

Universitatea BABEȘ-BOLYAI Cluj-Napoca
Facultatea de Științe Economice și Gestiunea Afacerilor
Școala Doctorală Științe Economice și Gestiunea Afacerilor
Domeniul: Economie și Afaceri Internaționale

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REGIONAL ECONOMIC INTEGRATION STRUCTURES IN THE EX-SOVIET SPACE

-SUMMARY-

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Cuprins

Introducere	10
Capitolul 1 Fundamentarea conceptelor utilizate în acord cu principalele forme de integrare a pieței	24
1.1 Concepte și forme de integrare economică	24
1.2. Acorduri și parteneriate economice în spațiul ex-sovietic. Parteneriatul Estic	28
1.3. Guvernanța externă a Uniunii Europene- Relația din cadrul Parteneriatului Estic	32
1.4 Europenizare și Parteneriat Estic.....	43
1.5 Tipologii și clasificări ale acordurilor de liber schimb. De la formatul tradițional la Acordurile de Liber Schimb Aprofundate și Cuprinzătoare	49
Capitolul 2 Structuri integrative în spațiul ex-sovietic.....	53
2.1. Uniunea economică a Comunității Statelor Independente	53
2.2 Comunitatea Statelor Independente.....	58
2.2.1 Acordul de Liber Schimb din cadrul Comunității Statelor Independente	60
2.3 Organizația pentru Democrație și Dezvoltare Economică.....	78
2.3.1 Integrarea piețelor în cadrul GUAM. Acordul de Liber Schimb	80
Capitolul 3 Proiecte de integrare economică generate de Rusia:Uniunea Vamală Euroasiatică și Uniunea Economică Euroasiatică	106
3.1 Uniunea Vamală Euroasiatică	107
3.1.1 Motivele întemeierii uniunii vamale euroasiatice	110
3.1.2 Poziționarea Belarusului și Kazahstanului în raport cu Uniunea Vamală Euroasiatică	111

3.1.3 Comerțul intraunional	112
3.1.4 Costuri versus beneficii pentru membrii Uniunii Vamale	115
3.1.5 Provocările Uniunii Vamale și inconsistențele procesului de integrare	118
3.1.6 O privire de ansamblu asupra resurselor Uniunii Vamale Euroasiatice	119
3.1.7 Oportunități și dificultăți ale proiectului de integrare euroasiatic	125
3.2 Uniunea Economică Euroasiatică	127
3.2.1 Comunitatea Economică Eurasiatică	127
3.2.2 Spațiul Economic Unic	128
3.2.3 Standardele și reglementările tehnice	134
3.2.4 Achizițiile publice.....	136
3.2.5 Serviciile	136
3.2.4 Concurența	137
Capitolul 4 Perspective de dezvoltare oferite de Parteneriatul estic statelor beneficiare. Analiza impactului macroeconomic al Acordului de Liber Schimb Aprofundat și Cuprinzător.....	140
4.1 Indicatori de dezvoltare ai statelor din cadrul Parteneriatului Estic între stagnare și reziliență.....	140
4.1.1 Armenia.....	141
4.1.2 Azerbaidjan.....	148
4.1.3 Belarus.....	154
4.1.4 Georgia	159
4.1.5 Republica Moldova.....	164
4.1.6 Ucraina	170
Concluzii	180
BIBLIOGRAFIE	186

Lista figurilor și a hărților

Fig. Nr. 1 Oragnizațiile de integrare economică regională din fostul spațiu sovietic	54
Harta nr. 1 Comunitatea Statelor Independente	59
Harta nr. 2 Comunitatea Statelor Independente	62
Fig. Nr. 2 Armenia - Principalii parteneri comerciali la export	64
Fig. Nr. 3 Armenia - Principalii parteneri comerciali la import	65
Fig. Nr. 4 Azerbaidjan - Principalii parteneri comerciali la import.....	66
Fig. Nr. 5 Azerbaidjan - Principalii parteneri comerciali la export	67
Fig. Nr. 6 Belarus - Principalii parteneri comerciali la export	68
Fig. Nr. 7 Belarus - Principalii parteneri comerciali la Import.....	69
Fig. Nr. 8 Moldova - Principalii parteneri comerciali la export.....	70
Fig. Nr. 9 Moldova - Principalii parteneri comerciali la import	71
Fig. Nr. 10 Ucraina - Principalii parteneri comerciali la export.....	72
Fig. Nr. 11 Ucraina - Principalii parteneri comerciali la import	73
Harta nr. 3. Statele membre ale Organizației pentru Democrație și Dezvoltare Economică	79
Fig. Nr. 12 Fluxurile comerciale ale statelor GUAM, în perioada 2000-2017	81
Fig. Nr. 13 Exporturile Ucrainei către statele GUAM, în perioada 2000-2017	82
Fig. Nr. 14 Exporturile Moldovei către statele GUAM, în perioada 2000-2017.....	83
Fig. Nr. 15 Exporturile Azerbaidjanului către statele GUAM în perioada 2000-2017.....	84
Fig. Nr. 16 Exporturile Georgiei către statele GUAM în perioada 2000-2017	85
Fig. Nr. 17 Exporturile totale ale Ucrainei raportate la exporturile către statele GUAM în perioada 2000-2017	86
Fig. Nr. 18 Exporturile totale ale Moldovei raportate la exporturile către statele GUAM în perioada 2000-2017	87
Fig. Nr. 19 Exporturile totale ale Azerbaidjanului raportate la exporturile către statele GUAM în perioada 2000-2017	88
Fig. Nr. 20 Exporturile totale ale Georgiei raportate la exporturile către statele GUAM în perioada 2000-2017	89

Fig. Nr. 21 Importurile Ucrainei din statele GUAM în perioada 2000-2017	91
Fig. Nr. 22 Importurile Moldovei din statele GUAM în perioada 2000-2017	92
Fig. Nr. 23 Importurile Azerbaidjanului din statele GUAM în perioada 2000-2017	93
Fig. Nr. 24 Importurile Georgiei din statele GUAM în perioada 2000-2017	94
Fig. Nr. 25 Importurile totale ale Ucrainei raportate la importurile din statele GUAM în perioada 2000-2017	95
Fig. Nr. 26 Importurile totale ale Moldovei raportate la importurile din statele GUAM în perioada 2000-2017	96
Fig. Nr.27 Importurile totale ale Azerbaidjanului raportate importurile din statele GUAM în perioada 2000-2017	97
Fig. Nr. 28 Importurile totale ale Georgiei raportate la importurile din statele GUAM în perioada 2000-2017	98
Fig. Nr. 29 Exportul de bunuri și servicii al statelor GUAM exprimat în miliarde de dolari SUA .	100
Fig. Nr. 30 Investițiile străine directe din statele GUAM exprimate ca procent din PIB.....	101
Fig. Nr. 31 Creșterea procentuală a PIB din statele GUAM în perioada 1997-2018.....	102
Harta nr. 4 Interconectarea coridoarelor de transport GUAM cu rutele și coridoarele de transport regionale	104
Harta .Nr. 5 Uniunea Vamală Euroasiatică	109
Fig.Nr. 32: Importurile Kazahstanului din Rusia	115
Fig.Nr. 33: Exporturile Kazahstanului spre Rusia.....	116
Fig. Nr. 34 Evoluția populației după aderarea la Uniunea Vamală Euroasiatică	120
Fig. Nr. 35 Evoluția rezervei de petrol a membrilor Uniunii Vamale Euroasiatice	121
Fig. Nr. 36 Rezerva de gaze a Uniunii Vamale Euroasiatice.....	122
Harta Nr. 6 Resursele Uniunii Vamale Euroasiatice.....	123
Harta. Nr. 7 Uniunea Economică Euroasiatică	129
Harta Nr. 8 Uniunea Economică Euroasiatică	130
Fig.Nr. 37 Evoluția procesului creare a al Uniunii Economice Euroasiatice.....	131
Fig. Nr. 38 Structurile de conducere ale Uniunii Economice Euroasiatice.....	132
Harta. Nr. 9 Acorduri comerciale între Uniunea Economică Euroasitică și state terțe	138
Fig. Nr. 39 Evoluția PIB a statelor care fac obiectul Parteneriatului Estic	140
Fig. Nr. 40 Armenia – principalele grupe de poduse la import (I)	142
Fig. Nr. 41 Armenia- principalele grupe de poduse la import (II).....	143
Fig. Nr. 42 Armenia – principalele grupe de produse la import (III).....	144
Fig. Nr. 43 Armenia – principalele grupe de produse la export (I)	145
Fig. Nr. 44 Armenia – principalele grupe de produse la export (II)	146
Fig. Nr. 45 Armenia – principalele grupe de produse la export (III)	147

Fig. Nr. 45 Armenia – principalele grupe de produse la export (III)	147
Fig. Nr. 46 Azerbaidjan – principalele grupe de produse la import (I)	149
Fig. Nr. 47 Azerbaidjan – principalele grupe de produse la import (II)	150
Fig. Nr. 48 Azerbaidjan – grupe de produse produselor la import (III).....	151
Fig. Nr 49 Azerbaidjan- principalele grupe de produse la export (I)	152
Fig. Nr 50 Azerbaidjan- principalele grupe de produse la export (II)	153
Fig. Nr 51 Azerbaidjan- principalele grupe de produse la export (III)	154
Fig. Nr. 52 Belarus – principalele grupe de produse la import (I).....	155
Fig. Nr. 53 Belarus – principalele grupe de produse la import (II).....	156
Fig. Nr. 54 Belarus – principalele grupe de produse la export (I)	157
Fig. Nr. 55 Belarus – principalele grupe de produse la export (II)	158
Fig. Nr. 56 Georgia – principalele grupe de produse la import (I)	160
Fig. Nr. 57 Georgia – principalele grupe de produse la import (II)	161
Fig. Nr. 58 Georgia – principalele grupe de produse la import (III)	162
Fig. Nr. 59 Georgia – principalele grupe de produse la export (I)	163
Fig. Nr. 60 Georgia – principalele grupe de produse la export (II).....	163
Fig. Nr. 61 Georgia – principalele grupe de produse la export (III)	164
Fig. Nr. 63 Moldova – principalele grupe de produse la import (II)	167
Fig. Nr. 64 Moldova – principalele grupe de produse la export (I).....	168
Fig. Nr. 65 Moldova – principalele grupe de produse la export (II).....	169
Fig. Nr. 66 Ucraina – principalele grupe de produse la import (I)	172
Fig. Nr. 67 Ucraina – principalele grupe de produse la import (II)	173
Fig. Nr. 68 Ucraina – principalele grupe de produse la import (III)	174
Fig. Nr. 69 Ucraina- flux comercial (exprimat în miliarde de dolari SUA) spre Uniunea Europeană	175
Fig. Nr. 70 Ucraina – principalele grupe de produse la export (I).....	176
Fig. Nr. 71 Ucraina – principalele grupe de produse la export (II).....	177
Fig. Nr. 72 Ucraina – principalele grupe de produse la export (III).....	178

Both the economic theory and the analysis of trade relations between Russia, the European Union and the countries positioned between them, suggest that an improvement in mutual trade relations would provide the framework for a greater dynamism and prospects for economic growth for all parties involved. However, tensions between states in the region are hampering the benefits of stronger trade relations. Political, economic and military conflict in the post-Soviet space erupted when countries such as Georgia, Moldova and Ukraine were faced with economic integration agreements from both the European Union and the Eurasian Economic Union of Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan.

