” (2018: 12). Although both ALS and CO pose vulnerabilities and can have negative spill-over effects for the EU, they do not constitute a security threat to the EU per se, and only start to threaten EU security and stability if, under certain conditions, they deteriorate into violent conflict and governance breakdown (Börzel and Risse 2018; see also Magen et al. 2019a). Hence this paper seeks to identify tipping points at which global and diffuse risks may trigger governance breakdown and violent conflict in areas marked by ALS and CO.

For our definition and conceptualization of global and diffuse risks, we draw on Magen et al. (2019a: 8), who argue that global risks “have a tangible geographical nexus in the sense that they originate or emanate from particular actors and territories outside the EU or its proximate neighbourhood, including challenges to global order by revisionist actors such as Russia, China, Iran, and radical Islamist movements”, while diffuse risks are “risks – such as global financial crises, cyber-coercion, pandemics, or risks emanating from global warming – that are either not geographically contingent or are non-territorial in nature, though their particular effects on different localities are likely to vary”. Following Magen et al.’s conceptualization of global and diffuse risks (2019a: 18), we analyse five major risk clusters:

- geopolitical rivalry and risks of major armed conflict;
- unconventional security risks, including hybrid-warfare, cyber-warfare technology-driven disruption, and weapons of mass destruction (WMD);
- biological and environmental risks, including uncontrolled urbanization and disease outbreaks);
- demography and uncontrolled migration;
- global financial and other systemic economic risks.

---

2 Although this was a separate sixth category of risk in Magen et al.’s original conceptualization, we have subsumed it under unconventional security risks as, in the EaP countries, certain aspects of such disruption (such as work force automation) do not yet play a significant role.
To explore the probable impacts of global and diffuse risks, we seek to identify “tipping points” that may exacerbate their influence and result in governance breakdowns or violent conflicts in the EaP areas already affected by CO and/or ALS. Magen et al. propose a three-tiered classification of tipping points: (1) one-time catastrophic events, (2) cascading factors, and (3) layered factors (2019b: 10). Unlike one-time catastrophic events, both cascading and layered tipping points “result from the cumulative effects of various events” (2019b: 17), hence taking the form of gradual processes. Cascading factors consist “of an inter-connected, sequential chain of events that together amount to a tipping point”, while layered factors are rather unrelated and evolve independently from each other (Magen et al. 2019b: 17). Here, we include and analyse all three types of tipping points, categorizing them in two groups: one-time events that may erupt suddenly (military invasion, catastrophic event or pandemics) and gradual processes that may evolve slowly and involve both interconnected and autonomous processes (cascading and layered factors). In doing so, we extend the definition of tipping points as one-time or short-term events that could spark acute instability (Magen et al. 2019b: 9) to include medium and long-term processes (both interconnected and autonomous) which often go unnoticed but may also result in conflict or governance breakdown.

Another differentiation we make regarding global and diffuse risks and their tipping points refers to the likelihood of their impact, which may be actual, highly probable, or potential. Tipping points which are already occurring or are highly likely due to aggravated circumstances we refer to as actual impacts. Other impacts of global and diffuse risks are however of a more hypothetical nature. Those that have already occurred in the recent past and have resulted in severe violence or governance breakdown are more likely to be repeated (for instance, Russia’s military incursion in Georgia or further aggravation of ongoing military conflict in the Eastern Ukraine). Hence their occurrence is suggested by strong historical evidence and is generally to be considered as highly probable. Other potential risks are less probable, having never yet occurred in the EaP area, but, if we draw conclusions from similar events in other parts of the world, could occur at some point in the future (for instance, China turning into more assertive actor or a potential cyber-attack against nuclear facility by state and/or non-state actors). We refer to these rather more hypothetical scenarios as potential impacts.
The EaP is characterized by a proliferation of both ALS and CO which provide the fractious conditions for violence and governance breakdowns. In the EaP, Azerbaijan, Georgia, Moldova and Ukraine experience acute forms of ALS in the shape of unresolved conflicts (Figure 1). Armenia does not have ALS in its territory but is involved in a long conflict with Azerbaijan over Nagorno-Karabakh which on its own constitutes an ALS within Azerbaijan (Waal 2019). Belarus is perhaps the only EaP country that does not harbour acute ALS within its territory, however recent moves by a resurgent Russia entering the Union State, including an economic confederacy with Belarus by 2022, poses some questions regarding the future of the country’s sovereignty (Ioffe 2019). In addition, all EaP countries are marked by various CO that time and again result in violent clashes, coups, regime changes, or peaceful revolutions. Examples of exacerbated CO in the EaP include the total governance breakdown in Georgia in the 1990s (Gvalia et al. 2019), the electoral revolutions in Georgia in 2003 and in Ukraine in 2004 (Kuzio 2009), the Euromaidan protests in Kyiv in 2013/2014 (Marples and Mills 2015), the Twitter Revolution in Moldova in 2009 (Morozov 2009), and the 2008 post-election public unrest and 2018 Velvet Revolution in Armenia (Lanskoy and Suthers 2019).

This high density of ALS and CO is also the reason why the majority of indexes that measure governance performance or stability consider the EaP to be volatile and unstable. The Fragile State Index, which measures the fragility, risk, and vulnerability of 178 states worldwide, categorizes the EaP countries under “warning” (Armenia, Belarus, and Moldova) or “elevated warning” (Azerbaijan, Georgia, and Ukraine) (Fund for Peace 2019). The volatility of the EU’s eastern neighbourhood is...
further exacerbated by a proliferation of weakly consolidated hybrid regimes which are neither fully democratic nor fully autocratic. The literature identifies those grey-zone regimes as the most vulnerable to violent conflicts and political instability (Goldstone et al. 2010). The majority of the EaP countries fall within the category of unconsolidated or hybrid regimes – the Freedom House (FH) Nations in Transit Index (NIT) designates Georgia, Moldova and Ukraine as “transitional governments or hybrid regimes” and Armenia as a “semi-consolidated authoritarian regime”, only considering Azerbaijan and Belarus as “consolidated authoritarian regimes” (Freedom House 2017). Finally, ALS and CO in the EaP are further exacerbated by the low performance of the ruling regimes. With the exception of Georgia, none of the EaP countries has achieved even the Eastern European average in terms of effective governance (Lebanidze 2017). Overall, a high density of ALS and CO coupled with semi-consolidated regimes and ineffective governance creates conditions for potential violent conflicts and governance breakdowns in the EaP that may pose serious security threats to the EU and its global interest.

The remainder of this paper will analyse actual, probable, and potential impacts of global and diffuse risks on the EaP area. To do so, we look at the interaction of risks with ALS and CO in the EaP countries and identify tipping points at which the risks could contribute to governance breakdown or/and violent conflict.

2. GEOPOLITICAL RIVALRY AND RISKS OF MAJOR ARMED CONFLICT

In the EU’s neighbourhood as elsewhere, the global order contestation between major international actors has taken three major forms: (1) The US transition from a regional hegemon to a more reluctant and inward-looking actor; (2) Russia’s aggressive attempts to counter Western influence and expand its own sphere of influence; and (3) China’s advancement of its alternative global order (Magen et al. 2019a). All three developments and the interplay between them challenge, to various degrees, the EU-promoted liberal international order and increase the probability of governance breakdown and violent conflicts in the EaP.

2.1 United States

The US has traditionally been one of the main important actors in the EaP area, protecting EaP countries from the influences of other actors while promoting political stability. Therefore, any fluctuations in the US approach towards the post-Soviet area may generate significant negative externalities for the countries in the region. After the peak of US presence in the EU’s neighbourhoods in the early 2000s, the US saw its role shrink, both in the MENA and the EaP regions. Recent trends, including the turn to Asia that started under Barack Obama and the more inward-looking and transactional foreign policy under Donald Trump (Ikenberry 2017) have
only strengthened the perception of US strategic withdrawal from the EU’s neighbourhood regions. Whereas the EU has claimed the role of providing security in a few EaP countries, US abandonment or perceived abandonment may still create a power vacuum, invite illiberal actors to fill the gap, or contribute to CO, even to the level of violent conflicts. Many authors relate the increasing assertiveness of Russia and China to the declining role of the US (Borshchevskaya 2018). Although not natural allies in other parts of the world (Song 2014), China and Russia have been coordinating their policies in the EU’s neighbourhood to diminish Western influence and marginalize both EU and US interests (Mead 2019). On the other hand, these two actors rarely challenge each other’s positions in the EU’s neighbourhood. For instance, even though China has become increasingly active in the EaP countries, Beijing also sees the area as Russia’s zone of influence and does not engage in geopolitics in the region (Kaczmarski et al. 2019). For its part, Russia tolerates China's interest in the region as long as it remains mostly in the realm of investment and trade.

Facing tough competition from China, the US has started to push its allies and partners into a zero-sum game to take sides between the US and China and prevent Chinese investments in strategic sectors. The US administration recently warned Georgia and Ukraine against increasing Chinese investments and loans that could result in irreversible dependency on China (Reuters 2019). Not only the US but also European states are concerned that China may use its “debt trap” diplomacy in the EaP to acquire strategic assets in debt-for-equity deals and weaken the governance capacity of the host states. On its own, however, the transactional foreign policy of the current US administration has the potential to add to instability and governance problems in the EaP. The inconsistent policies of the Trump administration in the EaP countries diminish the attractiveness of the liberal script and increase the risk of violent conflicts. For instance, the alleged instrumentalization of military support to Ukraine for political purposes (Hirsh 2019) has undermined Western credibility in Kyiv but also elsewhere is the EaP. US transactionalism and the drift between the US and EU could also further embolden Russia to continue its destabilizing activities in Ukraine and Georgia.

