

Speaking Points at: “Armenia and 10th Anniversary of the EaP: A Decade Together, Achievements and the Way Ahead”

04 April 2019, Marriott Hotel, Yerevan (Armenia)

Moderator Session 1, 11:00-12:30

- Ten years ago, on 7 May 2009, the Prague EU summit with its Eastern partners (Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, and Ukraine) launched the Eastern Partnership (EaP) with a view to developing an Eastern dimension of the European Neighbourhood Policy (ENP). So far, the EaP strived to create conditions for accelerating political association and further economic integration by AAs and DCFTAs with Georgia, Moldova and Ukraine, and a CEPA with Armenia. Visa free regimes are also being implemented with AA and DCFTA partners, while visa liberalization with Armenia is also envisaged. Nevertheless, the provision of EU financial support to its Eastern Partners continued to be conditioned by concrete reform steps, under the incentive-based approach "more-for-more".
- Currently, a “20 Deliverables for 2020” plan is being implemented with the aim of delivering tangible results in a transparent and inclusive manner, as well as strengthening the resilience of Eastern Partners in four priority areas:
 - economic development and market opportunities;
 - good governance;
 - connectivity, energy efficiency, environment and climate change;
 - people’s mobility and contacts.
- *Intensifying cooperation in a revised multilateral structure to better support the political objectives pursued in the Partnership, and a more integrated, participatory, cross-sectoral, results-oriented approach to this cooperation have also been defined as priorities by the EaP summit of November 2017.*
- Since its launch in 2009, the EaP has been perceived by Russia as a geopolitical process competing with the Eurasian integration, while the EEU was widely suspected in the West as disguised "re-Sovietizing" of large parts of the former Soviet Union. Moreover, an apparent technical incompatibility between the two integration processes placed third parties in the uncomfortable position of having to choose between setting up free trade with the EU and joining the EEU.

- This **dilemma of European versus Eurasian integration** forced Armenia, back in 2013, to swap a long time negotiated AA and DCFTA with the EU for EEU membership. However, eventually the EU and Armenia jointly found a realistic way to continue to nurture Armenia's European aspirations, while accommodating them with the needs of its Eurasian economic integration. The Comprehensive Enhanced Partnership Agreement (CEPA) is often referred to as an 'Association Agreement-lite' mainly since it contains most commitments under an AA, except for any free trade arrangements.
- Nevertheless, the CEPA might be equated with the revenge of globalism over geopolitics, as Armenians have apparently found the solution of the dilemma of European versus Eurasian integration in pursuing both integration processes.

Speaker Session 2, 13:30-15:00:

The Prospects of Cooperation between the European Union and the Eurasian Economic Union: The Case of Armenia as a Model

By George Vlad Niculescu,

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- **In September 2013**, when former Armenian President Serzh Sargsyan announced from Moscow his decision to join the Russia-led Eurasian Customs Union (ECU) and abandon the freshly negotiated Association Agreement (AA), and Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU, **many had wondered whether that was the end of Armenia's path to European integration. It was not. Why? Because European integration has had a positive impact on the political, administrative and socio-economic reforms within Armenia. And both sides have eventually acknowledged that!**
- The **EU and Armenia jointly found a realistic way to continue to nurture Armenia's European aspirations, while accommodating them with the needs of its Eurasian integration. The Comprehensive and Enhanced Partnership Agreement (CEPA)** is often referred to as an 'Association Agreement-lite' since it has kept most provisions from the old AA. However, CEPA doesn't contain free trade arrangements, as that is beyond Armenia's jurisdiction and within that of the EAEU's.
- **Armenia's unwanted choice between European and Eurasian integration of five years ago has not been unique. The current geopolitical and economic context placed the EU's Eastern Partners in the uncomfortable position of having to choose between joining the EAEU and setting up free trade with the EU.**
- *In December 2013, after the Vilnius Eastern Partnership summit, where former Ukrainian president Yanukovich refused, in the last minute, to sign an Association Agreement with the EU, the Ukrainian crisis started. Following the Euromaidan protests, and the unexpected ouster of Mr. Yanukovich by the Ukrainian Rada, Moscow has quietly annexed Crimea to the Russian Federation, and has stirred and supported pro-Russian insurgents in Eastern Ukraine to the outright dismay of the West, which responded with waves of economic and political sanctions. Those*

events seemed to have eventually shifted the European strategic context from cooperative security to geopolitical and strategic competition.