A close relationship between the Eastern Partnership states and the European Union involves a large investment in terms of reforms - some extremely costly from an economic and political point of view in the short and medium term (Korosteleva et al, 2014), and the uncertainty about the future shape of the European Union limits the initiative of some Eastern Neighbourhood states to sign economic agreements for greater integration (Korosteleva, 2014).

With regard to economic issues, it is appropriate to place more emphasis on the involvement of Eastern European governments in issues that have a direct impact on economic growth and, consequently, on the quality of life of the citizens, a multilateral dialogue is imperative to identify these issues- and here is necessary that much of the European Union's attention to be focused.

The Deep and Comprehensive Free Trade Agreement offered by the European Union to the Eastern Partnership states (and signed by Ukraine, Georgia and Moldova in 2014) is also compatible with other free trade agreements, such as the one established within the Commonwealth of Independent States, but accession to the Eurasian Economic Union and the signing of a Deep and Comprehensive Free Trade Agreement with the European Union are mutually exclusive steps. Accession to a customs union such as that of the Eurasian Economic Union deprives Member States of the sovereign prerogative of setting external tariffs and non-tariff barriers, but the signing of the Deep and Comprehensive Free Trade Agreement with the European Union requires the signatory parts to exercise this tariff prerogative regarding lower and non-tariff barriers.

Through the Deep and Comprehensive Free Trade Agreement, the European Union aims to stimulate trade relations between its Member States and the Eastern Partnership countries

through their commitment to adopt a large part of the *acquis Communautaire* of the European Union, its system and its regulations, which cover a wide range of issues such as competition policy, food safety or technical standards.

This alignment with European standards was designed precisely to stimulate the long-term economies of the Eastern Partnership states, by intensifying their trade with the European Union, but also to accept certified products in/of the European Union (Adarov and Havlik, 2016). Thus, the European Union standards have been introduced instead of the existing standards agreed in the Free Trade Agreement of the Commonwealth of Independent States.

According to the provisions of the Deep and Comprehensive Free Trade Area Agreement with the European Union, the horizontal standards and procedures together with the tariffs stipulated in the agreement, must be adopted at national level and the alternative regulatory standards must be phased out. Russia claimed that the adoption of European Union standards by the signatories of the Deep and Comprehensive Free Trade Area Agreement would jeopardize trade with these countries, but at the same time did not identify specific goods that would be affected. In principle, however, conflicting standards can be renegotiated or accommodated to each other, but attempts to do so have failed (Vinokurov, et.all, 2018).

As a trading partner of many countries that have signed a free trade agreement with the European Union, Russia has feared that its market will be flooded with products made in the European Union that will enter through these countries. However, these issues are governed by the rules of origin of the World Trade Organization. With the exception of Belarus, all members of the Eurasian Economic Union and the European Union, as well as Ukraine, Georgia, Armenia and Moldova, are members of the WTO, and therefore such issues of rules of origin should not be a problem if existing WTO rules would be applied correctly. In the former Soviet Union states, however, the poor application of principles, rules and mechanisms is a major impediment to economic integration, and this can be seen especially in the low capacity of the states in this region to implement complex trade agreements.

Studying the six states that are the object of the Eastern Partnership in the context of the integrative forms to which they joined, namely the Commonwealth of Independent States, the Organization for Democracy and Economic Development, the Eurasian Customs Union and the Eurasian Economic Union, the thesis will analyze the direction they follow from an economic and

geostrategic perspective. Due to their position between two major poles of power - Russia and the European Union, they have not yet managed to emerge from the shadow cone in which they were thrown immediately after the collapse of the Soviet Union. Russia's influence in Eastern Europe, but also in North Asia is very strong, and this can be seen in the structure of the trade balance, Russia being the main recipient of exports and the main source of imports for the Eastern Partnership countries. The increased dependence on resources, but also the pressure to which these states are subjected, make their attractiveness for foreign investors low. (We refer here not only to foreign companies, but also to international organizations such as the International Monetary Fund or the World Bank).

Research methodology, hypothesis and research questions

Methodology

From a methodological point of view, my thesis starts from the premises that scientific research must be multidisciplinary. The preferred methods used will be analysis and synthesis, deduction and induction, content analysis, historical method, but also classical research methods in the socio-human sciences: comparative analysis and case study. I will also use interpretations of graphs that illustrate various trends of the states analyzed in the regional and international economic environment.

I would like to point out that the case study dedicated to the states subject to economic integration structures in the former Soviet Union is not necessarily easy to explain, probably due to the inability to predict the economic - and political - evolution of these countries, on initiatives and tools of foreign policy, but especially with regard to their internal situation, which is quite complex and in relation to which even some European diplomacies and international economic organizations are cautious.

Hypothesis and research questions

The research hypothesis we started from is the following:

The membership of a state from the former Soviet Union to several forms of regional economic integration that formed on the old framework of the Soviet Union, is the best way to strengthen its position within regional structures.

The research questions that will help me confirm or disprove this hypothesis are the following:

1. What is the degree of openness of the economy of these states in the context of regional economic organization and how can these regional organizations contribute to a better streamlining of trade flows?

2. What are the regional economic integration projects in the area and how effective are they in promoting the intensification of trade between their members?

3. What is Russia's influence on the states that formed integrative structures in the post-Soviet space?

4. What are the benefits of signing a Deep and Comprehensive Free Trade Area Agreement with the European Union and what are the costs and benefits of signing such an agreement?

To answer these questions I will analyze the main socio-political economic trends of the states that are the subject of my research focusing on both a series of macroeconomic indicators such as-GDP / capita, or indicators that analyze international trade such as the structure of imports and the of exports or main export and import partners. The period over which my analysis will extend is between the years 1990-2019, precisely to highlight the efficiency (or inefficiency) of the forms of economic (regional) integration of which these states have been or still are part of. Also, with the help of these indicators I will demonstrate how and to what extent the alternative proposed by the European Union (Deep and Comprehensive Free Trade Area Agreement) can be considered effective and how it can contribute to economic development and stability in the ex-Soviet space.

The structure of the paper

In *the first Chapter* I have reviewed the literature and defined the main terms I will use during the paper - economic integration, preferential agreement, free trade agreement, customs union, economic union, common market, internal market, Europeanization. These concepts will contribute to a better understanding of the topic and will give a greater clarity to the topic.

Agreements are legislative instruments on the basis of which integrative structures are formed. They take several forms, such as:

- a) *Preferential agreements* - arrangements by which Member States grant tariff reductions or preferential treatment in respect of quantitative restrictions in their trade with other Member States, while they in turn maintain trade restrictions in relation to third parties. This type of agreement is frequently applied to a certain type of products and is usually unilaterally guaranteed. (An example of this is the generalized system of customs preferences). The application of preferential agreements generates the formation of an incipient integrative structure, such as the Preferential Trade Club (Lutaş, 1999), consisting of two or more countries that reduce their taxes mutually on the import of all goods, so practically when exchanging tariff preferences between them. The Member States shall retain their original customs duties vis-à-vis third countries. The classic example of a preferential trade club is the Commonwealth System of Preferences, created in 1932, between Great Britain and 48 associated countries of the Commonwealth.
- b) *The Free Trade Agreement* is a type of agreement where the Member States remove trade barriers between themselves but at the same time maintain them in their relations with third parties. These agreements form the basis for the formation of free trade areas. Discrimination in relation to third parties makes it difficult to control the flow of trade through the various Member States, part of this type of agreement. Strict rules of origin and customs inspection are normally necessary to prevent deviations. The economic effects of the formation of free trade zones are twofold. On the one hand, they boost and create trade relations within them because they provide a larger market for producers, thus contributing to the creation of economies of scale. On the other hand, they divert trade because products that are perhaps more competitive cannot be chosen outside the free trade area, thus harming the consumer's freedom of choice and reducing economic benefits (Neyfakh, 2014)

Free trade areas have been proven to work best when their members are rich in resources or have complementary resources - as is the case with NAFTA. Complementarity allows free trade area members to attract investments, improve factors productivity and increase access to a large

market on which economies of scale can be leveraged to reduce production costs and increase competitive advantage. Free trade areas consisting mainly of less developed countries with a fragile political and institutional system, such as the African Union Free Trade Area, will not have the same economic performance, despite the complementarity of member states, because there will be tensions on an economic, social and political scale generated by the different degree of well-being, obtained as a result of the growth in size of the market. Representative forms of free trade areas that can be included in the above category are MERCOSUR (consisting of Argentina, Brazil, Uruguay and Paraguay) in Central America or ASEAN (Association of South East Asian Nations) in Asia.

Customs Union - under this integrative structure, Member States remove all barriers to trade between them and adopt a common set of rules on tariffs for third parties. The level of the common tariff is critical in determining the economic outcome of the customs union and may be relevant in defining other domestic economic policies due to the potential economic impact on public revenues (although the customs union does not per se imply a harmonization of internal policies). Customs union projects are based on the free market from an economic point of view. This aspect also explains their failure because protectionist policies lead to political tensions and lose sight of the main goal - ensuring the prosperity of all members (Panin, 2014). The establishment of a customs union will change the relative prices of goods in the internal markets of the Member States, with repercussions on trade, production and consumption flows (Luțaș, 1999).

The *common market* is that integrative structure which takes over all the characteristics that define the customs union, but which allows the mobility of production factors. Thus the Member States within a common market shall define common policies that regulate the mobility of these factors to third countries. The need for harmonization in domestic policy is much greater than in the case of the customs union.

The *internal market* involves, in addition to achieving a common market for the free movement of goods and services, the application of common measures on the liberalization of government procurement, harmonization and mutual recognition of technical standards in the production and distribution of goods, elimination of control over capital movements, etc. (Luțaș, 1999).

The *economic union* is the most complete form of economic integration. In addition to meeting the characteristics of the internal market, the economic union implies the complete harmonization of monetary, fiscal, industrial and welfare policies, as well as the establishment of a common framework for external relations.

The incompatibility between the above-mentioned forms of economic integration and the principle of non-discrimination (formulated by the Most-Favored-Nation Clause) that has guided international trade rules has been resolved through GATT Article XXIV which allows states entering into any form of trade agreement to be exempted from complying with the non-discrimination clauses, subject to certain conditions.

The agreements underlying the creation of the economic integrative structures presented above are accompanied by the existence of a set of combined rules, resulting from the interaction of the states participating in the different types of agreements. In this context, Lipsey presented three distinct models to describe these situations (Lipsey, 1960).

a) the “shaft and spoke” model studied by Wonnacott (R. Wonnacott and P. Wonnacott, 1981), which takes into account the hypothesis that a state has separate bilateral (or plurilateral) trade agreements with a group of states that do not have agreements trade between them. In this way, the "axis" enjoys free or preferential access to the "spokes" market, while each of them can have free access to the "axis" market, thus preventing the "axis" from taking gains in to the detriment of any of the "spokes".

b) the overlap / extension of the regional free trade model describes the situation deriving from a basic free trade agreement, to which are added subsequent trade agreements through negotiation and compromise. These new agreements are negotiated only by some of the signatories to the original agreement and various third countries, resulting in their inclusion in new agreements while other partners are excluded. Kristoff and Sharples (S.Kristoff and M.Sharples, 1974) show that the difficulty of creating a trade agreement that derives from another is quite high, especially if sensitive issues such as the transport of goods within the States are taken into account, to the free trade area agreement and the application of the regulations defining the criterion of origin.