2.2 Russia

The Russian government under the authoritarian leadership of Vladimir Putin has consistently pursued a foreign policy agenda of returning great power status to Russia. To advance this agenda, the Kremlin has been attempting to accomplish a number of goals in the EaP region: creating and protecting its sphere of influence, blocking enlargement of the EU and NATO, integrating EaP populations into Russia-led regional economic, political, and military organizations, and protecting incumbent regimes in neighbouring countries (and, by extension, the Russian
regime itself) from a wave of democratization (Ambrosio 2009; Lebanidze 2019a). In the last two decades, Russia indeed became the main geopolitical player in the EaP region and continues to resort to an extensive tool-box of instruments to secure its political, economic, and military dominance. Many of these instruments have a direct impact on the establishment and longevity of ALS and CO in the EaP countries. The unresolved conflicts of Abkhazia, Crimea, the Donbas Region, Nagorny Karabakh, South Ossetia, and Transnistria have been held in a semi-frozen condition under the military and political dominance of Russia, whose presence has resulted in “territorial” and “social” ALS (Börzel and Risse 2018: 9) in those countries.

Moreover, although these conflicts are often referred as “frozen” (Blank 2008), evidence suggests that they are semi-frozen at best (Frazer 2016) and can easily escalate into violent conflicts. Ongoing military actions in the Eastern Ukraine and recurring incidents in the Kerch Strait, the continuing “borderization” process in Georgia (Kakachia 2018), and recurring sporadic clashes between Azerbaijan and Armenia show the fragility of the peacebuilding process in these conflict areas. Their continued presence not only carries the threat that CO will turn violent, but also undermines the state capacity of the EaP countries, often bringing them to the brink of governance breakdown. Georgia in the 1990s and immediately following the 2008 Russia-Georgia war are two examples of how violent conflicts with Russia's direct or indirect participation can contribute to governance breakdown at the national level or in some parts of a country's sovereign territory. Russia also uses instruments other than the unresolved conflicts to achieve its geopolitical objectives, and its toolbox includes full-scale military intervention, economic embargoes, manipulation of energy prices, and energy cuts (Ambrosio 2009). Considering the economic vulnerabilities of the majority of EaP countries and their dependence on Russia, the Kremlin’s coercive economic measures place additional pressure on their fragile socio-economic structures and further undermine their governance capacity, threatening governance breakdown in their institutions.

Russia's assertiveness in the EaP can be explained by several factors. First, it seems that Russia reacts negatively to the meddling of Western actors in its immediate neighbourhood, an area which the Kremlin considers to belong to Russia's privileged interests. Hence, any new initiative may be met with a new provocation by the Kremlin. Second, there seems to be a correlation between stable high oil prices and Russia's military adventurism, which has often contributed to the creation and persistence of ALS and CO in the EU’s geographic proximities (Figure 2).
From this perspective, Russia would fit the profile of a typical petro state which behaves more aggressively during periods of high oil prices when oil extraction increases and energy is abundant (Hendrix 2014; Soysa et al. 2010). High oil prices alter the incentive structures of key domestic stakeholders and make the country less vulnerable to various sanctions as oil “crowds out other export sectors that would be interested in open markets” (Gros 2015: 2). More importantly, it increases a leader’s political autonomy and risk-acceptance and decreases her political accountability to domestic constituencies (Snegovaya 2019). By using BP’s Statistical Review of World Energy, Gros (2015) identified a strong correlation between higher Soviet/Russian oil production and the Kremlin’s aggressive foreign policy actions in the EU’s proximity, which may create new ALS and CO or tip existing ones into violent conflicts and/or governance breakdowns. Hence, high oil prices may increase the likelihood of Russia’s further military adventurism.

The third factor triggering military adventurism by Russia could be related to the Russian regime’s domestic legitimacy and strategies to consolidate its power (Blank 2009; Chaisty and Whitefield 2015; Shevtsova 2009). Shevtsova (2009: 61) characterizes Putin’s regime in Russia as a form of etatism “with regime-consolidation mechanisms at home that are based on elements of militarism and the search for enemies.” Similarly, Filippov (2009: 1826) identifies “diversionary tensions designed to distract the domestic audience” as the core element of Russian foreign policy towards its neighbours. From this perspective, both the 2008 Russia-Georgia War (Filippov 2009) and the 2014 annexation of Crimea and conflict in the
Eastern Ukraine (Gerstel 2017) can be viewed as “diversionary conflicts”. The ruling elite under Vladimir Putin might opt for the strategy of “diversionary tension” whenever it feels threatened by major anti-government protests, an attempted coup, or any other domestic event. From this perspective, another tipping point may be the threat of diffusion of democratic processes in Russia’s immediate neighbourhood, with the danger of spill-over into Russia (Umland 2009).

Finally, failure of EU and US containment strategies may also serve as another tipping point at which Russia may move to exploit the vulnerabilities of its neighbours to create new ALS or CO or to bring its neighbours to the brink of violent conflicts or governance breakdown by exploiting already existing ones. As the former NATO Secretary-General Anders Fogh Rasmussen recently admitted, NATO’s decision at the 2008 Bucharest Summit not to give Georgia or Ukraine the Membership Action Plan to join NATO was “a wrong signal to Putin”; one that encouraged Russia to invade Georgia a few months later (IWPR 2018).

To conclude, it can be argued that, in the EaP, Russia acts as a “multiplier for [potential] governance breakdowns and violence” (Börzel and Risse 2018: 15) in several ways: (1) by supporting and sustaining ALS in the form of unresolved conflicts or through assistance to various religious, ethnic, or military groups (as in Azerbaijan, Georgia, Moldova, and Ukraine); (2) by support for unpopular autocratic or semi-autocratic incumbents that often results in public outrage and civil unrest (e.g., the electoral revolution in Ukraine in 2003; the Euromaidan protests in Ukraine in 2013); (3) through economic and trade embargoes and energy wars (as in multiple cases in Georgia, Ukraine, and Moldova), and; (4) by full-scale military interventions or territorial annexations (e.g., in Georgia in 2008 and Ukraine in 2013).

2.3 China

Unlike Russia, China keeps a low profile when it comes to military adventurism in the EU’s neighbourhoods. China engages in economic and trade activities, but its approach is purely transactional, and it avoids becoming entangled in “sensitive geopolitical issues” (Dalay 2019). Chinese actions are therefore not thought to be a major trigger of violent conflict or governance breakdown in the EU’s proximity. Nevertheless, Chinese engagement and its rivalry with the US and the EU may put additional pressure on states with ALS or CO and contribute indirectly to their deterioration into governance breakdowns or violent conflicts. So far, however, China’s direct negative influence on ALS and CO in the EU’s neighbourhood has been rather negligible.

China considers both regions of the EU’s neighbourhood – the EaP and the MENA – as integral parts of its Belt and Road Initiative (BRI) – the cornerstone of China’s Grand Strategy (OECD 2018). China has established fast-evolving economic and trade
relations with a number of EaP countries, especially Belarus, Ukraine and Georgia. Georgia was the first country in Eurasia to sign a free trade deal with China (Smolnik 2018), and Belarus became a pioneer country in the BRI and “an important testing ground for China's foreign economic policy” (Kaczmarski et al. 2019: 22). On the other hand, China’s relations with Ukraine took a hit after the Euromaidan protests and the ensuing Russia-Ukraine conflict. The annexation of Crimea compromised Beijing’s plans to acquire and develop a deep-sea port in Sevastopol (Kaczmarski et al. 2019). Ukraine’s internal instability, hostile relations with Russia, recently established tradition of anti-governmental and pro-democratic protests, and perception of Western influence all negatively impact China’s engagement with Ukraine (Kaczmarski et al. 2019). Overall, the EaP countries seem to have a low priority in China’s foreign policy goals (Kaczmarski et al. 2019). Although opposed to Western influence, China tacitly accepts the EaP as Russia’s sphere of influence and avoids any entanglement in security-related or geopolitical issues (Kaczmarski et al. 2019).

One potential source of threat to the stability and governance capacity of the countries in the EaP, however, may stem from China's economic engagement and its BRI flagship project. Although, as a default strategy, China prefers peaceful economic cooperation with other countries, empirical evidence has recently emerged that economic dependency on or indebtedness to China could lead to governance breakdown or violent conflicts in affected countries. For instance, China’s economic engagement in Myanmar has exacerbated the long-standing internal conflict in Myanmar’s Kachin region (Hedström 2019). China’s planned construction of the Myitsone Dam in Kachin sparked local protests and contributed to increasing tensions and proliferating military activity along the China-Myanmar border (Hedström 2019). Hurley et al. (2019: 2) observed that, in a few affected countries, high indebtedness to China and Beijing’s increasing role in managing bilateral debt problems has exacerbated internal tensions, such as citizen clashes with police over new projects in Sri Lanka or China’s encouragement of Pakistan’s opposition to embrace Chinese projects. The authors screened the likelihood of debt problems in 68 countries taking part in China’s BRI initiative and identified 23 countries that may be at risk of BRI-related debt distress (Figure 3). Alongside a few Western Balkan countries, three EaP countries appear in the list and need to be closely observed: Armenia, Belarus and Ukraine (Hurley et al. 2019).
2.4 Tipping points

Overall, we can identify a few tipping points related to geopolitical rivalry and risks of major armed conflict that may trigger governance breakdown and/or violent conflict in the EaP. With regard to the role of the US, transactional US policymaking and spontaneous attempts to disengage from the region may act as actual tipping points as they often disregard the complex nature of conflicts as well as order contestation in the EU’s neighbouring regions, and could act as a trigger for new violent conflicts or add to governance problems in countries with severe ALS problems, such as Ukraine. The recent outbreak of hostilities between Turkey and Kurdish militias in Northern Syria following the US withdrawal is illustrative of this tipping point, and a similar scenario could repeat in the EaP. Both tipping points related to the role of the US unfold as gradual processes which could culminate in negative geopolitical shifts for the stability of the region.

