

What the Association Agreement EU - Armenia Really Says - And What It Means For The Economy If Not Coming Into Power

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The text of the Association Agreement (AA) and the Deep and Comprehensive Free Trade Agreement (DCFTA) between the EU and Armenia is still unknown to the grand public. However, it can be assumed that all agreements between the EU and the Eastern Partnership Member States will be very similar and even coincident in very many aspects.

The EU-Ukraine AA is known, at least from a draft version. It comprises more than 900 pages and has lots of provisions which refer to detailed trade issues, EU customs numbers, and many trade details. This AA is not only another version of the old Partnership and Cooperation Agreement (PCA), but a detailed document, even a roadmap to further EU integration. Although this was never spoken out, its finality could be in a number of years the logical step of the AA countries from the Eastern Partnership of an application to accession to the European Union. Armenia could feel to be stimulated to do exactly this, after some years, for economic and political reasons; the latter exactly then if Russia would follow in a linear way its present policy. Of course this then depends if Armenia would then still have any sovereignty at all.

There are lots of tasks in approximation in these AAs - from extensive harmonization to safety rules for products (e.g. product safety, product liability, toys, electromagnetic appliances, pressure vessels etc.), company law (the EU Directives will have to be taken over, by a kind of "transposition" very parallel to the EU), to general clauses like the common heritage as well as the one for European integration, and to many dozens of pages with lists for accepting geographical origins for food products, wines etc.

Whoever flies over this text will see that the Eastern Partnership countries will be sooner or later a part of the EU Single Market, a huge market without borders and custom controls, with a lot of purchase power, and the idol of all other regional integrations in the world. The Eurasian Union has obtained the name "USSR 2.0" - not without reasons, as Russia will always be the dominant power, and is already so in the Customs Union. It is still too short to give a final verdict about the Customs Union now, but it does not always function well where it should - this also to some Soviet-style mentalities within the respective member states.

The mistake of the EU may be that it never boasts of this success - it is too modest. This can be understood, as it is no single state structure but one of cooperation and integration of now 28 Member States, of a structure which never had any tradition or history of imperialism or making other peoples its slaves. Its communication lines are targeted to the inside of the EU only, and then more to its mere functionalities. When it comes to military force, the EU can rely only on its Soft Power - not on any Hard Power; the EU has no army, but is dependent of cooperation between its Member States. Is it therefore weak? No, as its Soft Power can be defined as the power of weakness, and as Hard Power of someone else can be defined as the weakness of power. The power of weakness is its integration, the cohesion of its people when confronted with EU principles, and that it is self-evident to be now in the EU, which has

created a period of peace among the Member States longer than at any time before in history, and we are not at the end of our history.

When Armenia and the EU trumpeted both on 24th July 2013, they were both happy to have finished the draft of their bilateral agreement, which may have between 800 and 900 pages. Six weeks later, all this was suddenly in vain, after one mere talk between the Armenian and the Russian presidents? It must be clear that this agreement of almost 1.000 pages cannot be have negotiated with the purpose of not being put into power. The absolute contrary was the case, and this almost for four years. This is what it makes evident that Armenia encountered some extraordinary pressure. This was on 11./12.7.2013 also exactly the subject of the famous Statement of Commissioner Stefan Füle and of a cross-party tabled resolution of the European Parliament - both very particular measures. But if one examines what has been said about Putin and Russian foreign policy before in many European Parliament articulations, there is one logical line, namely that the EU wants e.g. civil freedoms for Russian citizens like for its own. But this is not the place to argue about minority treatment, xenophobia, selective justice, and administrative corruption etc. in Russia.

Now some people from Armenia spoke recently to sign now anyway the Association Agreement, but not the DCFTA. One of the "Whereas" indents says however,