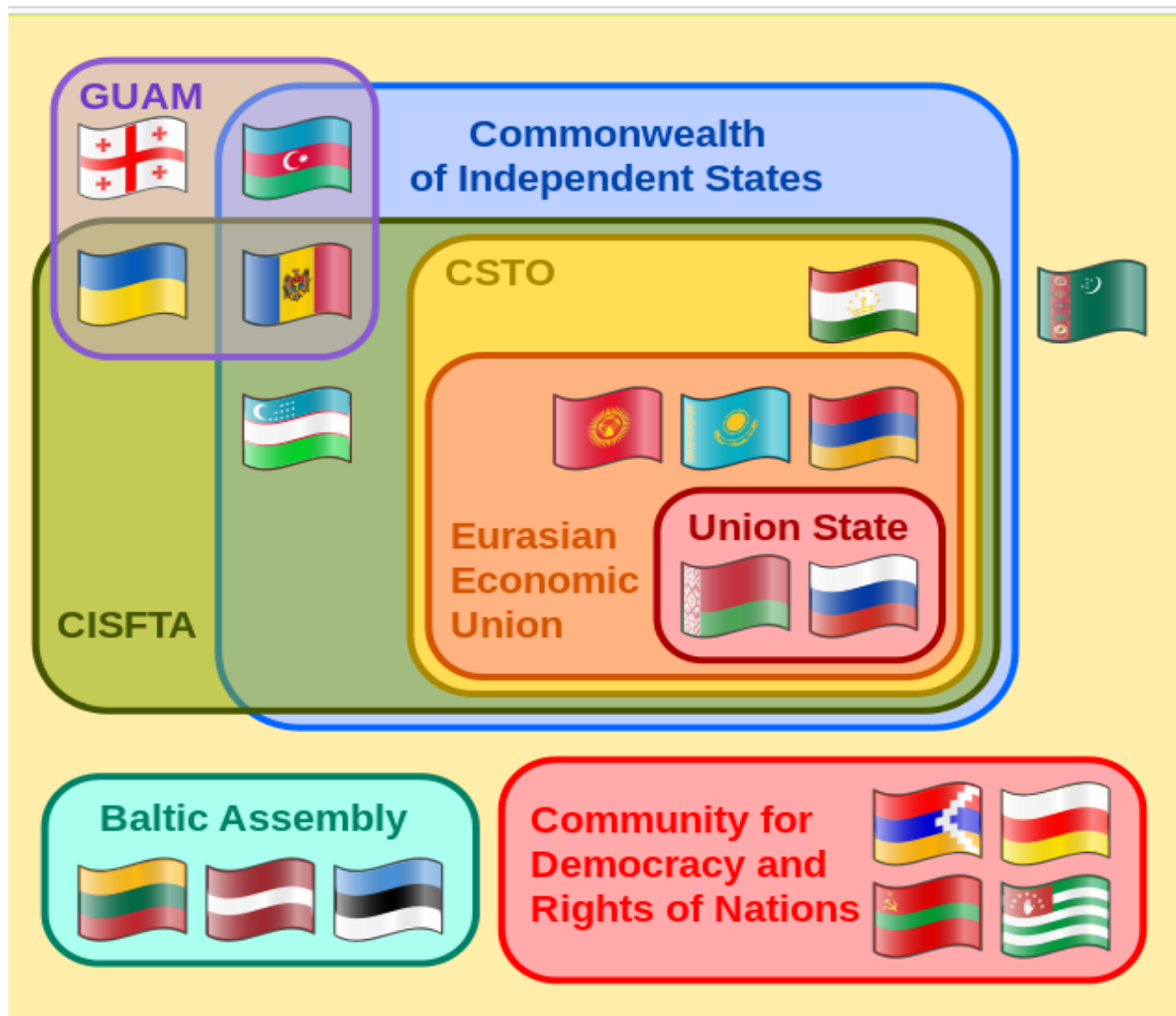
c) finally, under the regional plurilateral model, several countries establish a free trade area to which all Member States have access and in turn allow access to all markets.

In *Chapter 2* I have presented and analyzed the main forms of regional economic integration in the post-Soviet space with a focus on the Commonwealth of Independent States (CIS) and the Organization for Democracy and Economic Development (GUAM). To demonstrate their efficiency, I have analyzed macroeconomic indicators included in the statistics available in the databases on the World Bank portal, CIA.GOV or The Observatory for Economic Complexity (<https://oec.world/en/>).

After 1992, trade liberalization created strong incentives for the development of trade relations in the post-Soviet space. In fact, significant commodity price imbalances between Russia and the newly independent states have stimulated their foreign trade with the rest of the world and thus it has become the most dynamic sector with development potential and the only source of foreign exchange entry in the first years of reform.

Between 1993 and 2003, post-Soviet regional economic cooperation was achieved by creating three structures of different shapes and intensities from the perspective of integration: the Economic Union of the Commonwealth of Independent States, the Commonwealth of Independent States, the Organization for Democracy and Economic Development and the Eurasian Economic Union (from the Eurasian Customs Union).

Fig. Nr. 1 Regional Economic Integration Organization from the ex-soviet space



Source: https://en.wikipedia.org/wiki/Category:National_anthems_of_the_Commonwealth_of_Unrecognized_States

After the dismemberment of the Soviet Union, the newly independent states of the former Soviet Union participated in various integration and reintegration processes. Based on historical ties and the similarity of their socio-economic models, all these states - except the Baltic republics - aimed to maintain and develop their economic and trade ties through new regional arrangements.

On December 8, 1991, the leaders of states of Belarus, Russia and Ukraine signed the Agreement on the Establishment of the Commonwealth of Independent States (CIS), which

dissolved the Soviet Union and established a new commonwealth aimed at coordinating legislative regulations, trade and security policy and to provide a transnational formula for multilateral cooperation between sovereign states. On December 21, 1991, 8 more states from the former Soviet Union joined the CIS - Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, the Republic of Moldova, Tajikistan, Turkmenistan and Uzbekistan. These states joined by signing the Alma-Ata Protocol.

Ukraine's reluctance to join a customs union has forced the leaders of Belarus, Kazakhstan and Russia to push for greater integration. We could call this a first step towards Eurasian integration.

In parallel, a new way of regulating trade relations with Ukraine and the other Member States of the Commonwealth of Independent States had to be found. On 18 October 2011, Russia, Ukraine, Belarus, Kazakhstan, the Kyrgyz Republic, the Republic of Moldova, Armenia and Tajikistan signed a new agreement for a new Free Trade Area within the Commonwealth of Independent States, focusing on compliance with international law. This 2011 agreement covers only trade in goods and eliminates import and export duties for a number of goods; however, the agreement also contains exceptions, some of which will be phased out (Tandon, 2018). Thus:

— The agreement established that all import tariffs, except for sugar, will be eliminated by January 1, 2015. Pending a future agreement in this regard, Belarus, Kazakhstan, the Republic of Moldova and Russia were to maintain import duties on sugar. from Belarus, Kazakhstan and Russia.

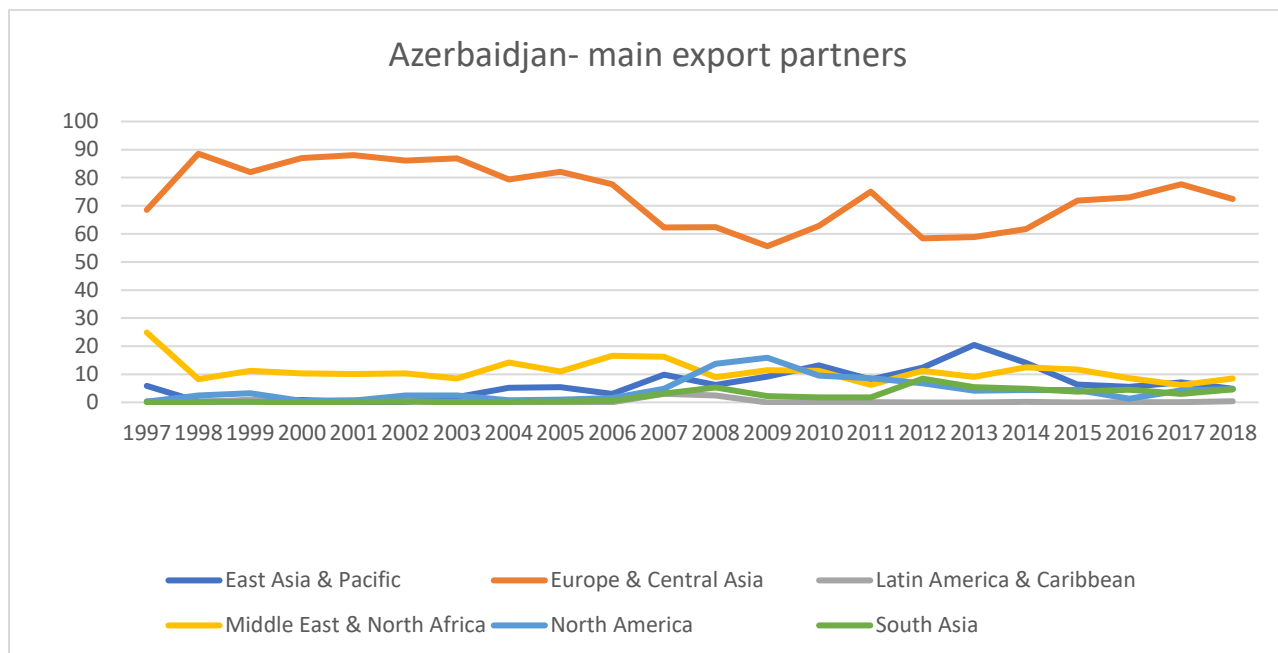
— Negotiations for the phasing out of the remaining export tariffs will be launched no later than six months after the entry into force of the Free Trade Area within the Community of Independent Villages

— The agreement was not designed to liberalize the informal quota system governing bilateral trade in meat, poultry, dairy products and sugar products between Russia and Belarus. The only quantitative prohibitions / restrictions that are subject to cancellation refer to the alcohol trade with Kyrgyzstan.

The Free Trade Area of the Commonwealth of Independent States replaced the 1994 agreement, as well as other multilateral agreements and Protocols, but also about a series of other

previous bilateral agreements within the Commonwealth of Independent States signed in the period of 1999-2005. However, many bilateral agreements still remain in force, even now in 2020.