Regarding the risk of geopolitical rivalry, Russia is the actor most likely to trigger new violent conflicts or governance breakdowns in the EaP. Overall, we can identify four tipping points that may lead to governance breakdown and violent conflicts in the EaP as a result Russia’s increased military assertiveness. First, Western engagement in the perceived area of Russia’s privileged interests may result in the Kremlin attempting to punish any neighbouring state that receives Western
attention. Second, high oil prices may increase the likelihood of Russia's aggressive behaviour as high energy incomes insulate the Russian government from both domestic and Western pressure. Third, the emergence of domestic political challenges may force the Kremlin to try to divert public attention towards foreign policy issues. Intensification of hostilities with neighbouring countries or new military campaigns may serve as fruitful diversionary tactics. Fourth, Russia may be more tempted to engage in military adventurism, both in the EaP and in the MENA, if it expects its economic and political costs to be low (low-cost opportunities). All tipping points related to Russia have occurred in the past, and some, such as negative reactions to Western engagement, are actually occurring now, meaning that these are highly probable impacts. In terms of timespan, all four tipping points related to Russia could emerge quite suddenly and contribute to quick destabilization in the region. Hence, while not necessarily one-time catastrophic events, they are likely to unfold much more rapidly than tipping points related to the US and China.

Finally, it is hard to imagine China’s active engagement with ALS or CO in the EaP countries for years to come. Although, like Russia, China is against revolutionary changes and supports autocratic incumbents by default, Beijing’s reaction to the recent Euromaidan protests was disengagement, not support for destabilization or violence. China remained similarly silent when Russia’s annexation of the Crimea jeopardized Beijing’s plans to acquire a deep-sea port in Sevastopol (Kaczmarski et al. 2019). Therefore, unlike Russia, China does not have a history of coercive involvements in the EaP area, nor does it show any significant intent to do so, thus we can only hypothesize about Beijing’s potential negative influence in the future. Considering the previous record of Beijing’s engagement with other regions of the world, at least two tipping points can be posited which could push China to defend its interests at the cost of violent conflict or governance breakdown. First, if local developments fundamentally threaten Beijing’s BRI flagship project and its trade and investment plans (Moran 2017), China may react more resolutely in the future. Second, China may instrumentalize high indebtedness to China to force governments in affected countries to comply with Beijing’s terms by mobilizing public protest or opposition forces against the government (Hurley et al. 2019). Or public protests could erupt spontaneously against Chinese projects due to their environmental, social, or political impacts. Either way, the unrest could result in violent clashes or governance breakdowns. All tipping points related to China are hypothetical since they have never occurred in the past and their potential to occur in the future is uncertain and would depend on geopolitical shifts in the region. In terms of the timespan, both tipping points can unfold as gradual processes but may also accelerate significantly if China perceives that its interests are at risk.
3. UNCONVENTIONAL SECURITY RISKS

3.1 Grey-Zone/Hybrid Warfare

In their conceptual paper on global and diffuse risks, Magen et al. (2019a: 29) define grey-zone and hybrid warfare as “a holistic approach to conflict that is distinguishable from better-known uses of military force.” According to the authors, “the holistic characteristics [of hybrid warfare] combine kinetic and non-kinetic activities against military and civil targets, and psychological operation campaigns aim at the civilian population and political echelon using a wide variety of mediums.”

The Russian 2014 intervention in Ukraine has generated much debate about the use and effectiveness of hybrid warfare. Russia turned “hybrid warfare” into a real threat to overall stability and presented significant challenges to European security and the global international order. Moscow’s swift achievement of political objectives in Crimea without the need to fire a single shot has forced NATO and its allies to reconsider their approach to defence planning. The practice of so-called hybrid warfare – the use of proxies, disinformation, and other measures short of war – has dominated discussion of Russia’s newly assertive posture on the world stage (Chivvis 2017).

Although some scholars have criticized the term “hybrid warfare” as a buzzword lacking a clear definition (Reichborn-Kjennerud and Cullen 2016), these tactics can be classified as a distinct form of warfare that describes the Kremlin's use of a broad range of subversive instruments, many of which are non-military, to further Russian national interests. While experts frequently discuss the Ukrainian case as a vivid example of Russian hybrid warfare tactics, intensive use of this new form of projecting power actually dates back to the conflict between Russia and Georgia in 2008, when the Kremlin was able to experiment with elements of hybrid warfare and learned basic lessons later applied in Ukraine. One novel tactic Russia has employed since the Russo-Georgian conflict and is still using effectively against Tbilisi is the “borderization” of Georgia’s territory (Kakachia 2018). By deepening the estrangement of Abkhazia and South Ossetia from the rest of Georgia, borderization violates not only Georgia’s territorial integrity and sovereignty but also undermines the wider regional security order. Russia has used hybrid warfare tactics not only in the EaP but also in the Middle East and the United States as well.

______________________________

3 The academic literature provides a variety of definitions hybrid warfare. For consistency, we stick to the definition provided by Magen et al. (2019). For other definitions, see Galeotti (2019).

4 Borderization “refers to the unilateral installation of border markers, fencing, and barbed wire along the Administrative Boundary Lines (ABLs) that separate Abkhazia and Tskhinvali region (“South Ossetia”) from the rest of Georgia” (Kakachia et al. 2017: 5).
These events have reinforced the perception that Russian foreign policy is entering a new chapter of bold and risky adventurism, guided by the so-called “Gerasimov doctrine”\textsuperscript{5}. While the Gerasimov doctrine may not in fact be the main driver of Russian Foreign policy (Rumer 2019), Moscow does seek to use hybrid warfare to ensure compliance on a number of specific policy objectives: “to divide and weaken NATO and EU; to subvert pro-Western governments in EaP countries; to create pretexts for military incursion; to annex territory; and to ensure access to European markets on its own terms” (Ng and Rumer 2019). In fact, most of Russia’s hybrid tactics have been highlighted in fundamental documents, including its National Security Strategy to 2020 (EZTH Digital Library 2009) and its Foreign Policy Concept (President of Russia 2019).

As the use of hybrid warfare by Moscow has grown markedly in recent years, it poses serious risks to its immediate neighbours. Russia’s Hybrid strategies towards some EaP countries (specifically Ukraine, Georgia, and Moldova) involve multi-layered efforts designed to destabilize functioning states and polarize societies. According to the Concept of the Foreign Policy of the Russian Federation for 2008 and 2013 (President of Russia 2008; Ministry of Foreign Affairs of Russia 2013), the world should be governed by large geographic centres characterized by cultural (civilizational) diversity. It also emphasises competition over values and the negative impact of a “re-ideologization” of international affairs. While Russia sees post-Soviet space as one civilizational space ready for further integration under Russia-led political groupings, it also uses hybrid warfare tactics to target specific EaP populations to gain information superiority over the target country. In a coordinated attack, the Russian state propaganda machine targets a country’s media, religious organizations, cultural institutions, NGOs, academia, and public movements (Helmus et al. 2018).

The present situation in the EaP unavoidably produces certain levels of risk. While the region remains in a democratic transition period, the presence of ALS in the form of unresolved conflicts is a source of insecurity, and a number of factors – drivers of escalation – may increase the dangers of conflict or trigger total governance breakdowns. Factors contributing to escalation in the short term could include political and military miscalculations due to lack of communication among conflict parties, as evidenced during the 2008 Russia-Georgia conflict. As Georgia’s then-president recalled after the 2008 Russia-Georgia War, neither the Georgian

\textsuperscript{5} The “Gerasimov doctrine” refers to a putative strategy of non-linear warfare that combines various instruments including technological, cultural, diplomatic, and other tactics. The focus is on non-military means and instrumentalizing the weaknesses of the enemy. The term is in fact very controversial, and some authors argue that it does not exist in the form that it is understood to by the West (e.g., Galeotti 2018).
leadership nor the Western partners predicted that the ongoing low-intensity conflict would turn into Russia's full-scale invasion of Georgia (Tavberidze 2019). This also applies to other conflict areas in the EaP. As channels of communication between conflict parties are limited and international mediators are absent on the ground, the conflicting sides often act without prior knowledge about adversaries’ intentions. Domestic processes in the conflict areas could also serve as a predictor for renewal of violence. The de facto incumbent regimes in the Russia-backed conflict regions may use military actions to try to divert public attention from troublesome elections, governance deficiencies, or socio-political hardship. For instance, the 2008 Russia-Georgia war was preceded by continuous shelling of Georgian villages in the conflict area by the paramilitary militias of South Ossetia's de facto regime. Similarly, a new war could break out in Russia-supported conflict areas even without any prior involvement or intention by Russia. Hence, the agency of local actors in ALS should be taken seriously. The situation in the post-Soviet conflict areas is further exacerbated by the ineffectiveness of international mediation efforts and suboptimal conflict prevention mechanisms (Kuzio 2020; Waal 2019). Furthermore, persistent neglect of fundamental principles of international humanitarian law may spark social and political discontent and unrest in the region. While a full-scale war is not expected in the short term in the EaP region, further escalation of existing conflicts would change the entire politico-military dynamic in the region dramatically and escalate it to a level not experienced since the worst periods of the Cold War.

Other global and regional actors keep a low profile in the EaP area when it comes to grey zone/hybrid warfare. Iran, another regional player, is notorious for its hybrid and non-linear warfare, and, according to some analysts, its actions are comparable to Russia in this regard (Gardner 2015). However, it seems that Iran's activities are chiefly directed towards the MENA and only to a lesser extent towards the EaP area. Since Iran seems to acknowledge the EaP area as a zone of Russia's privileged interests, it generally limits its activities there to economic and trade relations, cultural diplomacy, and utilization of soft power (Jödicke and Kakachia 2017). One notable exception is Iran-Azerbaijani relations, which have been long shaped by mutual threat perceptions and religious and political tensions (Valiyev 2017). Similarly, with the exception of strained relations with Armenia (Giragosian 2009), Turkey is apparently not involved in hybrid warfare in any of the EaP states. Finally, China, a major non-liberal global actor, has so far avoided engagement in hybrid warfare in the EaP area, even though Chinese economic and political influence has been on the rise in the region (Kaczmarski et al. 2019).