- **A contested European order currently endangers regional stability across the continent.** Are we currently facing a “**new Cold War**” (as the Council on Foreign Relations concluded in a Special Report on “Containing Russia. How to Respond to Moscow’s Intervention in U.S. Democracy and Growing Geopolitical Challenge”, issued in January 2018)? OR Is the current confrontation between the West and Russia rather a “**Hybrid War**”- **that is a new asymmetrical confrontation that features political adversity and mutual moral rejection, economic restrictions, intense information warfare, and cyber and other forms of sabotage** (as suggested by D. Trenin in “Avoiding U.S.-Russia Military Escalation During the Hybrid War,” Carnegie Endowment for International Peace, in January 2018)? OR **Is it just a “Western delusion and a hidden start-up of a new hegemonic war” aiming to maintain a vanishing balance of military, political, economic, and moral power?** (as seen by Sergey Karaganov in a March 2018 op-ed called “The West’s Unilateral Cold War” on the Project Syndicate website)?
- **Irrespective of how we see the current crisis in Western-Russian relations, this could only come to an end by agreeing upon a new European security model, hopefully reflecting a ‘new European security deal’.** Such a new model should re-balance the international system at both global and European levels and should reintroduce predictability in international relations by means of new international law or other political, economic or military tools. Unfortunately, we are far away from such an outcome, mainly due to the diverging visions among relevant actors on the nature, scope, and rules of the new European security model.
- **Within such a turbulent European strategic context, the past, present, and prospects of the EU–EEU relations, as well as the possibility of Eastern Partners to combine either membership of EEU and partnership with EU, or Association Agreements and FTAs with EU and some sort of relationship with the EEU should be carefully looked at while shaping a new European order.**

- From this perspective, the experience gained by Armenia over the last 6 years in harmonizing commitments with both the EU and the EEU might be rich in lessons learned for the other Eastern Partners. For example, Belarus and Moldova are basically sharing Armenia's European versus Eurasian integration dilemma within quite different domestic and external contexts.

The Dilemma of European versus Eurasian Integration

- Since its launch in 2009, the **Eastern Partnership** has been perceived by Russia as a **geopolitical process competing with the Eurasian integration**, while the **EAEU has been widely suspected in the West as disguised "re-Sovietizing" large parts of the FSU**. Moreover, technical incompatibilities between the two integration processes **placed third parties in the uncomfortable position of having to choose between European and Eurasian integration processes**. This **dilemma of European versus Eurasian integration** forced Armenia, back in 2013, to swap long time negotiated AA and DCFTA with the EU for EAEU membership. **However, the CEPA might be equated with the revenge of globalism over geopolitics, as Armenians have found a solution to the dilemma of European versus Eurasian integration in pursuing both integration processes.**
- *Unfortunately, the globalist view has utterly receded in Eastern Europe, particularly after the start of the Ukrainian war in 2014. How could an Eastern Partner respond the challenges posed by the process of economic globalization as a sovereign and independent state? In Ukraine, unlike in Armenia, geopolitics trumped globalism for most viewed the country either in the EU or in the EEU. The consequences of this strategic miscalculation resulted in the loss of Crimea and the protracted conflict in Donbas. By prioritizing globalism over geopolitics Armenian political leaders have aimed at seeing the country closely integrated with both the EEU and the EU.*
- The geopolitical changes in Eastern Europe throughout the 2000's, which culminated with the war in Ukraine, have **turned Russia from a "strategic partner" into a "strategic challenge" for the EU**. EU's current policy towards Russia highlights the conditionality in restoring a comprehensive dialogue with Russia *inter alia* upon progress in implementation of the Minsk 2

Agreements. However, at present, neither party to that war favours the implementation of Minsk 2 Agreements over the current state of “no peace, no war”. Furthermore, the resolution of the Ukrainian conflict is hardly conceivable absent a new regional order settling a jointly agreed status of the “in-between” states—Ukraine, Moldova, Belarus, Armenia, Georgia, and Azerbaijan -and their relations with both Russia and the West.

How to Bridge European and Eurasian Integration?

