



Integration Policy of Armenia

Analytical Pieces

Series of Analytical Pieces on the Integration Policy of Armenia of Yerevan Press Club sum up the opinions and views expressed at round tables discussions titled “Armenia in between European and Eurasian Unions: assessing new challenges and opportunities” organized in cooperation with Friedrich Ebert Foundation.

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MYTHS ABOUT THE ASSOCIATION AGREEMENT

For about four years Armenia was engaged in negotiations around the Association Agreement with the European Union which can be considered as one of the most successful negotiation rounds in the history of the modern Armenian diplomacy. To a certain extent these negotiations contradict the generally accepted notion that EU maintains a harsh dialogue with all those seeking rapprochement with the European community. On most of the provisions that could potentially cause “discomfort” for Yerevan and create obstacles for the fulfillment of its obligations, the Armenian side managed to bargain fairly flexible formulations.

It is these sections of the Agreement which became the subject of the most active manipulation on part of opponents (explicit and implicit) of the Association Agreement. Notably, there were speculations that the new level of relations with the EU will restrain Armenia's cooperation with its strategic ally Russia. Artificial formulas of "either-or", "no-no", "and-and" were put into circulation for the purposes of propaganda. As a prove of the "either-or" principle, allegedly imposed by the European Union, the statements of some EU officials about the incompatibility of the Association Agreement and membership in the Customs Union (CU) were brought. And this interpretation from time to time was supported by representatives of RA authorities insisting that they have always been proponents of the "and-and" formula and that they were surprised with the announced incompatibility of the two integration projects. In fact, Armenian political elites and the media controlled by them were playing naive. In reality though, the Association Agreement with the EU, including the integration into the free trade zone, in no way restrained Yerevan from engaging in SYMETRIC integration schemes. Armenia could join other free trade zones, including conclusion of similar agreements with Russia and other former Soviet countries. In this regard, the Association Agreement allowed for the realization of the “and-and” formula at its best. Whereas the Customs Union prohibits engagement in other integration processes with its protectionist mechanisms, imposing the formula of “or-or” on its members.

Armenian community was forced upon the idea that, say, "it is impossible to be in one security system (meaning the membership of RA in the Collective Security Treaty Organization- Auth.), and be economically integrated into an alternative system at the same time." First, Armenia was not to be integrated into an “alternative” system; RA would retain the freedom to maintain relations similar to the scheme of EU's economic relations with Russia, Kazakhstan and Belarus, as it is mentioned above. If the Association Agreement implied higher standards for the Armenian products bidding for free access to EU markets, other trade partners of Yerevan (same Moscow, Astana or Minsk) would only benefit from that. By the way, correspondent standards adopted by one of the founding countries of CU - Belarus, are now higher than in the whole Customs Union... Secondly, Turkey's accession was seriously discussed in the framework of the Customs Union. President of Kazakhtan Nursultan Nazarbaev even made a formal proposal to Ankara. But how about Turkey's membership in the political-military alliance of NATO?

Or maybe the officials in EU capitals are so naïve that they allow for the possibility of Turkey's exit from NATO? All these arguments against the association with EU intended for duped audience do not deserve a name other than demagoguery.

Armenia's membership in the CSTO was fundamentally considered in its variant of the Association Agreement with EU; this circumstance led to a much more modest section of the document pertaining to the partnership in the spheres of security than in case of the other three countries (Georgia, Moldova and Ukraine), which have views for the membership in NATO. The Agreement did not contain any prerequisites to review the contractual obligations of Yerevan with CSTO partners. Also, as opposed to the other three countries, Armenia did not raise the issue of prospective EU membership and did not assume to make any changes in the bilateral relations with Russia or interactions within the CIS. In other words, nobody would force Armenia to choose "EU or Russia" in case the agreement was signed. At least in case of Armenia, the assurances given by EU that the Eastern Partnership is not directed against Moscow's interests and its relations with partner countries had a good reason. To suggest otherwise is tantamount to the view that socio-economic and political development of Armenia, as such, is already against Russian interests. If so, then the problem is not in the relations of Armenia with EU but rather with those who formulate and try to realize such "interests" of Moscow...

Another myth regarding the Association Agreement has to do with one of the most sensitive issues for the public opinion in Armenia - the Mountainous Karabagh conflict. Opponents of the agreement were actively spreading false information that the text of the agreement contains a provision on the future status of MK unacceptable for the national interests of RA. It's hard to say on who or what the authors of the misinformation were counting on because for any person even remotely familiar with resolution of the conflicts similar to Mountainous Karabagh, it's obvious that the format and character of negotiations around the Association Agreement excludes the very possibility of stipulation on MK status in that document. At the same time, as the Supreme Eurasian Economic Council of May 29 in Astana proved, real risks for the unrecognized republic rather exist in the framework of Customs (Eurasian) Union.

Even in a question of the future of Metsamor nuclear power plant where the position of the Armenian side is highly vulnerable given the security risks posed by the plant, the Association Agreement provided "softer" formulations compared to the preceding documents regulating EU-RA relations. In the Agreement the prospect of closing the nuclear power plant was directly linked to the issue of energy security of Armenia insured by alternative means. Now compare these approaches with "integration" process of Armenia in Eurasian Economic Union...