3.2 Cyber-Warfare

Cyber risks belong to the category of diffuse risks as cyberspace is of a diffuse and transnational nature. Cyberattacks may be organized by various state and non-state
actors and target governmental agencies, the banking sector, big industrial companies, think-tanks, and/or NGOs. Cyberwarfare and other risks related to the cyber-domain are prominent in the EaP, where the main cyber warfare actor is Russia. Russia has used cyber warfare as a part of its larger external governance strategy in its neighbourhood, which involves waging “full-spectrum conflict” (Jonsson and Seely 2015) against neighbouring countries. Cyberattacks have been directed against the EaP countries which Russia considers pro-Western or unwilling to accept Russia’s claims to influence in the post-Soviet area. During the 2008 Russia-Georgia War, for instance, cyberspace represented another layer of the conflict (Markoff 2008).

Ukraine in particular has “become a scorched-earth testing ground for Russian cyberwar tactics” (McQuade 2018). Allegedly, Russia-backed cyberattacks targeted Ukrainian electricity grids in 2015, causing a six-hour blackout for hundreds of thousands of consumers in Kyiv (E-ISAC 2016; Sullivan and Kamensky 2017). In 2017, allegedly Russian hacker groups launched NotPetya, “the fastest-propagating piece of malware”, which was directed against Ukraine but caused global damage of $10 billion (McQuade 2018). Russia’s cyber warfare against Ukraine may also pose a specific danger to the EU. According to one observation, the percentage of pirated software which does not receive standard security patches is high in Ukraine. The country is at the same time “well integrated with Western European internet networks” offering “a backdoor to hack the rest of Europe” (Cerulus 2019).

Unlike Russia, other global state and non-state actors seem to keep low profile when it comes to cyber warfare in the EaP area. Iran has been blamed a few times for cyberattacks on Azerbaijani websites (Yevgrashina 2012). Teheran and Baku seem to have strained relations due to mutual misunderstandings related to history and identity, as well as Baku’s close political and military links with the US and Israel (Nassibli 1999; Yevgrashina 2012). Similarly, Turkey-sponsored hackers have been accused of conducting occasional cyberattacks against Armenia (Martirosyan 2018). Armenia and Azerbaijan, two countries in conflict over Nagorno-Karabagh, have also engaged in cyberattacks against each other (Abrahamyan 2012). In most cases, cyberattacks in the EaP area are conducted by non-state actors (hacker groups), though these are closely connected to and financed by their governments, and hence should not be considered as independent groups but more as state proxies.

As with other risks, the degree of vulnerability to cyber warfare and cybercrime should be measured by taking into account both the exposure of societies and economies to cyber risks and their preparedness to tackle them (internal resilience). In the EaP area, Ukraine is most exposed to cyber threats, but the country is also rapidly developing the cyberwarfare capabilities to increase its resilience to future attacks. There are a few rankings that measure the cyber preparedness and cyber exposure of countries (ITU 2018; NCSI 2019). However, due to differences in
methodology and data collection techniques, their results differ significantly. Overall, the majority of EaP states score highly in such indexes and show a higher degree of preparedness and risk resilience when compared to many MENA countries (e.g., Figure 4).

*Figure 4: International Telecommunication Union’s Global Cybersecurity Index (GCI)*

Key: The five pillars of the index are: capacity building, cooperation, organizational measures, technical measures, and legal measures. In the heat map, countries that demonstrate high commitment in all five pillars are indicated in light blue. Blue indicates countries that have developed complex commitments and engage in cybersecurity programmes and initiatives. Dark blue countries have only started to initiate commitments in cybersecurity. Source: ITU (2018: 13).

### 3.3 Technology-Driven Disruption

Another layer of unconventional warfare is related to negative impacts of the development of artificial intelligence (AI) and technology-driven disruption in the EaP. Magen et al. (2019a: 60) expect Russia to instrumentalize AI “to manipulate and influence Ukraine, Georgia, and other areas under strong Russian influence, triggering governance breakdown or even outright conflict on Europe’s doorsteps in the coming years.” One important pillar of Russia’s AI-driven warfare includes spreading fake news and propaganda in neighbouring countries to strengthen pro-Russian narratives and delegitimize pro-Western governments and political classes. Ukraine and Georgia show some home-grown resilience to Russia’s AI-driven warfare. *Stop-fake* in Ukraine and *Mythdetector* in Georgia are two counter-propaganda initiatives to challenge Russia’s fake narratives and reveal lies spread by Russian media. Yet empirical evidence shows that Russian fake news travels well

---

7 https://www.mythdetector.ge/en
Global and Diffuse Risks in the Eastern Partnership Countries: Impacts on EU Security
Kornely Kakachia and Bidzina Lebanidze

EU-LISTCO Working Paper No. 6 / June 2020
https://www.eu-listco.net/

throughout the post-Soviet area, and more resilience measures are needed to mitigate its negative impact. Public surveys in the EaP countries show how anti-Western narratives promoted by Russia undermine liberal values and tarnish the image of the EU and the West (Lebanidze 2018). In doing so, they also undermine the reform and governance capacity of pro-Western governments and open the door to populism and the radicalization of societies.

As well as intensifying disinformation warfare, AI technologies can also contribute to violent conflicts by making it easier and more cost-effective for assertive state actors such as Russia to engage in conflicts. Russia is trying to incorporate AI in new weapons systems and robotics. The long list of Russia’s AI-driven military projects includes the development of autonomous smart missiles that the next-generation of Russian stealth fighters will be equipped with (Newsweek 2017), AI-driven “swarms of drones” (Newsweek 2017), and autonomous Kalashnikov machine guns with a neural self-targeting system (BBC 2017). Due to its authoritarian system and lack of deliberation or checks and balances, the Russian government has a capacity to take important decisions about engaging in conflicts and to mobilize resources quickly and in a non-transparent way. The development of AI-guided technologies will give Russia even better capacity to engage in conflicts in the EaP or start new ones much faster and more effectively. For instance, in 2011, when Russia attempted to buy Mistrals (French helicopter carriers), the Russian navy allegedly claimed that with those vessels Russia would have defeated Georgia in a 2008 war “in 40 minutes, not in 26 hours” (Kucera 2011). Military AI developments could have a similar effect, allowing Russia to act more quickly and resolutely to catch the West by surprise. What is more, perhaps with the exception of Ukraine, none of the EaP states will be able to catch up with Russia due to limited human and financial resources, increasing the probability of a new violent conflict.

In addition to Russia, China also wields significant influence over the EU’s neighbourhood in terms of AI. Although Russia’s AI-driven warfare is currently more visible in Ukraine, Syria, and other places, China has a much larger overall financial and operational capacity to become a global leader in AI technologies. China is already a major supplier of AI surveillance technologies worldwide and dominates AI markets both in the EU and its neighbourhoods (Figure 5). A recent report by Carnegie shows that leading Chinese company Huawei is present in 50 out of 75 countries that employ AI surveillance technologies, outnumbering all international rivals by a wide margin (Figure 6). What is more, China’s global AI strategy is not a standalone initiative but is tightly embedded in Beijing’s global economic and political strategy. For instance, there is a significant overlap between China’s BRI and export markets for AI technologies. According to Carnegie, “thirty-six out of eighty-six BRI countries also contain significant AI surveillance technology” and China’s AI products “are often accompanied by soft loans to encourage governments to purchase their equipment” (Feldstein 2019: 2, 8).
The Index tracks seventy-five countries that employ AI surveillance. The numbers reflect how many of those countries each company is present in. Source: Feldstein (2019: 9).

The proliferation of Chinese AI technologies not only challenges Western manufacturers in the commercial arena but also indirectly undermines the Western liberal order and helps authoritarian governments consolidate their grip on power and suppress dissent. China is often referred to as a global leader in exports of “authoritarian tech” (Feldstein 2019: 13), “digital authoritarianism” (Polyakova and...
Meserole 2019), or “the Surveillance State” (Mozur et al. 2019). There is rich empirical evidence that Huawei and other Chinese companies help authoritarian governments in Africa and Latin America to spy on and suppress political opponents (Mozur et al. 2019; Parkinson et al. 2019). Chinese engagement with the EaP countries could have a similar effect. China has been intensively exporting “smart city” and “safe city” technologies to Armenia, Azerbaijan, Ukraine, and other post-Soviet states (Marat 2018). These technologies are designed to improve urban life, but they can also be used to “expand authoritarian control over people and public places” and therefore may “rival and even replace the Western-driven, values-based rule of law programs” (Marat 2018: 1). In doing so, China follows commercial but also political and security interests. It is countering EU and US influence and attempting to become the main provider of cyber and AI technologies in the region.