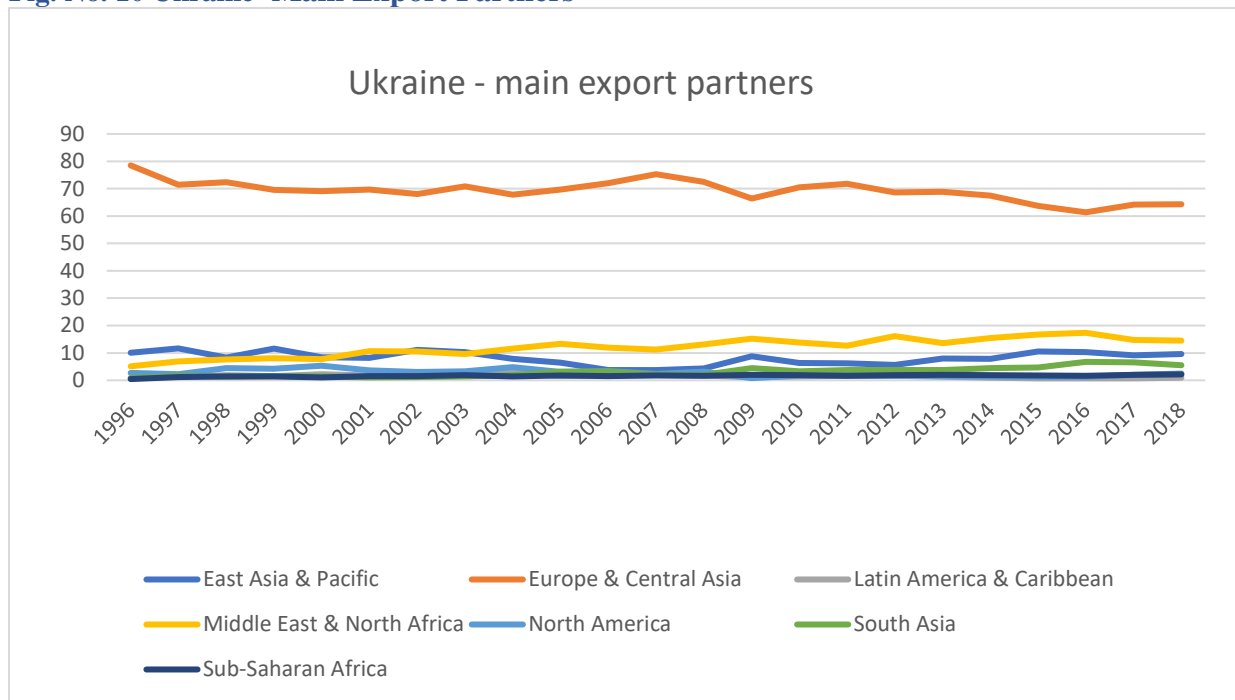
Fig. No. 5 Azerbaijan – Main Export Partners



Source: Pincu Brindusa-Nicoleta, upon data retrieved from <https://wits.worldbank.org/CountryProfile/en/Country/AZE/StartYear/1997/EndYear/2018/TradeFlow/Export/Partner/BY-REGION/Indicator/XPRT-PRTNR-SHR#>

Azerbaijan accounts for almost 90% of its exports to Europe and Central Asia, as shown in the chart above. The percentage for the other areas of the globe fluctuates between 10 and 15%, which illustrates that the criterion of geographical proximity is quite strong in choosing business partners.

Fig. No. 10 Ukraine- Main Export Partners



Source: Pincu Brindusa-Nicoleta, upon data retrieved from <https://wits.worldbank.org/CountryProfile/en/Country/UKR/StartYear/1996/EndYear/2018/TradeFlow/Export/Partner/BY-REGION/Indicator/XPRT-PRTNR-SHR#>

Ukraine's exports are mainly oriented towards Europe and Central Asia, but since 2006 it can be observed that the share of the Middle East and North Africa is starting to approach 20% and this trend is maintained until 2018. Starting with 2009, exports to Europe and Central Asia are starting to decline by up to 60%, but this indicates a concern for diversification, as the chart above shows. Thus, it is observed that exports are beginning to move to more remote areas such as South Asia.

For most states, the Free Trade Area Agreement of the Commonwealth of Independent States entered into force in 2012, with the exception of Kyrgyzstan and Uzbekistan, for which the provisions have been applied since 2014, and Tajikistan, which has not yet ratified it.

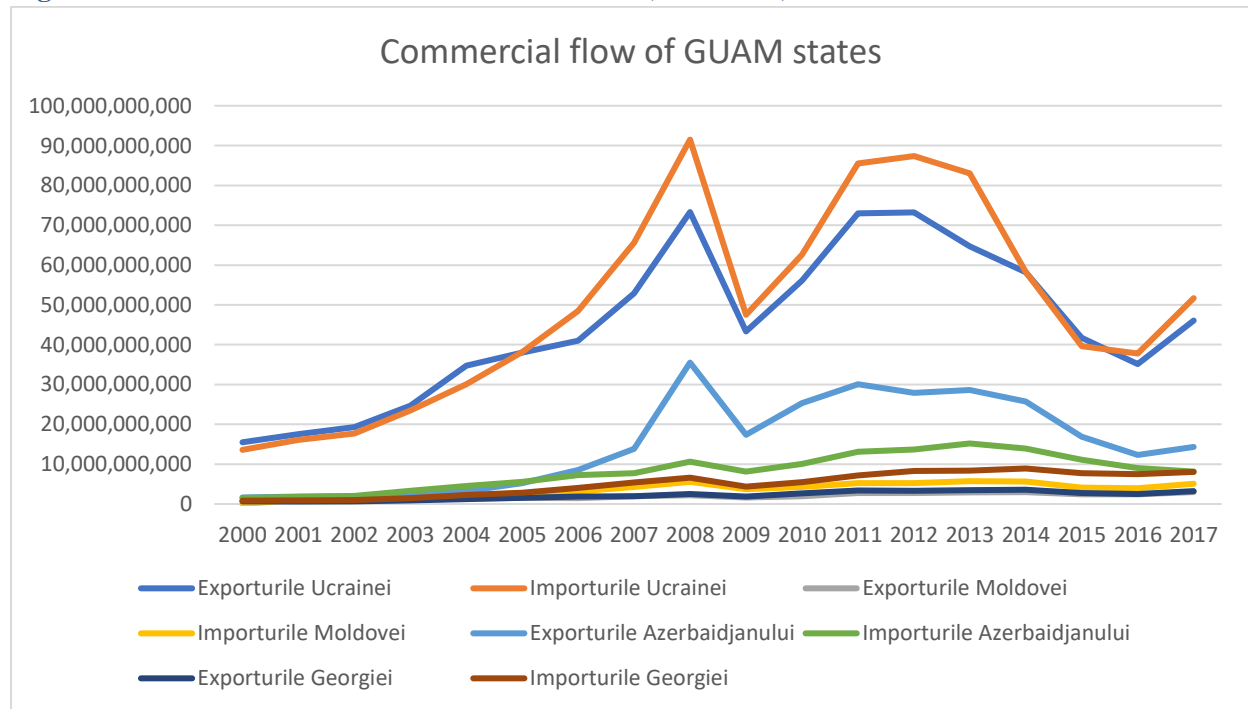
The Organization for Democracy and Economic Development (GUAM) began functioning as an advisory body in 1997 and was launched as a full regional organization on 23rd May 2006. It includes four Eastern Partnership countries, namely Georgia, Ukraine, Azerbaijan and Moldova. The aim of this organization is - in addition to security and conflict resolution - to promote mutually beneficial economic growth and trade relations and to implement multilateral programs

and projects in the areas of production, trade, transport, energy, international credit services, customs and taxation, communications, science, technology, education and culture. The most important areas of cooperation include the development of transport corridors and the implementation of the GUAM free trade regime.

The Agreement establishing the Free Trade Area between the States participating in GUAM was signed on 20th of July 2002, and entered into force on 10th of December 2003. The signatories - while reaffirming their commitments under the rules and provisions of the GATT / WTO agreements - aimed, among other things, for the creation of optimal conditions for the free movement of goods and services. In this respect, upon the entry into force of the Free Trade Area Agreement (or having 12 months after ratification), they abolished customs duties and equivalent taxes and quantitative restrictions (as regards imports and exports) regarding the in trade in goods (Hierman , 2018).

The chart below illustrates the trade flow of GUAM signatory states.

Fig. No. 12 Commercial flows of the GUAM states (2000-2017)



Source: Pincu Brîndușa-Nicoleta, upon data retrieved from *The Observatory for Economic Complexity*, <https://oec.world/en/>

An upward trend can be observed until 2008, followed by a sharp fall in 2009 and the fight to recover and reduce the effects of the economic and financial crisis since 2010. Although it can be argued that the GUAM Free Trade Area Agreement (but also other trade agreements signed by these states) and the involvement of the World Bank and the International Monetary Fund played a decisive role in restoring trade flows, in reality these states only connected to the international market and followed its natural dynamics.

The GUAM Free Trade Area Agreement is also open to other partners and includes provisions on its correlation with other obligations of the parties arising from other international agreements.

Thus, the main features of the Free Trade Area Agreement within GUAM are:

- entered into force in December 2003.
- The Parties (Georgia, Ukraine, Azerbaijan and the Republic of Moldova) reaffirmed their GATT / WTO commitments in order to create conditions for the free movement of goods and services.
- regarding the market access, import tariffs and equivalent duties, as well as quantitative restrictions on trade in goods were removed on the day of the entry into force of the GUAM Free Trade Area Agreement or within one year (without exceptions)
- it refers to a correlation with other obligations of the parties arising from international agreements
- includes dispute resolution
- it does not provide a specific institutional structure, but the parties ensure the harmonization of legislation for the proper and efficient functioning of free trade.

The main commitments of the GUAM free trade agreement are:

- elaboration of the protocol regarding the rules of origin,
- harmonization of customs procedures,
- freedom of transit
- creating the conditions for mutual liberalization of services and public procurement (based on non-discrimination),
- cooperation in the field of eradication of technical barriers to trade,
- intellectual property rights,

→ fair competition and transparency in awarding grants.

→ sanitary and phytosanitary standards were not explicitly mentioned in the agreement, but it can be assumed that the parties are guided by the principles of the World Trade Organization Agreement on sanitary and phytosanitary measures.

In **Chapter 3** I have analyzed the effectiveness of regional economic integration projects initiated by Russia, such as the Eurasian Customs Union, and the Eurasian Economic Union, a project that aims to be a faithful copy of the European Union's Single Market.

Since 2008, there has been a shift in optics regarding Russia's international politics, and as part of that change Russia has initiated an Eurasian integration project aimed at creating a political and economic system that would bring together the former Soviet states into one single Eurasian Union

The project started in 2009 and initially included Russia, Belarus and Kazakhstan, the former two states joining Russia in a customs union that in 2012 received the status of common economic space. In 2013, Armenia and Kyrgyzstan applied to become members (which became a reality in 2015), and Tajikistan is considering a similar action. It was estimated that by 2015 the Eurasian Customs Union will be a viable platform for the integration of the former Soviet states, but the process of economic integration is a difficult one.

