



Perspectives of Co-existence of European and Eurasian Integration. Is Armenia a Case Study for Belarus and Moldova?

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Speaking Points

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- **Five years ago**, when former 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. An 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.
- That is why the **project on "Perspectives of Co-existence of EU and EAEU Integration Processes. The Case of Armenia"** has been most relevant and timely. The past, present, and prospects of the EU–EAEU relations, as well as the possibility of Eastern Partners to combine either membership of EAEU and partnership with EU, or Association Agreements and FTAs with EU and some sort of relationship with the EAEU should be carefully looked at while shaping a new European order. From this perspective, the experience gained by Armenia over the last 5 years on harmonizing commitments with both the EU and the EAEU 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 EAEU. 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 EAEU 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 EAEU 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 EAEU.**

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 EAEU 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 EAEU 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 EAEU are limited by a pair of basic asymmetries of interest.** Economically, the EU can see the advantages in an FTA, but on the EAEU side, and in Russia in particular, there are doubts whether this would be in their interests too. As regards the political aspect, the EAEU 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 EAEU 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, EAEU), they would not be precluded from implementing MRAs with them.** Consequently, the MRA between the EU and the EAEU, that might mutually remove a significant portion of

NTBs, wouldn't need to wait for Belarus' and EAEU'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/EAEU 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.

Is Armenia's Dual Integration Relevant 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 EAEU, 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 EAEU. 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 9 years, and the perceived negative Russian influence on maintaining the conflict in Transnistria have marginalized the issue of building bridges to the EAEU.** 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.

Belarus

- A partnership and cooperation agreement between Belarus and the EU is not yet under discussion. Minsk had insisted that negotiations started for several years, but Brussels refused to cooperate until the human rights situation in Belarus significantly improved.
- **The further Moscow would push Minsk towards losing its formal independence and sovereignty, the more determined and compromise-oriented towards acting on meeting EU conditionalities would Minsk become. Of course, preserving internal stability would be a critical element in Minsk's decision to shifting its position within the EU-Belarus-Russia triangular relationship.** Conversely, on the EU side, the more influential in EU's complex decision-making the supporters of applying "principled pragmatism" (prioritization of stability over values) to Belarus would become, the greater were the odds for Belarus signing a CEPA-like agreement with the EU.

Moldova

- Events leading to Moldova getting observer status to the EAEU clearly displayed that even **a very modest level of formalization of relations between Moldova and the EAEU could be controversial both within the country, and with the EU institutions.**
- Why is Moldova's relationship with the EAEU so controversial within the country? Throughout many centuries of history, **Moldova has built a dual national identity.** In brief, she is an example of a country where the redrawing of borders in the past created **double cultural and political allegiances.** Its historical links with both Romania and Russia created serious obstacles in building a sound Moldovan national identity. In addition, **Russia has usually plaid a negative geopolitical role in Moldova by hampering the territorial integrity and unity of the country.** Moscow created, and artificially maintained the Transnistria conflict, whereas the EU has had a rather positive geopolitical role by striving to build economic and administrative bridges between Moldova and its break-away region of Transnistria.

- The **upcoming parliamentary elections, in February 2019, might become crucial for the future geopolitical orientation of Moldova. The duality of pro-European forces** (“oligarchic” and “anti-oligarchic”) **might create political opportunities for pro-Russian political forces, led by president Igor Dodon, to win the elections**, and hence get full control of the government, and **turn Moldova from its European path towards a multi-vector future.**
- If that happened, the whole discussion about Moldova building relations with both the EU and the EAEU should be reconsidered, and the Armenian model might become more relevant than today.