3.4 Weapons of Mass Destruction and Arms Control

In their conceptual paper on global risks, Magen et al. (2019a: 31) note that the norms governing arms control and the non-proliferation regime (NPR) are eroding and there is “a risk of increased ... WMD ... and of a renewed arms race between superpowers.” The credibility of the NPR has also suffered in the EaP. A major blow to its credibility was the violation of the Budapest Memorandum on Security Assurances for Ukraine, signed at the Organization for Security and Co-operation in Europe (OSCE) conference by Russia, the US, and the UK in 1994. In exchange for joining the NPT (which meant Ukraine relinquishing control of its nuclear stockpile to Russia), the signatories guaranteed “respect for Ukraine’s borders, independence, and sovereignty, and promise[d] to refrain from the threat or use of economic and military force” (Talbott and Tennis 2019). Later on, however, Russia annexed the Crimea and supported separatist movements in the Eastern part of Ukraine. The US and UK supported Ukraine politically and imposed sanctions on Russia, but this did not result in restoration of Ukraine’s territorial integrity or in significant improvement of the country’s overall security.\(^8\)

WMD-related risks are also closely related to cyber warfare and cyber criminality due to the vulnerability of nuclear facilities to cyberattacks. For instance, Russia, one of the main sponsors of cyber warfare, itself faces a high rate of cyberattacks which raise the chances of accidental nuclear attack or a nuclear catastrophe in the EaP. According to Ramana and Kurando (2019: 48), “[b]ecause the Russian nuclear arsenal is highly integrated and kept ready for quick launch, it is more vulnerable to potential accidental use of nuclear weapons. They also note that the risks of nuclear accident through cyberattacks will increase as Russia further modernizes and

---

\(^8\) Some authors emphasize that the Budapest Memorandum only provided security guarantees to Ukraine in case of nuclear attack. See Haines (2014).
digitalizes its nuclear systems, including the installation of a new generation of command and control systems. A nuclear accident caused by a cyberattack would have negative consequences on a global scale, but its consequences would be most devastating for the EaP.

### 3.5 Tipping Points

When it comes to hybrid warfare in the EaP countries, three tipping points can be identified that can push existing ALS and CO into violent conflicts. First, miscommunication and misjudgement of the intentions of adversaries – referred to as “bounded rationality” in the academic literature – can contribute to a quick escalation of conflict and a lack of risk-aversive behaviour. A second tipping point could be domestic developments in ALS themselves. Although local de facto regimes are highly dependent on Russia, they do possess enough agency to autonomously organize provocations or escalate the tensions with central governments in the EaP states in case of domestic political need. Such actions also help incumbent de facto regimes to divert public attention from dire socio-economic conditions in these territories. Third, changes in the status quo in ALS that threaten the political interests of local political elites could prompt renewed violence. Incumbent de facto regimes may resort to provocations and escalation of tensions if the current stalemates begin to change to their disadvantage. Hence, a sudden change of the present status quo could act as another tipping point for escalation. In case Russia reaches an agreement on conflict settlement with Georgia, Moldova, or Ukraine, the local de facto regimes or other local influential radical groups may attempt to renew the violent conflict to preserve the current status quo. All tipping points related to hybrid warfare can take a form of both one-time events and gradual processes, and have a medium to high probability of occurrence.

With regard to cyber warfare, two potential tipping points can be identified: First, cyberattacks targeted against critical infrastructure can also further weaken the governance capacity of countries already suffering from severe ALS and CO. In case of a major concerted cyberattack against the critical infrastructure in a country with weak governance capacity, a national or partial governance breakdown is always a possibility. Second, the high degree of penetration of pirated software in the computer systems of the EaP countries could make cyberattacks against infrastructure or cyber criminality and espionage both easier and more devastating. Both tipping points can occur either as sudden events or evolve as gradual processes. However, a cyberattack against critical infrastructure is more likely to occur as a sudden event, whereas penetration of pirated software into computer systems is generally a gradual process.

With regard to technology-driven disruption, there are three probable tipping points: First, AI-driven algorithms can change the nature of disinformation and fake
news by further sophistication of their promotion strategies, meaning external actors could destabilize EaP countries and limit governance capacity of the local governments more easily. Second, the AI-driven revolution in military technology will likely make warfare more autonomous and escalate both the global arms race and the likelihood of proxy conflicts. Also, importantly, through AI-driven modernization, more low-cost opportunities for military adventurism may emerge for external actors, as faster and more covert warfare will make it harder for a slow animal like the EU to react quickly to hostile actions.

With regard to the WMD, the good news is that there is no nuclear arms race in the EaP despite the weakening of the NPR. However, nuclear risks are also closely linked to cybersecurity and cyberwarfare. Therefore, one potential tipping point may be a cyberattack on a nuclear facility in Russia, the EaP states, or the EU. The digital modernization of nuclear systems in Russia may invite cybercriminal groups to launch a major cyberattack against Russia’s nuclear facilities to cause a nuclear catastrophe. Similar attacks can also be launched against EU member states. In terms of timespan, a cyberattack on a nuclear facility would most likely be a one-time event with catastrophic consequences.

4. ENVIRONMENTAL AND BIOLOGICAL RISKS

Environmental risks have potential to significantly exacerbate ALS and CO in the EaP and have proximate implications for the EU’s security and internal stability. Climate change and other environmental risks can act as significant triggers of violent conflicts and governance breakdown in the EU’s neighbourhood, adding “an additional layer of stress that can increase state fragility and the likelihood of conflict” (McLeman 2017: 105). Reviewing this broad literature, Magen et al. (2019a: 39) have identified several factors that may lead to circumstances under which climate change and other environmental risks may weaken state capacity and legitimacy and create opportunities for violent conflicts or governance breakdown, including economic factors, competition over river water, regime type, chronic internal conflict, prior exposure to disaster, population growth, population movement, rapid-onset geological disasters, and political fragility. Yet, while environmental risks have already had considerably detrimental impacts on the EU’s southern neighbourhood,9 in the EaP their impact has been rather negligible thus far. In the wider post-Soviet area, only Central Asia and Ukraine are significantly affected by physical water scarcity and a potential for water conflicts (Figure 7).

9 The MENA, for instance, is the most water-scarce region in the world, with two-thirds of the population living in “areas that lack sufficient renewable water resources to sustain current levels of activity and growth” (Baconi 2018: 1), and where the main factors contributing to conflicts are water scarcity which impacts governance capacity and water resource competition.
Nevertheless, political use of water resources and water management may add an additional layer of conflict risk even in the areas which do not suffer from water scarcity but are marked by the presence of unresolved conflicts. For instance, the Georgian hydropower facility of Enguri is located in both Abkhazia and Samegrelo region and serves both regions as well as whole country. Existing agreements ensure a win-win use of the facility, compelling Georgia's central government to keep providing electricity to Abkhazia for free in exchange for continued Abkhazian and Russian acknowledgement of Tbilisi as the owner and operator of the facility (Sabonis-Helf 2017). However, an increase in Abkhaz consumption combined with inability of the local regime to collect taxes, Georgia’s continued development of its own energy infrastructure, and the rising costs of operating the Enguri plant may make the existing status quo unsustainable, creating additional triggers for the intensification of the conflict (Sabonis-Helf 2017).

There is also a “water dimension” to the conflict in Eastern Ukraine, where water infrastructure suffered collateral damage as a result of the “indiscriminate shelling of vital civilian infrastructure”, according to UNICEF (CNN 2019). In 2019, the fighting in eastern Ukraine resulted in disruption or complete stoppage of the water supply for 3.2 million people, increasing the risks for the outbreak of communicable diseases (CNN 2019). Finally, water resources have been a subject of political instrumentalization between water-poor Armenia and Azerbaijan. In 2015, the PACE rapporteur asserted that the management of the Sarsang Reservoir situated within the Nagorno Karabagh region “were ‘deliberately depriving’ adjoining Azerbaijani-controlled regions of water” (Shikhali and Safarova 2016) and were using “the water resources as a political tool” (PACE 2015).
4.1 Natural Disasters and Other Climate-related Risks

Overall, as is the case with water scarcity, the EaP seems to be less exposed to climate risks than the southern neighbourhood (Figure 8). According to USAID (2018: 17), in terms of “climate exposure” the majority of countries in the EaP experience either “some fragility” (Belarus), “moderate fragility” (Azerbaijan and Russia), or “low fragility” (Armenia and Georgia), but Ukraine is considered “highly fragile”.

![Figure 8: Global Adaptation Index Score 2015](image)

*The Global Adaptation Index Score rates a county's vulnerability to climate change in combination with its readiness to improve resilience (the higher, the better). Source: Resourcewatch (2019a).*

Nevertheless, environmental and climate change-related risks may be becoming more significant in the EaP. Ukraine, as one of the world’s largest grain exporters, is particularly affected by weather variability, droughts, aridity, changing levels of precipitation and other environmental and climate change-related phenomena (Müller et al. 2016). These climate-related challenges will require more investments in adaptation measures, such as efficient irrigation technologies and more or climate-resistant agricultural infrastructure (Aliieva 2017). This would, however, put additional pressure on the already fragile economic and financial system of the country. Also highly affected by climate risks are the South Caucasus countries, whose economic and social systems depend heavily on tourism and agriculture. In Armenia, weather-related hazards resulted in the loss of $2.8 billion between 1998 and 2010, and the continued decrease in water levels due to recurring droughts.

---

10 In the MENA, for instance, Egypt, Libya, and Iraq have more than 10% of their population in high exposure areas and are considered by USAID as “highly fragile states with large population in high climate exposure areas” (USAID 2018: 12).
floods, and frosts threatens rural livelihoods and food security (USAID 2017). Such changes have the potential to generate social tensions and violent cleavages in a country that has a long tradition of socio-political protests and uprisings (Lebanidze 2019a).

### 4.2 Disease Outbreaks

Disease outbreaks are diffuse risks with uncertain probability and their occurrences are hard to predict. Yet, when they occur, they can easily undermine the governance capacity of weak states or even trigger violent conflicts. States with limited governance capacity will be most affected as they will find it hard to limit the spread and cope with the socio-economic consequences of the disease. As with other global and diffuse risks, resilience can act as a countervailing factor and prevent risks related to health disasters from materializing as threats (Magen et al. 2019a).