"DESIROUS of achieving economic integration, inter alia through a Deep and Comprehensive Free Trade Area (DCFTA) as an integral part of this Agreement, in compliance with rights and obligations arising out of the World Trade Organisation (WTO) membership of the Parties, including through extensive regulatory approximation;

which means clearly that the principal agreement will be the AA and then only as a secondary agreement the DCFTA (words underlined by the author). Therefore it may not be so easy to sign the AA only and not the DCFTA, without saying bye-bye to the project of the Eurasian Customs Union. The CU agreement does by far not go so deep in any approximation details and therefore in market integration (which, quantity-wise, would be to 165 mill. population of Russia, Kazakhstan and Belarus, compared to the 520 mill. of the 28 EU and 3 EEA/EFTA Member States). With the AA, Armenia would be continuously reformed in a way that its economy would be competitive on the European and therefore on the world markets. I do have serious doubts if this would be the case with the CU - who keeps oligarch appearances meaning that the economy would not be exposed to a real competition (for which Armenian competition law will be further adjusted, also the whole intellectual property law), where strategic investments will be in very few Russian hands (railway, telecommunication, energy etc.), and where there is no external reform pressure on the economy. The latter means, that Armenian economy would not proceed as well as it would be the case with its relevant relations to the EU. These would, by the way, also for the first time in an international framework agreement for Armenia, include the protection of the environment, and social standards, and health and safety at the workplace - just to name a few.

The next indent of the AA:

"RECOGNIZING that such a Deep and Comprehensive Free Trade Area, linked to the broader process of legislative approximation, shall contribute to further economic integration with the European Union Internal Market as envisaged in this Agreement",

is nothing else what has been already written in the old PCA from 1996. Therefore this (new) AA has no impact on security etc. It leaves the finality to the respective countries, i. e. if they after some years want to join the EU as Member States, it will be their affair at first, as it was until now.

The truth behind all this seems to be that in particular Vladimir Putin is scared of the European model, which is defined in the articles 2 et al. of the EU-Treaty (Lisbon Treaty), with values like human dignity, freedom, democracy, equality, rule of law, human rights, and a society based on pluralism, non-discrimination, tolerance, justice and solidarity, as well as equality between women and men. Of course, we all have to fight in the EU every day to keep these pillars of human existence - but Putin and his regime, although being more liberal than former Soviets, is committed to these things mainly in words, in legal articles, but certainly not always *de facto*. Whoever doubts this position - well, this would need another article. So, like Georgia, like Moldova, like Ukraine, the Armenian government should have made clear to Russia that its geographical position would drive it to be an excellent bridge between Russia and the European Union, and that being in the same security alliance does not bother it to keep this bridge function (there is no other security alliance in the world which demands of its member countries to come into a customs union).

What scares me even more than the position of the Armenian president, who might not be the most gifted economist on earth, is that from his own parliamentary group, the Republican Party, came no big objection, not even a thorough discussion about the whole scheme, but only justifications "*sans justificatif*". Is this a consecration army without any autonomous will - like it exists in all other free parliaments? Is there really a parliamentary majority in Armenia who swallows this without any discussion? Some people in the EU say, if so, Armenia can join "USSR 2.0", and the European Union will wave good-bye. It is indeed a matter of political culture that a parliamentary majority group discusses this thoroughly. The first signs, however, were not very encouraging. And, by the way, we now "interfere" in other countries' politics - there is no domestic policy any more anywhere, but so far this was not heard anywhere. At least this!

After all, there are still some options for Armenia. Austria was under a likewise pressure from the Soviet Union between 1986 and 1994, but it resisted. I took part in many discussions in this country at that time, when some Russian generals or deputy ministers - who in every democracy keep their mouth in the domain of foreign policy of other countries who do not directly threaten theirs - expressed themselves in the usual, rude way. Let them bark, again - this is good for the lungs. Armenia could have - and still can - made her security concerns to the object of a debate within the EU. As she agrees to the OSCE Minsk Group principles, it could be easy to launch also an EU debate on this basis. After all, nobody from the EU provides Azerbaijan with weapons worth several billions of euro.

Some day - and not too far in the future - it must be clear that also the European Union will have elements of a common foreign policy (it starts with elements, yes), and that the EU will not have a too-Christian attitude to offer the left cheek if it gets a slap on its right cheek. The EU can also withdraw its face, what nobody wants right now (out of Moscow). The President of Armenia should verify once more, if he wants to become totally incredible and

incomprehensible, or if he really steers his country through a possible rough sea. This should go together with a creative diplomacy: towards the possible "double-pack" neighbour Georgia, to Turkey, to Russia, to the other Eastern Partnership countries, and regarding also Nagorno-Karabakh to Azerbaijan, too. In these contexts, Armenia is well advised to delegate as much as possible to its civil society which is always more accepted than any government initiative. Armenia is after all not yet "lost", but it is not five, but two minutes before High Noon.