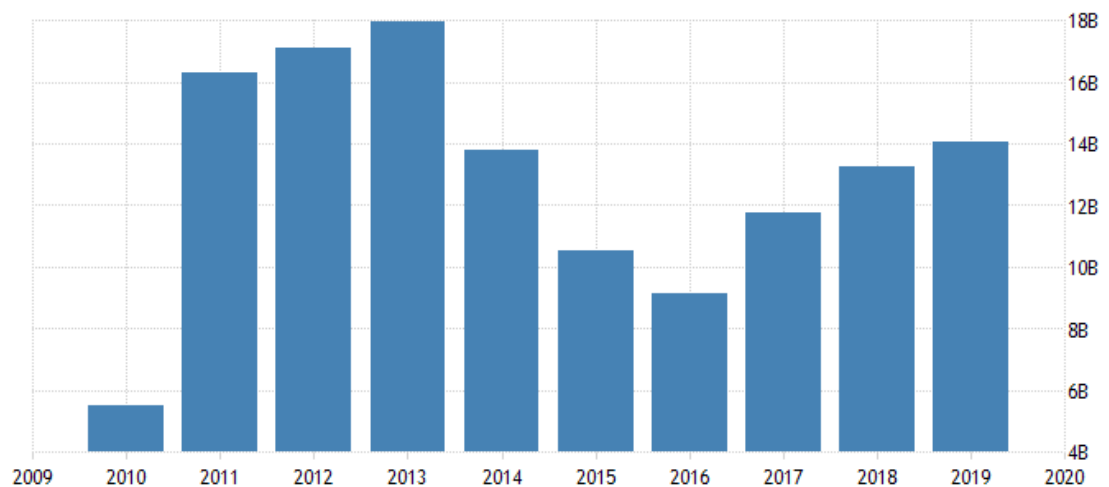
In 2020, the Eurasian Customs Union is a component part of the Eurasian Economic Union, but remained operational only among the founding members, namely Russia, Belarus and Kazakhstan. Armenia and Kyrgyzstan are not yet part of this organization, although they are members of the Eurasian Economic Union. This economic union is flanked by a security alliance - the Collective Security Treaty - and a distinct civilizational space whose *lingua franca* is Russian.

The Treaty on the Establishment of the Common Customs Territory and the Establishment of a Customs Union between Belarus, Kazakhstan and Russia was signed in October 2007. In June 2009, the timetable for the creation of a single customs area was defined: the Eurasian Customs Union between Belarus, Kazakhstan and Russia. to be launched on January 1, 2010. At the launching ceremony, the leaders of the signatory countries (Lukashenko, Medvedev, and Nazarbayev) also stated their intention to create a Single Eurasian Economic Area based on the customs union (Vinukov, 2018).

Taking into account Russia's position within the customs union, we can note in terms of benefits the increase in trade flow, which led to higher budget revenues, and a greater degree of control of the borders of the customs union (Vinukurov and Libman, 2012).

Russia also hopes for increased trade with Kazakhstan, better market access for its own producers, lower business costs due to the cancellation of transaction costs, and gains from improved infrastructure.

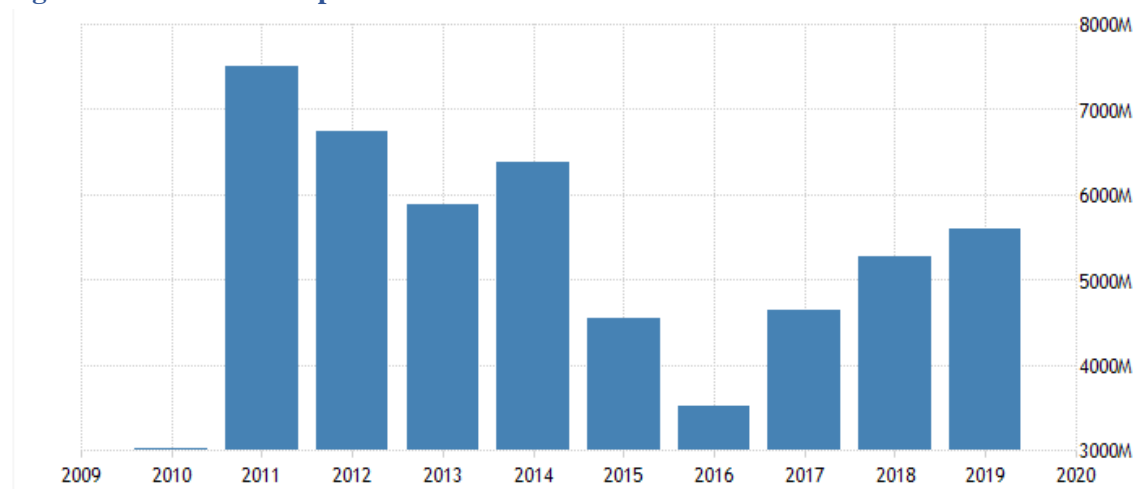
Fig.Nr. 32: Kazakhstan imports from Russia



Source: <https://tradingeconomics.com/kazakhstan/imports/russia>

Kazakhstan's imports from Russia have increased since 2010, after the establishment of the Eurasian Customs Union. They remained on an upward trend until the end of 2013 when they reached the highest level - 188 billion US dollars. Starting with 2014, they are on a downward slope, and in 2016 they reached the lowest level - 97.5 billion US dollars. After 2016, the curve rises again to the value of 148 billion dollars in 2019.

Fig.Nr. 33: Kazakhstan exports to Rusia



Source: <https://tradingeconomics.com/kazakhstan/exports/russia>

Kazakhstan's exports to Russia are developing after 2010 with the signing of the Treaty establishing the Eurasian Customs Union. The highest value of Kazakhstan's exports to Russia was in 2011, namely 750 million US dollars. After 2011, similar to imports, the exports entered on a downward slope, the lowest level being recorded in 2016 when they reached the value of 350 million US dollars. After 2016, we notice that they start to rise again to the value of 550 million US dollars in 2019.

Belarus benefits from being a member of the customs union due to Russia's financial contributions, but the direct effect of this project is still uncertain as the data are incomplete and the literature addresses Belarus too little as an economic player on the international stage. This state benefits from the rather high external tariff, but could still benefit by protecting producers of goods with higher import duties on imports from the European Union. Belarus also hopes to gain from customs quotas in the non-CIS area, but also from its transit country status.

Kazakhstan's participation in the customs union does not seem to be a rational choice seen in terms of the economic indicators consulted in the World Bank's database (The World Bank, 2020). It enjoys a relatively good economic situation, characterized by relative liberalization, with a high degree of foreign direct investment and oriented mainly in two directions - CIS and non-CIS (OECD Review of Agricultural Policies: Kazakhstan, 2013). Although it loses due to high prices and inflation, it is possible to gain more access to the Russian market. Furthermore, it will

be able to convert its costs corresponding to membership of the customs union and maximize its gains if Member States implement the eradication of non-tariff barriers.

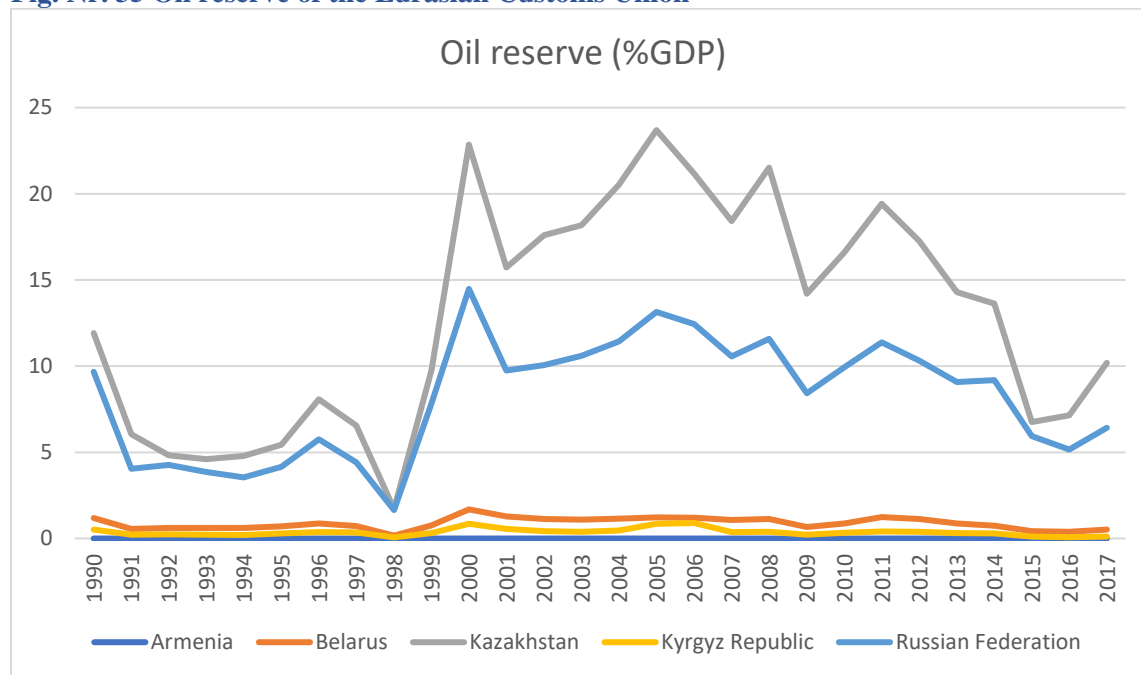
Implementing existing commitments is one of the biggest challenges. The most important priorities are the elimination of protectionist measures and the unification of technical standards, firstly, and secondly, the implementation of regulations that allow the freedom of movement of services and capital. It is still unclear whether the three founding members will be able to find a balance between national and customs union interests and implement in a short time what the European Union has implemented in five decades (Schumylo-Tapiola, 2013). It is not yet certain whether these countries will be able to achieve the unification of standards, and the authority of the Eurasian Economic Commission will be proven only by the passage of time.

Recognition by the West is one of the thorny issues of the Russian project. Achieving it is possible only with the implementation of all commitments, so this team will not be treated as a player imported regionally and globally.

Russia's accession to the WTO is another challenge, as the effects on Belarus are not yet known, even if it has observer status, or on Kazakhstan even though it has been a member of the WTO since 2015, as it is not certain that they will implement Russia's commitments. compared to the WTO.

The agreements signed by the Member States imply a greater integration in just a few years. Belarus and Kazakhstan oppose heightened integration at the pace suggested by Russia, arguing that they want their economies to adapt first to the changes that have already taken place. There were also discussions on the creation of a single currency, but the three founding members are far from ready for this step.

Fig. Nr. 35 Oil reserve of the Eurasian Customs Union¹

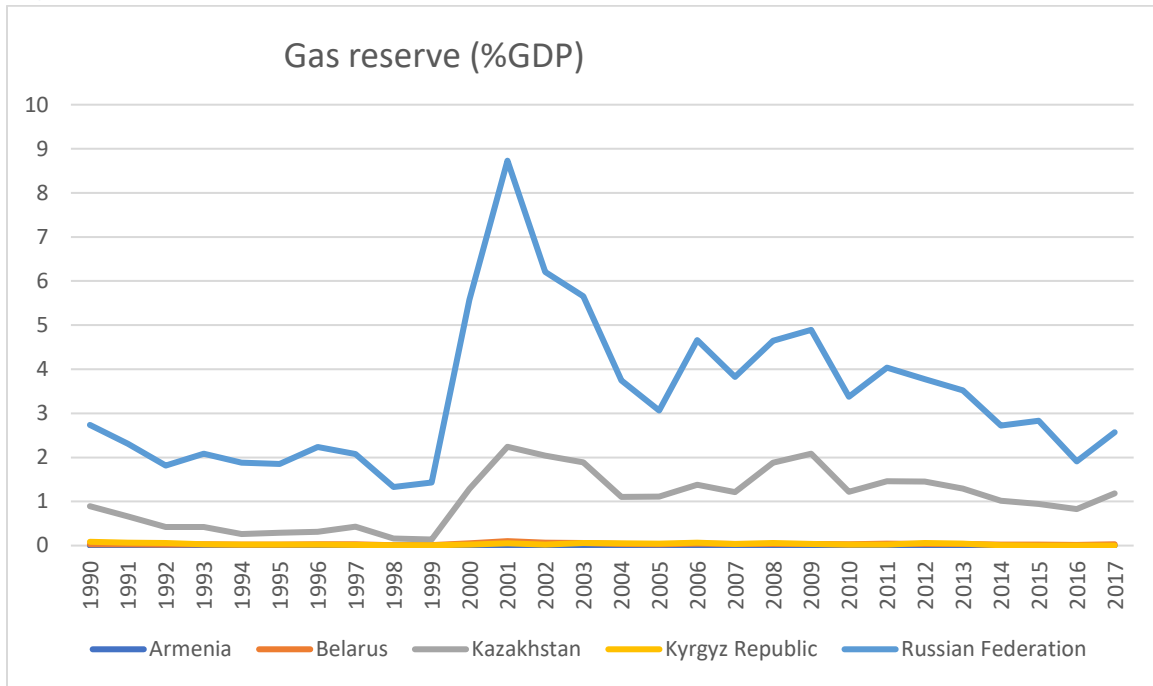


Source: Pincu Brîndușă-Nicoleta, upon data available at: <https://data.worldbank.org/indicator/NY.GDP.PETR.RT.ZS>