The recent outbreak of the SARS-CoV-2 pandemic tested the resilience of the EaP states to the global risk of disease proliferation. In the first two weeks of the outbreak, the majority of the EaP states managed to contain the virus and avoid exponential growth somewhat effectively by adopting harsh containment measures such as closing borders with affected countries, medical checks in airports and at border crossings, and profiling and quarantining suspected cases. In doing so, they managed to extend the first phase of the outbreak and to flatten the curve at least for a few weeks. Subsequently, however, the number of infections increased exponentially in the majority of EaP states and, to date, has crossed the threshold of 1,000 infected per million citizens in three countries (Armenia, Belarus, Ukraine) (Worldometer 2020). Still, the long-term management and implications of the outbreak are yet to be seen. The EaP states are particularly exposed to three tipping points related to the SARS-CoV-2 risk: first, should the spread of the virus increase further as a result of inability of governments to contain it, it may lead to the breakdown of the healthcare systems, resulting in a both a rapidly increasing death toll and a legitimacy crisis for state institutions. Second, an extended period of lockdown may damage the already weak economies of the EaP states. Unlike EU countries, the EaP states do not command the economic and financial resources to sustain economic standstill for a prolonged period. Third, should the EU itself and other regions surrounding the EaP area experience a second wave of the pandemic it could also result in severe governance crisis in the EaP states as it may be accompanied by severe global food crisis and breakdown of important supply chains for basic goods including cereals and other food products.

### 4.3 Tipping points

The literature on environmental risks identifies a number of potential tipping points which, should they overlap with climate-related risks, may lead to violent
conflicts or governance breakdowns, including migration, urbanization, population growth, mismanagement of natural resources, political fragility and presence of chronic internal conflicts (Baconi 2018; USAID 2018; Magen et al. 2019a). Moreover, the environmental risks themselves can act as multipliers of other risks and prepare ground for governance breakdown or conflict. In the EaP, however, although populations are affected by water scarcity, air pollution, environmental degradation and other climate-related risks to various degrees, these risks are not the leading causes behind existing ALS and CO. In the foreseeable future, the ongoing processes of climate change, man-made disasters such as air pollution, or construction of high-impact projects such as hydro-electric power plants, increase potential for tipping points in some EaP states, yet it is unlikely that they will lead to new conflicts or that their impact will be as significant as other global and diffuse risks, such as geopolitical rivalry or hybrid/cyber warfare. Finally, in terms of recent SARS-CoV-2 outbreak, we can identify three tipping points that may overshadow the initial moderate successes of some of the EaP states in terms of containing the virus and result in governance problems or perhaps even violent conflicts: a massive spread of the virus, an extended period of lockdown, and a second wave of pandemics at global level. Massive spread of the virus may cause a breakdown in healthcare systems and prevent governments from providing populations with this major public good. Extended lockdowns may hit EaP economies hard, resulting in even more unemployment, poverty, diminished economic opportunities for the self-employed population, and ultimately in a legitimacy crisis for state administrations. A second wave of pandemic at global level may derail supply chains and result in a global food crisis severely affecting a majority of the EaP states. In terms of timespan, environmental and biological risks can take a form of both one-time events and gradual processes. In terms of likelihood, the majority of environmental risks have only potential impact on the EaP area, whereas the impacts of disease outbreaks may be actual due to the ongoing SARS-CoV-2 pandemic.

5. DEMOGRAPHY AND MIGRATION

The issue of migration (including irregular migration) into EU territory and demographic challenges have received unprecedented attention in Europe in recent years. Irregular migration has risen to become listed as a top priority challenge for many member states. The migration issue, which per se does not represent a risk for the EU, has been partly successfully securitized by populist and right-wing parties in a process that has led to a backlash against mainstream liberal parties, an unravelling of established party systems, and a reshaping of traditional political cleavages in many EU member states (Inglehart and Norris 2016). To overcome “the populist zeitgeist” (Mudde 2004), the EU and its member states have been trying to regulate migration more strictly and decrease the number of irregular migrants. However, proper and rule-based management of migrant and refugee flows by the
EU depends on the stability and governance capacity of neighbourhood countries. Therefore, in terms of irregular migration, the EU’s resilience crucially depends on the resilience and cooperation capacity of its neighbours to the East and in the South. However, when comparing the EU’s two neighbourhoods with each other, there are few structural factors that make the EaP more internally resilient and less challenging for the EU in terms of irregular migration.

First, migration dynamics in the long term are closely related to demographics. In this regard, the two neighbourhood regions differ greatly from each other. According to the 2013 EU Neighbourhood Migration Report, the MENA is characterized by rapid growth of population and has a high proportion of young adults whereas the EaP, like the EU itself, is experiencing “population ageing and a shrinking number of citizens” (Fargues 2013: 5). Indeed, already in 2013, two years before the peak of the Syrian refugee crisis, 71 percent of the 9.3 million migrants to the EU from the southern neighbourhood and Turkey, and only 19 percent came from the EaP countries. Moreover, despite the recent conflict in the Eastern Ukraine and increasing number of internally displaced persons (IDPs), migration flows from the East increased only slowly and never matched the dimensions of that from the MENA and Sub-Saharan Africa. For instance, in 2014 Ukrainians submitted only 14,000 applications for refugee status in the EU compared to 138,000 applications from Syrians or 109,000 applications from citizens of Western Balkan states (Jaroszewicz 2015: 1). Since 2017, the EU has had visa facilitation and readmission agreements with the majority of the EaP states, hence migration flows are more regulated and irregular migration is limited by a better enforcement of international law and bilateral agreements. In addition to irregular migration, terrorism and rising extremism are also high on the agenda in the EU and are likewise often instrumentalized by Eurosceptic actors. Whereas migrants from some EaP states show a higher average involvement in organized crime, they are rarely involved in terrorist activities or networks (Lebanidze and Panchulidze 2018). Therefore, overall, compared to the MENA, the EaP presents less challenge for the EU in terms of irregular migration and by extension the rise of right-wing and Eurosceptic forces.

On the other hand, there are at least three challenges related to migration and demography risks that have potential to undermine the governance capacity of the EaP states and also pose a risk to the EU. First, the majority of the EaP states are affected by population decline (Table 1) which may turn to be unsustainable and undermine their governance capacity. One of the major sources behind demographic decline is labour migration and brain drain to other countries, including the member states of the EU. For instance, according to some estimates, about two million Ukrainians live and work only in Poland, making Ukraine the biggest receiver of remittances in all Europe (Walker 2019). At the same time,
“educated young people” are “disproportionately likely to emigrate” undermining labour-market competitiveness and contributing to long-term structural demographic imbalances in the EaP (RFE/RL 2016).

Table 1: Population decline in the EU’s eastern neighbourhood

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>-15.7</td>
<td>2,965,269</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>+28.5</td>
<td>9,981,457</td>
</tr>
<tr>
<td>Belarus</td>
<td>-7</td>
<td>9,475,174</td>
</tr>
<tr>
<td>Georgia</td>
<td>-31</td>
<td>3,723,464</td>
</tr>
<tr>
<td>Moldova</td>
<td>-18.6</td>
<td>3,550,852¹¹</td>
</tr>
<tr>
<td>Russia</td>
<td>-0.6</td>
<td>143,666,931¹²</td>
</tr>
<tr>
<td>Ukraine</td>
<td>-18.9%</td>
<td>41,983,564</td>
</tr>
</tbody>
</table>

Source: Data for population for all countries: Eurostat (2020). Data for population decline for all countries: RFE/RL Georgia (2020)

Second, due to numerous unresolved conflicts, some EaP countries have had to deal with the economic and social burden of a large number of internally displaced persons (IDPs) (Table 2). Georgia suffered severe IDP crises throughout the 1990s which contributed to the failure of the Georgian state at the beginning of the decade (Gvalia et al. 2019). The 2008 Russia-Georgia war resulted in 138,000 short-term and 30,000 long-term displacements within Georgia (UNCHR 2009). Moldova experienced a similar crisis when, as a result of the Transnistrian conflict, 51,000 persons became internally displaced. The domestic turmoil in Moldova was, however, not as severe as in Georgia, and the majority of IDPs were able to return home immediately following a rapid ceasefire agreement (NRC/Global IDP Project 2004). Currently, Ukraine is suffering the largest IDP crisis, with different sources estimating the country harbours between 800,000 and 1.5 million IDPs (IDMC 2019a; Nieczypor 2019). A large number of long-term IDPs have significantly impaired governance capacity in all EaP states. With several million IDPs and refugees living resentfully in different parts of the EaP region or other foreign lands, they exert a strong political and moral influence on local politics and the decision-making process. Moreover, IDPs became the object of social and physical discrimination in

¹¹ For Moldova, the last available data is from 2017.
¹² For Russia, the last available data is from 2014.
Georgia in the 1990s, but have suffered similar stigma in Ukraine and Azerbaijan. Yet, these IDP flows did not result in new violent conflicts, and, in a majority of EaP states, they managed to integrate rather easily with host communities, not least due to cultural and religious homogeneity. Hence, whereas a further deterioration of governance quality is to be expected as a result of the new IDP flows in Ukraine and other EaP states, these are unlikely to result in social tensions or violent conflict. To conclude, even though irregular migration presents less of a risk in relation to the EaP area than from the MENA countries, the EU would still need to step up its financial and institutional support to the EaP states. The EU could also help the fragile economies of these states to alleviate the negative effects emanating from the problems of IDPs and the challenges of irregular migration.

\[ \text{Table 2: Numbers of refugees and IDPs in the EU’s eastern neighbourhood} \]

<table>
<thead>
<tr>
<th>Country</th>
<th>Refugees</th>
<th>IDPs (conflicts)</th>
<th>IDPs (disasters)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>17,970</td>
<td>8,400</td>
<td>-</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>1,131</td>
<td>344,000</td>
<td>390</td>
</tr>
<tr>
<td>Belarus</td>
<td>2,234</td>
<td>No data</td>
<td>No data</td>
</tr>
<tr>
<td>Georgia</td>
<td>1,991</td>
<td>293,000</td>
<td>310</td>
</tr>
<tr>
<td>Moldova</td>
<td>418</td>
<td>-</td>
<td>200</td>
</tr>
<tr>
<td>Russia</td>
<td>77,397</td>
<td>2,300</td>
<td>3,600</td>
</tr>
<tr>
<td>Ukraine</td>
<td>2,620</td>
<td>800,000</td>
<td>130</td>
</tr>
</tbody>
</table>

Source: Number of refugees for all countries: World Bank (2019). Number of IDPs for all countries: IDMC (2019a).