The Geopolitical Perspective

- **From a geopolitical perspective, encompassing the EU and the EEU in a common economic system would come against the current mainstream perception that regional integration in the Eastern Neighborhood was a "zero sum game".**
- **To achieve a new European order potentially conducive to a resumption of the EU-Russia dialogue on the shared neighbourhood, the 2018 RAND Study on “Rethinking the Regional Order of post-Soviet Europe and Eurasia” proposed the negotiation of a new East European security deal. Such a deal would require that both Russia and the West would commit themselves to respecting the current membership of existing institutions, and to define a framework for the regional integration of non-member states, and a template for how both Russia and the West can relate to such a state without producing conflict. The proposed compromise would consist of both Russia and the West agreeing to establish a regional integration area, resembling to a buffer zone, that would complement the existing institutions: NATO, EU, CSTO, and EEU.**

The Economic Integration Perspective

- **From a purely economic point of view, inclusive economic integration across the Eastern Neighbourhood appears feasible since Eurasian economic integration had been built upon the experience of the EU and on the WTO rules (even if the EEU and Belarus are not WTO members). It would require bilateral economic cooperation agreements between differently integrated economies and that the Commissions of the EU and the EEU engage in a dialogue paving the way for more inclusive regional economic integration.**

- However, European experts believe that the **prospects for establishing a FTA between the EU and EEU are limited by a pair of basic asymmetries of interest**. Economically, the EU can see the advantages in a FTA, but on the EEU side, and in Russia in particular, there are doubts whether this would be in their interests too. As regards the political aspect, the EEU would welcome a formal opening of relations with the EU and the exploration of a possible agreement, whereas the EU side has serious reservations and would hardly be interested in an agreement without real economic content.
- In return, **a Mutual Recognition Agreement (MRA) for conformity assessment might be a promising opportunity for the EU and the EEU to conclude**. “This would mean that each party's accredited standards agencies would be empowered to certify the conformity of their exporters' products with standards required by the importing state, without further testing or certification in the importing country”. (Emerson, 2018) **Such an agreement could be in principle achieved earlier than the FTA, given that whereas WTO members could not enter into a tariff-free trade agreement with non-members (i.e. Belarus, EEU), they would not be precluded from implementing MRAs with them**. Consequently, the MRA between the EU and the EEU, that might mutually remove a significant portion of NTBs, wouldn't need to wait for Belarus' and EEU's membership to the WTO. Such an option might favour a scenario whereby **MRA could become a stepping stone towards an EU-EAEU FTA**.
- In conclusion, although both the EU and Russia/EEU would benefit from opening new trade/economic cooperation avenues with each other, major geopolitical divergences on how to effectively manage the common neighbourhood have stood so far in the way. The states “in-between” are seeking security guarantees that would require a new regional order.

Could Armenia's Dual Integration Be a Model for Belarus and the Republic of Moldova?

- Yes and no. **Yes, since they face the same challenges stemming from the dilemma of European vs Eurasian integration, whereas a dual integration could offer soft security guarantees to protect their independence and sovereignty. No, since the geopolitical and domestic contexts are specific to**

each country, whereas the conditionalities faced by each of them to meet the requirements of dual integration were also quite different.

- Just like Armenia, Belarus and the Republic of Moldova have been also exposed to the dilemma of European vs. Eurasian economic integration. However, due to their own different political, economic, security, and cultural contexts, Belarus has chosen Eurasian integration, and it became a founding member of the EEU, whereas Moldova has chosen European integration and is implementing an AA, including a DCFTA, with the EU. However, both countries have manifested, at different political levels, a vested interest in developing its relationship with the other integration organization: Belarus with the EU, and Moldova with the EEU. Progress in achieving such cross-integrations has been slow and quite limited so far, though for very different reasons. In the case of Belarus, the poor status of democracy and of human rights record of the Lukashenko regime have hindered Belarus' rapprochement with the EU. Whereas in the case of Moldova, allegedly pro-European political forces who governed Moldova over the last 10 years, and the perceived negative Russian influence on maintaining the conflict in Transnistria have marginalized the issue of building bridges to the EEU. However, the election in December 2016 of Igor Dodon, as new president of Moldova, has eventually led Chisinau towards acquiring observer status at the EAEU, in May 2018.