UNION WHERE ARMENIA IS NOT WELCOME

Obstacles for the accession of RA into the Customs Union with Kazakhstan, Belarus and Russia were well known long before September 3, 2013, when RA president announced the decision to join Customs Union and participate in the formulation of the Eurasian Union. Some of those obstacles, most primarily the absence of a common border with any of the member states of the union, were repeatedly voiced by Armenian high rank officials, including the former Prime Minister Tigran Sargsyan. Other obstacles were broadly discussed after September 3.

As all the Armenian political elites, by conviction or under constraint, immediately turned into proponents of the CU, they started to bring random arguments as to justify the new “choice” of integration vector. For instance they argue that the absence of a common border is not a problem—the cargo containers from Armenia, intended for CU partners, will simply be sealed at the Armenian-Georgian border without customs clearance for transit delivery to the Georgian-Russian border where they will be subjected to “customs clearance”. Same goes for the cargo transit to Armenia from CU partner countries. Simple, isn’t it?! The pioneers of this ingenious method didn’t bother to ask Georgia’s opinion on the matter though, and when they did ask Georgia, many months after the decision was made, it turned out that their argument was groundless.

Russian recruits who work to allure Armenians towards the Customs Union, started to pay frequent visits to Yerevan from mid 2012, suggesting yet another “argument”: Kaliningrad region also has no common border with the rest of the Russian Federation... Let’s leave the moral side of this issue: how correct is it to compare the enclave of a certain country which economic, trade and any other level of integration can’t even be questioned, with a sovereign state which is meant to build relations with foreign partners based on expediency and common sense as a component of its national interests. But the argument also does not stand any criticism from purely practical point of view too. Kaliningrad region has no LAND border with Russia, but the region is linked to Russia by sea without any transit countries. Put it differently, there is a route for cargo delivery without customs procedures by other countries. Whereas Armenia does not have this option to link with Russia bypassing customs control of third countries; technically it is only possible by air which cannot be regarded as an effective rout for exchange of goods among the states of a common customs space.

Another obstacle on the way of Armenia’s accession into the Customs Union is RA’s membership in the World Trade Organization. When Armenia joined WTO in early 2003, it agreed to lower customs duties, which corresponds to its status as a country with active export-import relations. Membership to Customs Union creates principle contradictions between WTO obligations and significantly higher tariffs provided by CU. As it is known, Russia entered the World Trade Organization later than Armenia, in 2012, and originally agreed with WTO on tariffs which do not contradict the ones existing in the Customs Union. Kazakhstan and Belarus are not yet members of WTO,

and in case they ever join this organization (Astana is engaged in intensive talks on this subject) they will proceed with the tariffs existing in the CU.

Armenian authorities optimistically stated that they will agree upon more than 50 percent exemptions for one and a half thousand items of goods subject to duties under the CU. Negotiations on these exemptions were designed to eliminate the contradictions between WTO membership and the Eurasian Economic Union (EAEU) but as it turned out, the potential partners of EAEU (this point of view was firmly expressed by Belarusian President Alexander Lukashenko) are strongly against the accession of new members on special conditions. In other words, if the exemptions will not be granted, it is expected that the EAEU must compensate Armenia's WTO partners for their loss in tariffs differences, as the European Union was once doing for its new members. However, the statements of RF Deputy Prime Minister Igor Shuvalov made it clear that no one is going to pay for Armenia, and as for Armenia itself, it cannot even come close to covering the compensations on its own.

It appears that from the very beginning of the discussions of RA membership to the CU, it could be seen that Astana and Minsk were not interested in it. Unlike Moscow, they tend to view the Eurasian integration from a purely economic perspective, whereas the accession of Armenia had mainly political significance. RA's membership in EAEU would also mean further strengthening of Russia's position in decision-making, given Armenia's dependence on Moscow. Subsequently, Kazakhstan and Belarus, already disgruntled with Moscow's domination, presumably have developed a strategy to prevent Yerevan from joining the union. If Lukashenko raised the issue of the exclusion of the special conditions, the Kazakh President Nursultan Nazarbayev took the role of the defender of Azerbaijani interests, which leads a policy of Armenia's isolation from all kind of integration projects. It is no secret that for both, Astana and Minsk, Baku stands as a more important partner than Yerevan. Combined share of these two CU members in the foreign trade of Armenia does not even reach 1%, whereas Kazakhstan cooperates with Azerbaijan on a number of large scale international projects, including energy and agriculture. Additionally, the two countries are members of the Organization of the Islamic Conference, where they tend to express consolidated positions. The cheap loans provided from time to time by Azerbaijan to Belarus are of a huge importance for Belarus. Considering all these factors, there can be no doubt that these two countries of CU will strongly resist Armenia's accession.

Of course, Moscow has enough weight to push for a new member on conditions that will be acceptable for Russia. Nevertheless, even before September 3, 2013, and after that, Armenia's choice in favor of Eurasian integration had no value by itself, but was a factor preventing the triumph of the Eastern Partnership at the Vilnius summit in November, 2013 and, above all, the signing of the Association Agreement by Ukraine. To an extent that Russia has solved (or not solved) this problem, the issue of Armenia's membership in the Customs Union and subsequently in EAEU has lost its relevance. Hence, it should be of no surprise that Moscow's interest in overcoming the resistance of Astana and Minsk started to decline.