Finally, in some EaP countries, migration trends from non-Western countries have contributed to the emergence of xenophobic sentiments and strengthening of social-conservative and Eurosceptic forces (Gordon 2020). For instance, in Georgia, the main drivers of populist nationalist forces have been anti-Muslim and anti-Chinese sentiments, especially in response to the acquisition of arable lands by citizens of non-Western countries (Lebanidze 2019b). If not checked, these trends may contribute to political polarization and radicalization in EaP countries, leading to societal and political cleavages, legitimacy crises, and governance problems.

5.1 Tipping points

Although irregular migration, including refugee flows, is a major short-term challenge for the EU, its origins lie mainly in the MENA and the SAA regions and only to a lesser extent in the EaP. On the other hand, irregular migration and demographic decline pose a potential risk for the EaP states themselves and under
certain conditions could increase the chances of governance breakdown and/or violent conflict. As with other risk categories, demography and irregular migration overlap and interact with other challenges. The first tipping point is related to low fertility rates, population decline, and increasing labour migration of high-skilled labour to Russia and the EU countries which are contributing to brain drain and undermining the economic competitiveness and governance capacity of EaP states.

The second tipping point is related to large numbers of IDPs in the majority of the EaP states, and new displacement crises may overstrain the governance capacities of EaP countries. The third tipping point is related to irregular migration to the EaP countries: the migration flows to EaP countries from the MENA, India, or China may strengthen populist nationalism and contribute to polarization and radicalization, creating new societal cleavages. In terms of timespan, tipping points related to demography and irregular migration generally take the form of gradual processes (e.g., developments such as brain drain or a surge in populist nationalism due to increased migration). Some migration-related tipping points could also occur as one-time events, however, if for instance a new flow of IDPs began as a result of military conflict in the EaP area.

6. GLOBAL FINANCIAL AND OTHER SYSTEMIC ECONOMIC RISKS

6.1 Euro-Area Fiscal Challenges and Sovereign Debt

The main global economic risks that could impact ALS and CO in the EaP include major Eurozone fiscal challenges, trade tensions leading to a global economic slowdown or recession, and corporate debt (Magen et al. 2019a). EaP countries are highly integrated with global financial and trade systems, and a crisis in the EU or in any major economic or financial powerhouse of the world will have negative repercussions for the region. The 2008 World Financial Crisis and the subsequent European debt crisis triggered economic recession (Table 3), diminishing industrial output, depreciation of currencies, and capital outflow. While this did not result in regime breakdown, it did significantly impair the already struggling economies of the EaP countries. Nevertheless, most EaP countries have since become even more integrated into the EU’s economic and financial systems through a new generation of trade agreements and increasing trade patterns. Hence, any event that destabilizes the EU’s economy in the future – including a hard Brexit – will also have negative spill-over effects in the EaP.

In addition, the EaP could be negatively impacted by other global economic events, such as the looming crisis in Argentina (Roubini 2019), or the economic fallout of the SARS-COV-2 pandemic. The vulnerability of the EaP is also exacerbated by its economic dependency on regional economic powerhouses such as Russia, China, and Turkey. The majority of EaP states depend on Russia, to various degrees, for...
their export markets, remittances, and investments. Economic recession, currency fluctuations, or a shrinking labour market in Russia will have inevitable negative effects for all EaP states. Russia could also try to deliberately destabilize EaP states by instrumentalizing asymmetric economic dependency, as it has already done in Belarus, Georgia, Moldova, and Ukraine through energy cuts or swift energy price hikes during winter, economic and financial embargoes, cutting off remittances, and/or deportation of the country’s migrant labour force (Censusa et al. 2014; Livny et al. 2009). Russia’s previous economic and energy destabilization strategies have significantly impaired the governance capacity of the EaP states and even threatened the EU’s energy security.

Table 3: GDP growth of selected countries and regions, 2005–2010 (in percent)

<table>
<thead>
<tr>
<th>Region/Country</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>2.9</td>
<td>2.8</td>
<td>2</td>
<td>1.1</td>
<td>−2.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Japan</td>
<td>1.9</td>
<td>2</td>
<td>2.4</td>
<td>−0.7</td>
<td>−5.3</td>
<td>0.1</td>
</tr>
<tr>
<td>Asia</td>
<td>8.3</td>
<td>9.1</td>
<td>9.7</td>
<td>6.9</td>
<td>3.3</td>
<td>5.6</td>
</tr>
<tr>
<td>EU</td>
<td>2</td>
<td>3.1</td>
<td>2.9</td>
<td>0.9</td>
<td>−4.0</td>
<td>−0.1</td>
</tr>
<tr>
<td>EU candidate countries</td>
<td>8</td>
<td>6.7</td>
<td>4.8</td>
<td>1.3</td>
<td>−3.6</td>
<td>2.1</td>
</tr>
<tr>
<td>CIS(^{13})</td>
<td>6.7</td>
<td>8.4</td>
<td>8.5</td>
<td>5.6</td>
<td>−3.8</td>
<td>1.4</td>
</tr>
<tr>
<td>MENA</td>
<td>6.8</td>
<td>6.4</td>
<td>7</td>
<td>5.9</td>
<td>1.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Latin America</td>
<td>4.6</td>
<td>5.4</td>
<td>5.6</td>
<td>4.2</td>
<td>−1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>5.6</td>
<td>6.5</td>
<td>6.6</td>
<td>5.2</td>
<td>2.5</td>
<td>3.5</td>
</tr>
<tr>
<td>World</td>
<td>4.5</td>
<td>5.1</td>
<td>5.1</td>
<td>3.1</td>
<td>−1.4</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Source: Smith and Swain (2010: 5).

6.2 US-China Trade Tensions

The ongoing trade war between the US and China may negatively affect economic developments in the EaP region in a number of ways. First, protectionism by both the US and China would lead to more risk-averse behaviour and the withdrawal of capital from risky assets (Sophia 2018). The EaP countries have emerging markets with moderate or low-risk ratings that may be subject to capital outflow or may experience reduction of foreign direct investment, negatively affecting both equity markets and local stocks (Sophia 2018).

\(^{13}\) Commonwealth of Independent States
Second, trade tensions between the US, China, and the EU could have a negative impact on the oil industries of oil-producing countries such as Azerbaijan or Russia. Middle Eastern oil exports account for 40 percent of China’s oil imports (Sophia 2018). On a global level, a trade war may also result in “slower global economic growth or even global recession” leading in turn to lower oil prices “since the price of oil is often directly related to global economic prospects” (Pollock 2019).

Finally, countries in the EaP may be pressured to take sides in the trade tensions between the US and China, especially in areas of security-related trade and investment, such as weapons, cyber technology, or sensitive raw materials (Pollock 2019). Ukraine has already experienced this sort of pressure from the US administration. This could leave EaP countries without much-needed investments and may lead to capital outflows and investment scarcity.

6.3 Tipping points

Overall, we can identify at least four tipping points that may turn economic risks into threats in the EaP, amplifying the effects of external economic shocks in ALS and CO into violent conflict or governance breakdown: domestic socio-political mismanagement, Russia’s economic decline and its impacts on EaP countries, the instrumentalization of economic dependency by external/regional actors, and a decrease in global demand for oil.

The first tipping point is a bundle of socio-political factors: poverty, unemployment, and social inequality coupled with corruption and state capture. The majority of the EaP countries suffer from extreme poverty, unemployment, and high inequality, and therefore domestic socio-economic factors on their own can act as triggers for violence, radicalization, and political instability. In addition, in most EaP countries, state capture takes the form of oligarchic governance – as in Georgia, Moldova, and Ukraine (Cenusa et al. 2017; Lebanidze and Kakachia 2017) – or even more autocratic “limited access orders” (LAO) – as in Azerbaijan and Belarus (Guliyev 2005; Wilson 2011). Autocratic or oligarchic social orders can be stable as long as they provide the population with basic goods and services and guarantee social rights. In case of economic deterioration as a result of global economic downturn, they can easily break up the LAO-based social contracts and contribute to popular uprisings, violence, or governance breakdown.14 Not only the velvet revolutions in Armenia, Georgia, and Ukraine, but also numerous other protests and demonstrations that have taken place in the EaP over the past twenty years, were at root social uprisings against actual socio-economic hardship and political mismanagement, making such a tipping point highly probable. The second and third tipping points are related to

14 On LAOs in the EaP countries, see Ademmer et al. (2018).
Russia but can also be precipitated by other regional actors as well. On the one hand, the economies of most EaP states are tightly bound to the big regional markets (of Russia, EU and Turkey), so a potential economic crisis in these countries would result in economic underperformance in the EaP area. On the other hand, Russia itself may continue to instrumentalize the economic dependency of its neighbouring countries to extract political concessions, resulting in trade and energy wars. Finally, sudden changes in the global market may also trigger economic distress in the EaP. Any potential decrease in global demand for oil, for example, may throw to oil-rich countries such as Azerbaijan into severe economic and financial crisis.

In terms of timespan, tipping points related to global financial and economic risks can be both sudden one-time events and gradual processes. Whereas domestic socio-political mismanagement and Russia's economic decline would be long-term processes unfolding in several interrelated sequences, the instrumentalization of economic dependency by external actors can also be sudden events or a rapid chain of them. One example of the latter would be Russia's coercive economic policies towards Georgia, Moldova and Ukraine.