Oil reserves can be an important indicator of a group's dependence on external resources. The states that were candidates for the Eurasian Customs Union in 2014 lead in this category with 104845 billion barrels of known resources. However, they do not include the recent oil fields discovered in the Arctic, which can be extremely expensive to exploit. In second place is the United States with 26811 billion barrels, followed by the European Union with 5414 billion barrels and China with 0.475 billion barrels. Since 2017, when the cooperation agreement between Russia and China was strengthened, it has been supplying its oil needs largely due to imports from Russia. Russia, in turn, also under the renewed agreement in 2017, has pledged to support more the BRICS project and the new Silk Road, the economic integration project initiated by China - *Belt and Road Initiative*.

¹ As the Eurasian Customs Union has evolved into the Eurasian Economic Union since 2015, this chart includes both data for the period 2015-2017 and data for Armenia and Kyrgyzstan, states whose Eurasian Economic Union accession treaty was ratified in 2015.

Fig. Nr. 36 Gas reserve of the Eurasian Customs Union



Source: Pincu Brîndușa-Nicoleta, upon data available at <https://data.worldbank.org/indicator/NY.GDP.NGAS.RT.ZS>

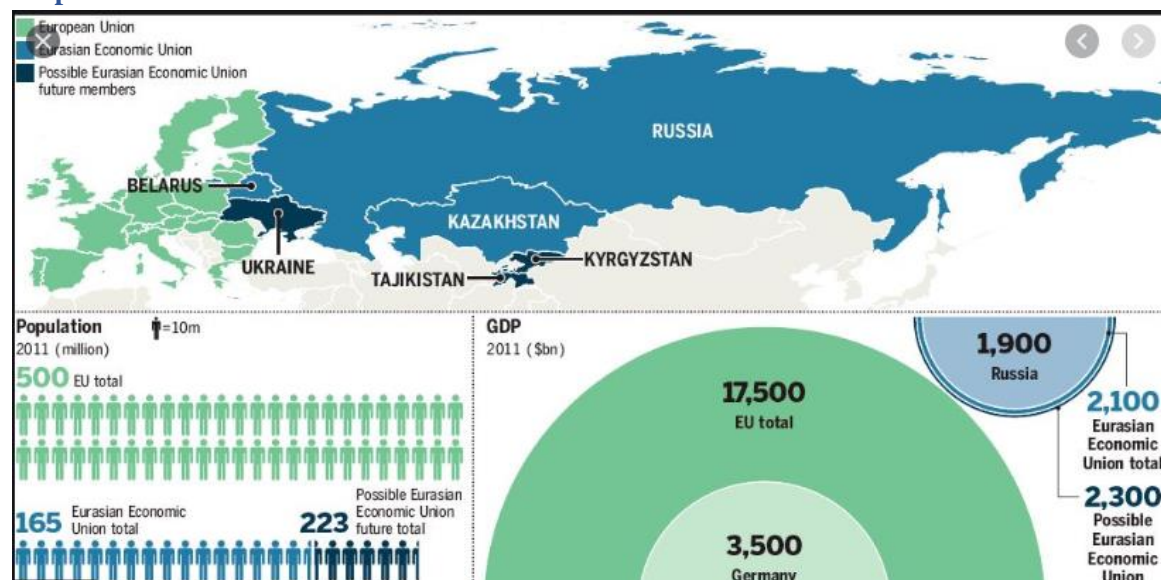
Regarding natural gas, at the level of 2014 the global resources amount to approximately 187 trillion cubic meters, of which 35.9 belong to the Eurasian Customs Union.- and most of them are located on Russian territory - 32.9 trillion. By comparison, the US has reserves of 9.46 trillion cubic meters, China 3.1 trillion, and the European Union just over 2 trillion. After 2014 you can see the downward trend of the curves, but since 2016 we see the beginning of an ascending slope. For 2019 and 2020 the consulted databases do not have information available.

It is important to note that Iran has 33.6 trillion cubic meters of gas, and if relations between them and Russia continue to be strained, Russia will end up controlling 69.5 trillion cubic meters of gas, which which means more than a third of world reserves (The World Factbook: Russia, CIA Report, 2014).

The territorial surface offers important indications regarding the size and complexity of the development of various aspects of the infrastructure such as the railway network, roads, bridges, water distribution, electricity, communication lines, etc. The area of the Eurasian Customs Union was 21 million sqkm, in 2014, while the USA has 9.827 million sqkm, China 9,707 and the

European Union 4.18 (The World Factbook: Russia, CIA Report, 2014). For the period 2015-2020, the consulted databases do not have information available.

Map No. 6 Resources of Eurasian Customs Union



Source: <http://isds.bilaterals.org/?china- Eurasian-economic-union-to&lang=en>

The Eurasian integration process has given producers in the Member States access to a market of 173 million people covering 15% of the globe. In 2012, for example, the Eurasian Customs Union was the world's largest producer of natural gas, oil and condensed gas, sunflower and sugar beet; the second for mineral fertilizers; the third for electricity, cast iron and potatoes; and the fourth to coal, steel, and wheat. However, the Eurasian Economic Union will face a number of challenges in the near future as well as in the long term (Coşkun Oezer, 2018).

Data on the performance of the Eurasian Customs Union are mixed. Trade between Belarus, Kazakhstan and Russia has grown by about 40%, but some companies in Belarus and Kazakhstan have complained that the elimination of tariffs has made it easier for Russian companies to enter locally, while Russia has introduced non-tariff barriers on the import of their goods. Others argued that lower prices resulting from the elimination of tariffs facilitated lower-quality Russian products to enter the local market, resulting in the replacement of more expensive domestic products.

The most recent project aimed at greater regional integration is the Eurasian Economic Union, which was born out of the Agreement signed in Minsk by Belarus, Kazakhstan and Russia

on May 29th , 2014. The Treaty extending the Eurasian Economic Union to Armenia was signed in October 10th , 2014, together with another treaty abolishing the Eurasian Economic Community.

Map No. 7 Eurasian Economic Union



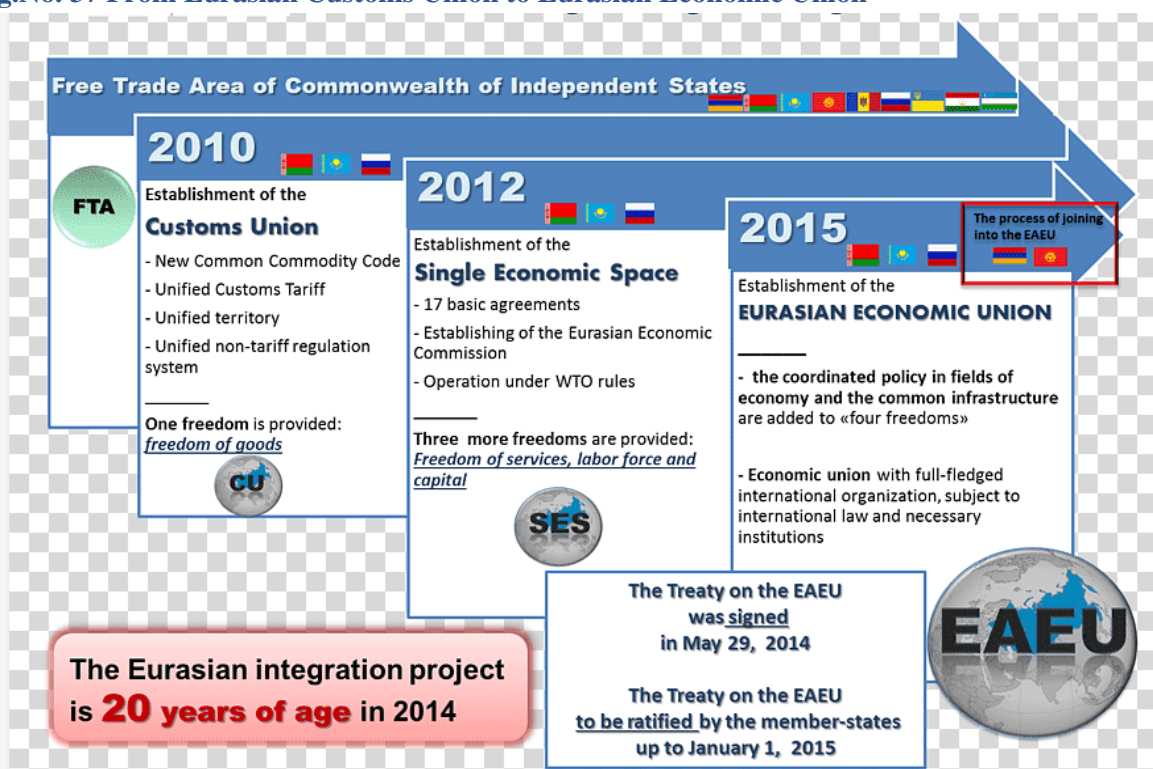
Source: <https://russiabusinesstoday.com/economy/moscow-pushes-urasian-economic-union-agenda/>

The Treaty of Accession of Kyrgyzstan to the Eurasian Economic Union was formally approved by the Presidents of Belarus, Kazakhstan and Russia on 23 December 2014 in Moscow. The Eurasian Economic Union entered into force on January 1, 2015, and starting with May 1, 2015, the provisions also applied to Kyrgyzstan.

Officially, as of January 1, 2015, a common economic space was launched, a single market without borders for the movement of goods, services, labor and capital.

The Eurasian Economic Union took over from the Customs Union the institutional framework and organizational structure, which were extended and adapted to both the Single Economic Area and the new project before its launch in 2015. The legal basis for the new formation is the Eurasian Union Treaty signed in May 2014.

Fig.No. 37 From Eurasian Customs Union to Eurasian Economic Union



Source: <https://www.pngflow.com/en/free-transparent-png-mcsqw>

Within the Customs Union, the decision-making process was initially based on a vote system weighted by population and territorial area, with decisions taken by qualified majority, ie 2/3 of the votes cast. Russia had 55% of the votes, while Belarus and Kazakhstan had 22.5% of the votes, which means that Russia could not impose its own preferences, but neither could a decision be reached without its consent.

