

# Armenia is becoming an important test-case for relations between the EU and the Eurasian Economic Union

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*Armenia is one of the four members of the Eurasian Economic Union (EEU), which was formally established at the beginning of 2015. [Laure Delcour](#) and [Kataryna Wolczuk](#) write that pressure from Russia following Armenia's growing engagement with the EU left the country with little choice but to sign up to the Eurasian Economic Union. However they argue that Armenia's continued interest in pursuing cooperation with the EU will represent an important test-case for the co-existence between the EU and the EEU in the post-Soviet space.*



The EU's Eastern neighbourhood has been fractured: some countries (Georgia, Moldova and Ukraine) are seeking economic integration with the EU whereas Armenia and Belarus are pursuing deep economic integration with the Eurasian bloc. However, there are important nuances in these countries' motives and interests in the respective integration blocs. Armenia is an instructive example.



Armenia was widely viewed as a laggard in relation to the EU initiative. It seemed to have few reasons to be enthusiastic about EU policies, namely the [European Neighbourhood Policy](#) (ENP) and the [Eastern Partnership](#). Firstly, Armenia lacks membership aspirations, in sharp contrast to Ukraine, Moldova and Georgia. Second, the political regime (a non-competitive political system dominated by oligarchic groups) was unlikely to embrace many of the reforms which it would be required to introduce. Finally, there was little interdependence between Armenia and the EU in either economic or security terms, in contrast to Russia, with which Armenia had a strategic alliance. All these reasons suggested that the EU was less important to Armenia than was Russia, which was seemingly confirmed by the country's recent accession to the Russian-led Eurasian Economic Union.

In fact, Armenia has actually been quite receptive to EU influence. The country has adopted a notable number of EU policy and institutional templates over the last five years. Armenia's substantial achievements in terms of legal approximation resulted in the rapid conclusion of negotiations for a Deep and Comprehensive Free Trade Area (DCFTA) with the EU. Under the DCFTAs, partner countries are expected to incorporate approximately 90 per cent of the EU's corpus of rules. DCFTAs thus entail wholesale institutional and regulatory reform in key sectors of EU internal market and trade policy, such as in the areas of food safety, competition, and intellectual property rights.

Prior to opening DCFTA negotiations, the EU issued 'key recommendations', which required Armenia to adopt specific EU rules in key sectors, such as food safety standards, competition and state aid, intellectual property rights and so forth. In order to open the negotiations, Armenia introduced the changes and was able to commence the DCFTA negotiations early in March 2012. According to EU officials, it was an 'easy country' to negotiate with, in contrast to Ukraine or Georgia; negotiations were completed in July 2013.

To a large extent, Armenia's interest in the EU's offer reflects the few costs and many benefits available to it. The Eastern Partnership (launched in 2009) offered timely remedies to the challenges presented by the country's specific context: i.e. a noticeable deterioration in the political, economic and geopolitical situation of the country. The economic crisis of 2009 exposed the fragility of Armenia's economy, with its heavy reliance on remittances from labour migrants and its diaspora.

The deterioration of the regional environment (as a result of the 2008 conflict in Georgia and the failed rapprochement with Turkey) only added to Armenia's economic woes. In this context, the Armenian government had

little choice but to deepen and accelerate reforms. Modernisation emerged as a survival strategy for an increasingly vulnerable Armenia and its authorities and the EU offer coincided with this domestic demand for reforms.

In contrast to the ENP, the Eastern Partnership provided new and tangible prospects: an enhanced contractual framework (Association Agreements combined with a DCFTA), the prospect of visa liberalisation and increased sectoral cooperation. Even though the EU's eastern policy largely eschews security issues that are pivotal for Armenia, it offers an unprecedented scale and intensity of linkages.

The EU's offer was all the more attractive as it did not require (at least in the beginning) political reforms that would entail power costs for Armenia's elites. Under the Eastern Partnership especially, the EU focused on sectoral regulatory approximation, initially leaving aside polity-related changes such as democratisation and human rights as well as the rule of law. For Armenia, when the Eastern Partnership was launched, the EU accepted the non-democratic political *status quo* after the 2008 political crisis as a given without making explicit political changes a precondition for closer ties. Therefore, the modalities of the EU's policies vis-à-vis Armenia enhanced the country's responsiveness to EU influences.

This interest was also underpinned by the perceived compatibility of EU templates with the security alliance with Russia. The defining feature of post-Soviet Armenia has been the [Nagorno-Karabakh](#) conflict. The protracted nature of this conflict and ongoing fears of an attack by Azerbaijan elevated Nagorno-Karabakh to the foremost foreign policy priority for Armenia. Armenia's foreign policy was based on a combination of reliance on Russia to protect the country militarily with dependence on the EU to promote its economic development.

Nevertheless, this perceived compatibility turned out to be short-lived. While initially Russia did not constrain Armenia's moves toward the EU, this abruptly changed in 2013. Russia became concerned over growing EU influence in its neighbourhood at a time when it had launched its own economic integration project, the Eurasian Customs Union (ECU), which was upgraded to the Eurasian Economic Union (EEU) in 2015. Armenia initially ruled out membership in the ECU and only signed a memorandum on cooperation. Yet, Russia's use of security vulnerability (e.g. massive arms sales to Azerbaijan and threats of a surge in energy prices) forced the country to reverse its decision. On 3 September 2013 President Sargsyan suddenly announced his country's intention to join the ECU.

However, even after Armenia's U-turn and its accession to the EEU in January 2015, Armenia remains interested in further engagement with the EU. But the exact nature of this engagement is in the process of being determined. This is because the actual consequences of EEU accession in terms of sector-specific legal approximation remain unclear. While Armenia worked towards the DCFTA until 2013, the EEU is still under construction. While a member of the EEU, Armenia is interested in a new bilateral agreement with the EU. The EU and Armenia are completing a scoping exercise which will serve as a basis for the future agreement to be negotiated.

In the eastern neighbourhood, Armenia was the first country to experience a strong backlash from Russia in response to its growing engagement with the EU. Armenia joined the EEU not because it wanted to but because it had to for security and economic reasons. But it has few illusions about the EEU as a platform for modernisation and the EU still remains a key partner in that respect. The proposed Armenia-EU agreement is now becoming an important test-case for the co-existence (whatever form it takes) between the EU and the EEU in the post-Soviet



space. Given the high geopolitical stakes, Armenia's continuous interest in the EU will test Russia's readiness to tolerate the EEU member states' independent foreign policy choices.

*For more information on this topic, see the authors' recent journal article in the [Journal of European Integration](#)*

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*Note: This article gives the views of the authors, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

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## About the authors

### **Laure Delcour** – *FMSH/ IRIS*

Laure Delcour is a Scientific coordinator of the EU-FP7 project 'Exploring the Security-Democracy Nexus in the Caucasus' ([CASCADE](#), FMSH) and a Senior Research Fellow at the French Institute for International and Strategic Affairs (IRIS).



### **Kataryna Wolczuk** – *University of Birmingham*

Kataryna Wolczuk is a Reader in Politics and International Studies at the Centre for Russian, European and Eurasian Studies in the University of Birmingham.



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