7. CONCLUSIONS

This paper has examined the impacts of global and diffuse risks on the EaP states of the EU’s eastern neighbourhood. It systematically applied five major risk clusters to the EaP and identified 28 actual, probable, and potential impacts that could act as tipping points escalating regional ALS and CO into violent conflicts or governance breakdowns (Table 4). Below, we compare the destabilizing potentials of each risk cluster in the EaP, discuss their implications for the EU’s stability and security, and suggest which risks the EU and its member states should prioritize.

7.1 Prioritization of Global and Diffuse Risks

While the EaP states are exposed to the majority of the global and diffuse risks, some risks could have more detrimental impact on EaP states and by extension on the EU’s stability and security than others. In terms of severity of impact on the EaP states, geopolitical rivalry, unconventional security risks, and global economic risks, as well as disease outbreaks seem to have the biggest destabilizing potential in the short term (i.e., the next five years). With the exception of disease outbreaks, which are hard to predict, these are also the risks that are most likely to occur (highly probable impacts) or in some cases are already occurring (actual impacts). First, geopolitical rivalry, intensified by Russian assertiveness and US transactionalism, leaves the EaP more vulnerable to new or resurgent conflicts in already existing ALS and/or “frozen” conflicts. Second, unconventional security risks, such as cyber or hybrid warfare, add yet more potential for sudden and unpredictable escalation in
the EaP countries, and are also highly probable, judging by the destructive cyberattacks witnessed over last decade. Moreover, if such attacks potentially target or infiltrate nuclear infrastructure, this could critically increase their severity of impact both for the EaP and the EU. Finally, as the EaP states are tightly integrated in regional and global economic and trade networks, any global or regional economic risk would, with high probability, have a severe detrimental impact and contribute to societal radicalization and polarization or even the emergence or renewal of conflict.

While disease outbreaks such as the recent SARS-CoV-2 pandemic are harder to predict, their negative impacts will probably be even more severe. Such events may quickly unfold into massive governance crises, undermining governance capacity, decreasing the legitimacy of state institutions, and even resulting in governance breakdown and violent conflict. EaP states appeared to be somewhat resilient in the first few weeks, but the spread of virus later increased considerably in almost all of the EaP states except Georgia. The healthcare systems of some of the EaP states are already overstretched and not fully able to deal with the results of the pandemic. It is also likely that the economic costs of harsh measures will further impact their economic and political stability in the immediate and long term without sufficient assistance by major international actors including the EU.

Other risks, such as environmental degradation, air pollution, or droughts can also produce severe impacts in the medium-to-long term, but act neither as major sources nor as major multipliers of negative impacts on current ALS or CO in the EaP. Nor are they likely to produce a new violent conflict or governance breakdown in the immediate future, barring unexpected natural disasters (such as earthquakes), the probability of which is difficult to determine. Similarly, demographic risks such as an aging and declining population coupled with high rates of immigration are long-term challenges for most EaP countries but, again, are not likely to produce instabilities or major governance problems in the short term.

To conclude, overall, in the short term, three global risks have the most probable and potentially severe impacts on ALS and CO in the EaP: geopolitical rivalries, unconventional security risks, and global economic and financial risks. They meet all three criteria of prioritization: they may occur in the immediate short term, their impact may be severe, and their probability of occurrence is relatively high. Disease outbreaks such as SARS-CoV-2 have uncertain probability but equally severe impacts in the short term. Environmental and demographic risks could also have severe impacts, but most likely in the medium and long term.

7.2 Risks, Resilience and Governance Capacity

To determine the overall impact of global and diffuse risks, we also need to consider the most important countervailing factor: the extent to which societal resilience is able to neutralize their negative impacts. Building resilience forms a significant part
of the EU’s new foreign policy strategy (EEAS 2016). The EU defines societal resilience as “the ability of states and societies to reform, thus withstanding and recovering from internal and external crises” (EEAS 2016: 23). While exploring the components of such resilience was not the primary aim of this paper, we can nonetheless draw some general conclusions from the insights of various indexes and rankings. Firstly, despite some serious governance problems in the EaP, there are no failed states or areas with total governance failure, and most EaP societies do possess some basic level of internal resilience in terms of functional political institutions. True, low levels of social trust and perceived legitimacy of political institutions have often resulted in legitimacy crises and sometimes even in temporary governance failure or violent conflict (such as the 2013 Euromaidan protests in Ukraine). Nevertheless, unlike in the MENA, conflicts that have domestic causes tend to deescalate after some time, and there are no permanent ungovernable spaces or civil-war like conditions. The moderate level of domestic societal resilience in most EaP states is also a good starting point when facing some of the global and diffuse risks (such as climate change, hybrid warfare, or cyberattacks) with targeted assistance from external actors.

The situation is a little different, however, with the first risk cluster: geopolitical rivalry and risk of major armed conflict. Here, the impact of Russian adventurism, especially in terms of the frozen and semi-frozen conflicts, is severe and omnipresent. On its own, Russia greatly outperforms all EaP states in terms of material resources and mobilization capacity. Therefore, it is not clear what level of domestic societal resilience in the EaP states would be necessary to offset the current escalation of geopolitical risks related to Russia. Similarly, it is questionable whether strengthening the domestic resilience of the EaP states would really help to decrease risks emanating from the existing ALS (unresolved conflicts) where Russia holds the dominant military position.

### 7.3 Tipping Points

If global and diffuse risks reach a certain tipping point, they may result in governance breakdown or violent conflicts. Throughout the paper we identified a few tipping points for each risk cluster specific to the EaP context, noting that their likelihood, time span, and impact may vary. Some of these may be one-time, suddenly occurring events; a cyberattack on critical infrastructure or a nuclear facility, for instance, or acute congestion of the healthcare system or extended lockdown due to a disease outbreak, either of which may then trigger governance breakdown or a new conflict. Other tipping points, such as brain drain, irregular migration, or high indebtedness may be long-term processes yet still act as triggers for governance breakdown or violent conflict. Moreover, since most global risks and their subcomponents act in tandem, we should also consider the synergic or snowballing effects of their tipping points, and a few such combinations should be
carefully observed in the EaP. For instance, brain drain, socio-political mismanagement (poverty and inequality), and influx of migrants from other countries may trigger new waves of societal radicalization or even violent conflicts in times of economic crisis. Similarly, tipping points from the clusters of geopolitical rivalry and unconventional security risks may very often overlap and produce dangerous synergies. From an empirical viewpoint, this underlines the need to move beyond isolated analyses of individual risk factors and their tipping points towards exploring synergic effects of groups of risks in the EU’s neighbourhood.

7.4 Implications for the EU’s Security and Stability

We can also draw some conclusions regarding the proximate impacts of the global and diffuse risks in the EaP countries for the EU’s stability and security. Each of the five risk clusters analysed here has some potential to trigger governance problems or violent conflicts in the EaP, but can also undermine the EU’s security or stability in other ways. For instance, geopolitical rivalries and the increasing influence of Russia and China in the EU’s neighbourhood limits the EU’s power and governance capacity in various ways, undermines its power of attraction, and challenges the liberal script at the EU’s borders and beyond. Moreover, the withdrawal of the US from the EU’s neighbourhood regions and the transactional policies of the current US administration have created a power vacuum and left the EU in an uncomfortable situation. The coincidence of regional geopolitical rivalries and nonconventional types of warfare have contributed to the emergence and persistence of unresolved conflicts and intensified CO in most EaP states, undermining the EU’s external governance capacity and threatening its internal security in various ways. The EU is forced to invest more in the troubling neighbourhood countries to sustain a minimal degree of governability and reform capacity. Conflicts in the EaP have also resulted in new flows of refugees and irregular migrants into the EU, although to a much lesser degree than from the MENA and SAA. Unconventional security risks exacerbate further the geopolitical rivalry and governance problems in the EaP, but can also have more severe impacts if, for instance, cyber sabotage is conducted against nuclear facility in Russia or any other state. Disease outbreaks such as SARS-CoV-2 can further expose the weaknesses of governance systems, intensifying or expanding existing ALS. While environmental risks pose a serious danger to the EaP in the medium-to-long term, in the short term, their impact is only moderately acute. Therefore, in the immediate future, the proximate impact of environmental risks from the EaP may be considered highly probable but only moderately significant for the EU’s overall security and internal stability. All such actual, probable, and potential impacts of global and diffuse risks demand the EU step up its support for the EaP countries in order to prevent governance breakdowns and political instabilities which could generate negative spill-over effects for the EU.
Table 4: Global and diffuse risks and tipping points in the EU’s neighbourhoods

<table>
<thead>
<tr>
<th>Risk Clusters</th>
<th>Actual impacts</th>
<th>Tipping points</th>
<th>Potential impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geopolitical rivalry and the risk of major armed conflict</td>
<td>[USA] Perceived withdrawal of the US from the EaP area; [USA] Transactionalism of the US administration; [Russia] Western activity in Russia’s perceived sphere of influence.</td>
<td>[Russia] Threat to regime’s domestic legitimacy and diffusion of democratic processes; [Russia] Oil-price dynamics (high oil prices); [Russia] Emergence of low-cost opportunities.</td>
<td>[China] Threat to the BRI and other flagship initiatives; [China] High indebtedness to China.</td>
</tr>
<tr>
<td>Biological and environmental risks</td>
<td>[Disease outbreaks] Exponential spread and congestion of the healthcare system; [Disease outbreaks] Extended period of lockdown.</td>
<td>[Droughts/natural disasters] Grain market crisis.</td>
<td>[Disease outbreaks] Second wave of SARS-COV2 and food supply shortages; [Competition over river water] Instrumentalization of water resources in ALS.</td>
</tr>
<tr>
<td>Demography and uncontrolled migration</td>
<td>[Irregular migration] Rising populism due to migration in EaP societies; [Irregular migration &amp; demography] Brain drain and population aging.</td>
<td>[Irregular migration] A new IDP crisis.</td>
<td></td>
</tr>
</tbody>
</table>
REFERENCES


This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement no. 769886