Although the institutional structure of the Eurasian Economic Union is largely inspired by that of the European Union, its governance structure is different from that of the Union. The executive power is entrusted to the College of the Eurasian Economic Commission which is composed of nine members of the council (three from each Member State) and 23 departments. The Economic Council of the Eurasian Commission oversees the executive. Modeled after the Council of the European Union, it has an annual rotating presidency and consists of three Deputy Prime Ministers representing the Member States. At the political level, the highest degree of decision-making belongs to the Eurasian Economic Council, which can be convened either at the level of prime ministers or only at the level of heads of state.

Regarding another 15 sectors, only Russia, Armenia and Belarus agreed on the establishment of a single market. At the same time, Kazakhstan refused to join this project in the field of transport services, services related to sanitary and phytosanitary standards and, until 2025, in the field of construction services. Banking or insurance services have not been liberalized so far. The common electricity market was planned to be integrated by 2019 but discussions in this regard were suspended due to constant threats from Russia, the natural gas market until 2024 and the oil market until 2025.

With regard to the movement of labor force, citizens of any Member State of the Eurasian Economic Union have the right to work in any other country of the Union without holding a work permit (ie they are not considered foreign workers). They only need to register their residence in the territory of the member state of the Eurasian Economic Union. For Armenia, the issue of labor mobility is particularly important due to the fact that remittances from Russia accounted for 6% of Armenian GDP in 2018 (before the economic crisis in Russia it was about 12-13%) (Armenia`s Trade at a Glance: Most Recent Values, 2018).

Currently, there are several types of standards within the Eurasian Economic Union:

- interstate standards, such as regional standards adopted by the Interstate Council of the Community of Independent Villages on standardization, metrology and certification,
- international standards adopted by international standardization organizations and
- national standards, such as the standards adopted by the national standardization bodies of the Member States of the Eurasian Economic Union.

The technical standards shall be drawn up either by the authorities of the Member States or even by the Eurasian Economic Commission, taking into account the contribution of the competent bodies of the members of the Eurasian Economic Union. More than 8,000 intergovernmental standards have been approved so far, but their application is voluntary. The Eurasian Economic Commission has approved the lists of standards for 33 technical regulations that include national and interstate documents

Map No. 9 Trade Agreements between Eurasian Economic Union and Third Parties



Source: <https://www.russia-briefing.com/news/iran-commences-eurasian-economic-union-free-trade-russia-kazakhstan.html/>

Russia has offered to provide subsidies to Armenia and Kyrgyzstan to offset losses arising from claims by members of the World Trade Organization and retaliation as a result of higher tariff rules. Moreover, such promises have been doubled by agreements and investments in key industrial sectors. Gazprom took full control of state-controlled gas companies in Armenia and Kyrgyzstan in the first half of 2013. Rosatom, the state-owned nuclear power company, announced in September 2013 its intention to help rehabilitate the Metsamor nuclear power company. from Armenia.

Rosneft, the state-controlled oil company, also announced plans to build a synthetic rubber plant in Armenia and made an offer to the Kyrgyz Republic to buy a major gas station to supply fuel at the airport in Kyrgyzstan. the city of Osh.

In 2018, Russian Railways announced a US \$ 500 million investment to modernize Armenia's train network, and Rushydro and Inter RAO, Russia's state-owned electricity companies, have begun construction of hydroelectric power plants in the Kyrgyz Republic (Blokker, 2018). . Negotiations in this regard began towards the end of 2019, but due to the Covid-19 epidemic they were suspended.

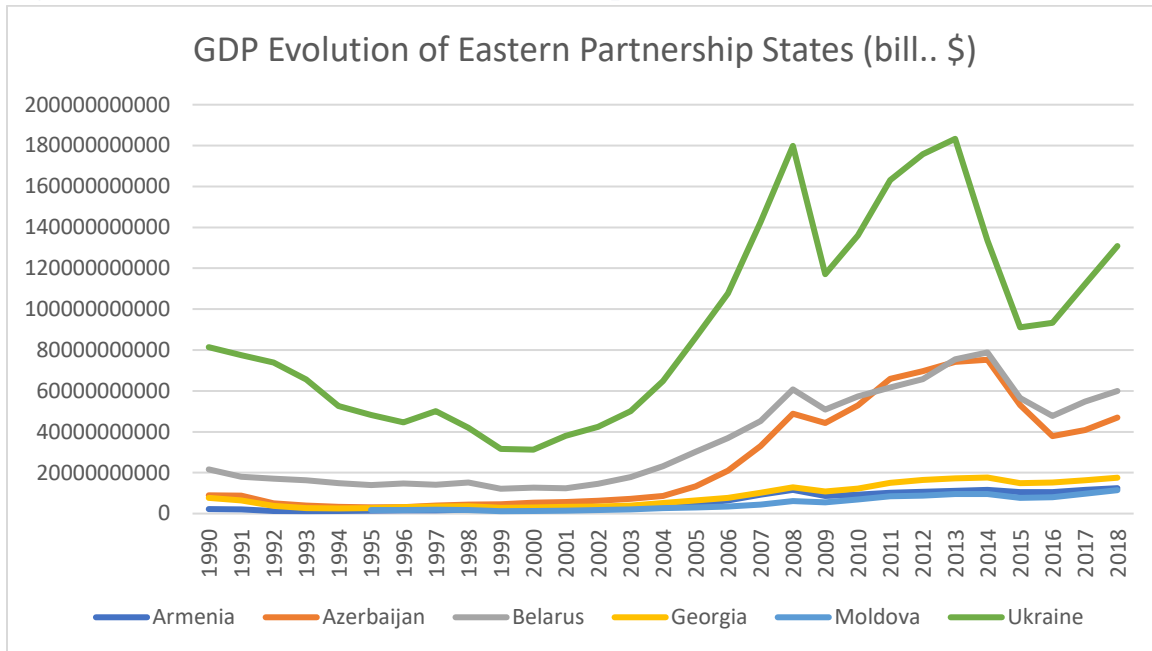
While Russia can afford to offset tariff losses for several small countries such as Armenia and Kyrgyzstan, it is unlikely that such a policy will prove sustainable in the long run (especially in the case of the enlargement of the Eurasian Economic Union with the integration of other states).

In the **fourth chapter** I have analyzed the Eastern Partnership states through the import and export premise, but also the Deep and Comprehensive Free Trade Area Agreements that the European Union has signed and which are already implemented with three of the Eastern Partnership states, namely Georgia, Ukraine and Moldova. This chapter will highlight the differences between the Russian project and the Deep and Comprehensive Free Trade Area Agreement using the evolution of macroeconomic indicators over time.

The economic situation in the states that are the object of the Eastern Partnership is characterized by the crisis and transition that followed the collapse of the USSR in 1991, but also by the traces left by the economic crisis of 2008-2009.

In 2013, after the Eurasian Customs Union took a more pronounced shape, the economic situation of the Eastern Partnership states in relation to GDP per capita and nominal GDP was as follows:

Fig. Nr. 39 GDP evolution of Eastern Partnership states (1990-2018)



Source: Pincu Brîndușa-Nicoleta, upon data available at: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=UA&view=chart>

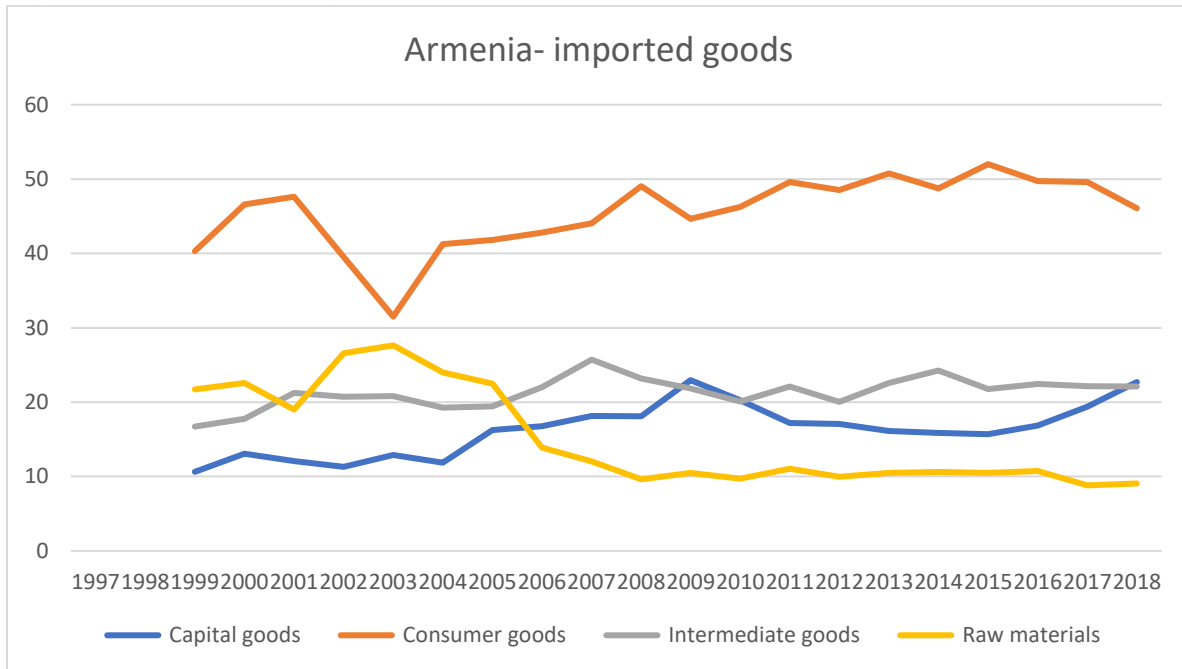
Long-term analyses estimated an annual GDP growth of between 3% and 5%, but the oscillating evolution of the economy of these states and their unpredictable behavior on the international stage easily turned economists' calculations upside down. While Ukraine and Belarus faced a severe recession in 2014-2017 due to economic instability, Moldova had periods of economic growth, and the economies of Georgia, Armenia and Azerbaijan were relatively stable.

In the period of 2010-2018, all Eastern Partnership states faced a trade deficit, high inflation and unemployment rates. All these problems have their origins in the legacy of the centralized Soviet economy and in its dependence on Russia, especially in the energy sector.

In the following section I will briefly analyze the economic situation in the six states that are the object of the Eastern Partnership

Armenia is a member of both the Commonwealth of Independent States and the Eurasian Economic Union, (joined in 2015). It is part of the Eastern Partnership, but due to its proximity to Russia has not signed a Free Trade Area Agreement with the European Union, and discussions on this issue they have not advanced since 2015.

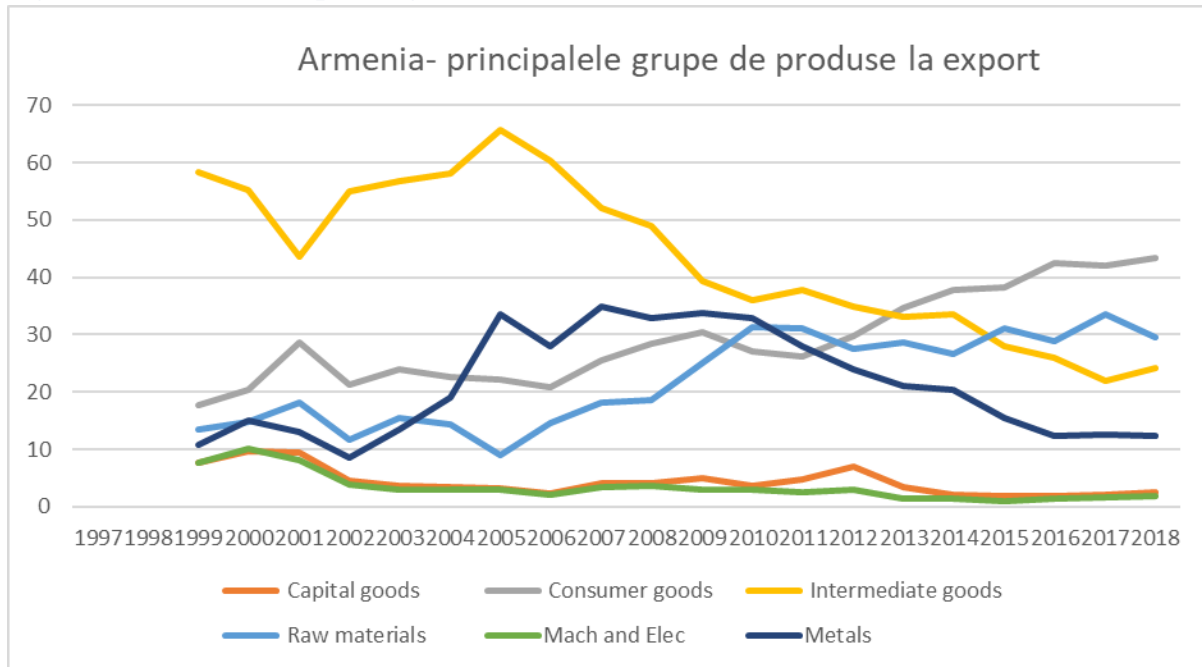
Fig. No. 40 Armenia – imported goods



Source: Pincu Brindusa-Nicoleta, upon data available at: <https://wits.worldbank.org/CountryProfile/en/Country/ARM/StartYear/1997/EndYear/2018/TradeFlow/Import/Indicator/MPRT-PRDCT-SHR/Partner/WLD/Product/all-groups#>

At the end of 2012, Armenia managed to overcome almost entirely the effects of the 2008-2009 economic crisis. However, since 2014, the pace of economic growth has been on a downward trend, with the deficit reaching 26.2% of GDP and 27.3% in 2015, respectively (Index of Economic Freedom, Armenia, 2018). The upward trend is maintained until 2017 when a stability of around 27.5% is observed (Index of Economic Freedom, Armenia, 2018).

Fig. Nr. 43 Armenia – exported goods



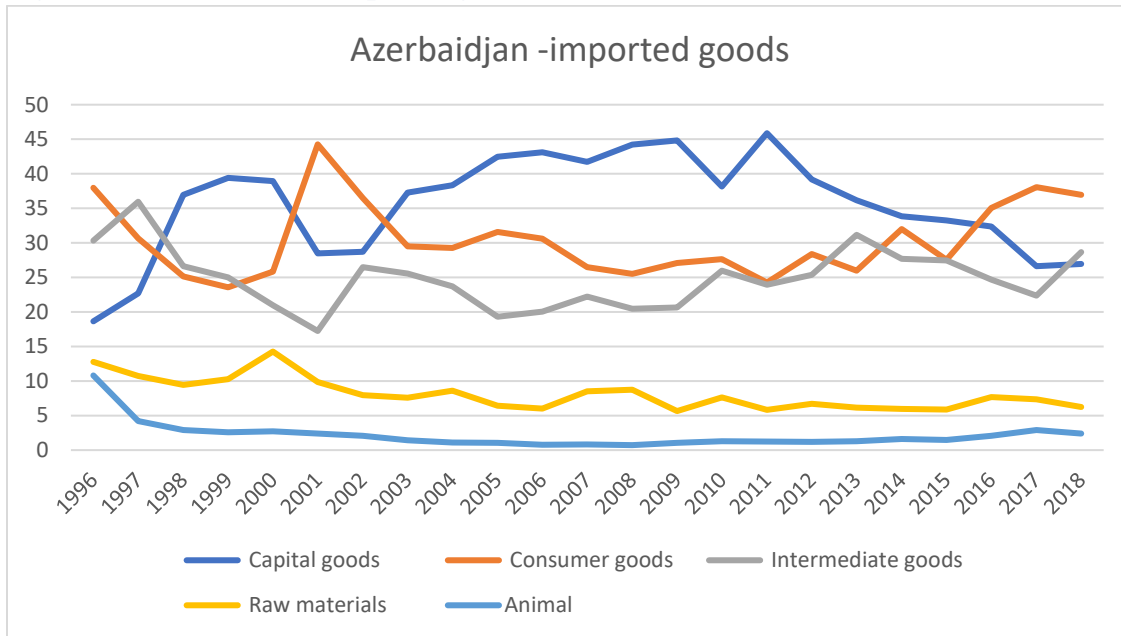
Source: Pincu Brindusa-Nicoleta, upon data available at <https://wits.worldbank.org/CountryProfile/en/Country/ARM/StartYear/1997/EndYear/2018/TradeFlow/Export/Indicator/XPRT-PRDCT-SHR/Partner/WLD/Product/all-groups#>

Intermediate goods, which until 2007 accounted for a significant percentage of total exports (over 60%), fall on a downward slope after 2008 and reach up to 25% in 2018. On the other hand, consumer goods enter an upward slope and they account for 43% of total exports in 2018.

Azerbaijan is a member of the Commonwealth of Independent States and the Organization for Democracy and Economic Development (GUAM). It is also part of the Eastern Partnership group of states, but due to its focus on cooperation with countries, especially in Asia, it does not show a growing interest in the European Union.

Since 2013, Azerbaijan has recovered from the economic crisis of 2008-2009 and has experienced higher economic growth than other Eastern Partnership countries. This growth is also reflected in the trade surplus based on hydrocarbon exports, which makes the Azerbaijani economy different from other Eastern Partnership states (Azerbaijan Economic Forecast, 2018).

Fig. Nr. 46 Azerbaijan – imported goods



Source: Pincu Brindusa-Nicoleta, upon data available at: <https://wits.worldbank.org/CountryProfile/en/Country/AZE/StartYear/1997/EndYear/2018/TradeFlow/Import/Indicator/MPRT-PRDCT-SHR/Partner/WLD/Product/all-groups>

Azerbaijan's imports consist mainly of capital goods and consumer goods as can be seen in the chart above. Intermediate goods are immediately below the curve of the products mentioned above, while goods of animal origin and raw materials are kept low throughout the analyzed period.

Fig. Nr 49 Azerbaijan- exported goods



Source: Pincu Brindusa-Nicoleta, upon data available at <https://wits.worldbank.org/CountryProfile/en/Country/AZE/StartYear/1997/EndYear/2018/TradeFlow/Export/Indicator/XPRT-PRDCT-SHR/Partner/WLD/Product/all-groups>

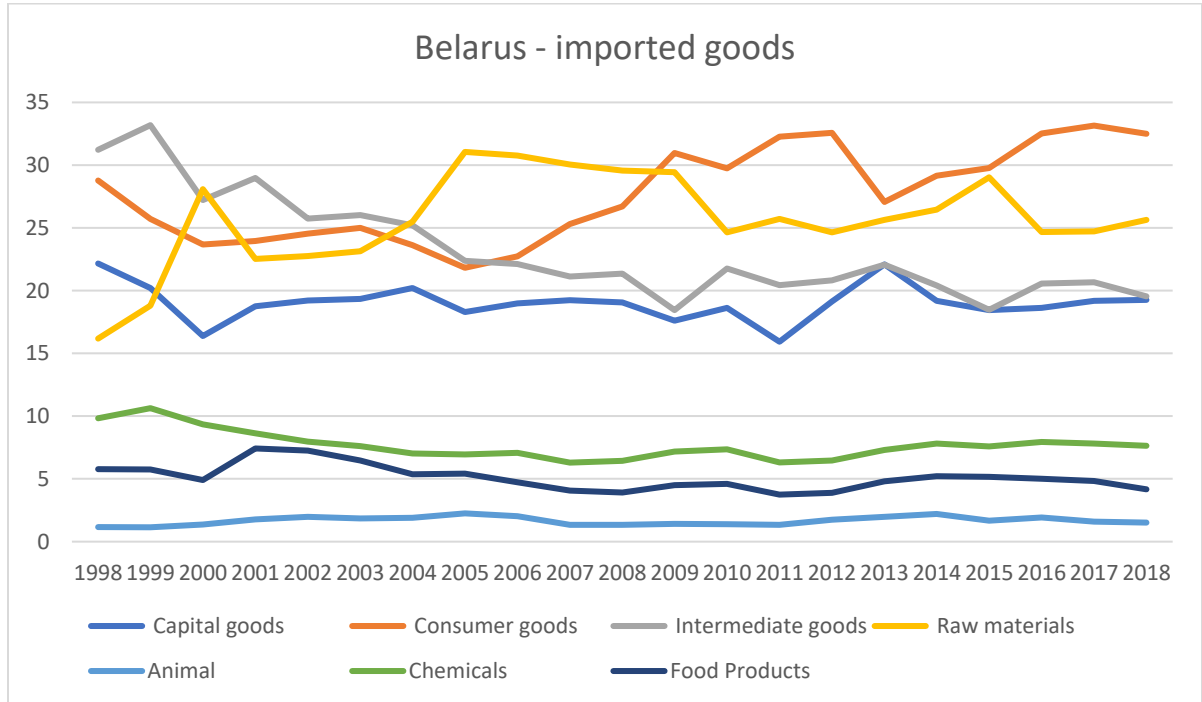
Azerbaijan exports mainly raw materials, which account for almost 90%, as opposed to the export of capital goods, for example, which since 2008 is below 1%.

Belarus is a member of the Commonwealth of Independent States, the Eurasian Customs Union and the Eurasian Economic Union. This state is also part of the group of states that make up the Eastern Partnership, but due to its very close relationship with Russia, it does not show any interest in the European Union.

Belarus is a state with a highly centralized and state-controlled economy, an economy based on low energy prices and imports of raw materials from Russia. The economic crisis of 2008-2009 and the poor management of the situation created at the macroeconomic level led to a sharp deficit and the acceleration of the inflation rate (Purg, Sauka, Mets, 2018). Due to economic isolation, the situation in Belarus has been rectified with the help of Russia, which has intervened massively in the domestic economy since 2011. This intervention can be seen after 2011, but especially after 2015 when relations between the two intensified following the establishment Eurasian Economic Union. The close relationship between these two states can also be seen in the

graphs presented in the chapters on the Commonwealth of Independent States and the Eurasian Customs Union.

Fig. Nr. 52 Belarus – imported goods



Source: Pincu Brindusa-Nicoleta, upon data available at <https://wits.worldbank.org/CountryProfile/en/Country/BLR/StartYear/1998/EndYear/2018/TradeFlow/Import/Indicator/MPRT-PRDCT-SHR/Partner/WLD/Product/all-groups#>

Belarus imports are mainly composed of consumer goods, raw materials and intermediate goods whose percentage is between 20% and 33% in 2018. Chemicals and food products have a lower share, between 2% and 5% in the same year.

Fig. Nr. 54 Belarus – exported goods



Source: Pincu Brindusa-Nicoleta, upon data available at <https://wits.worldbank.org/CountryProfile/en/Country/AZE/StartYear/1997/EndYear/2018/TradeFlow/Import/Indicator/MPRT-PRDCT-SHR/Partner/WLD/Product/all-groups>

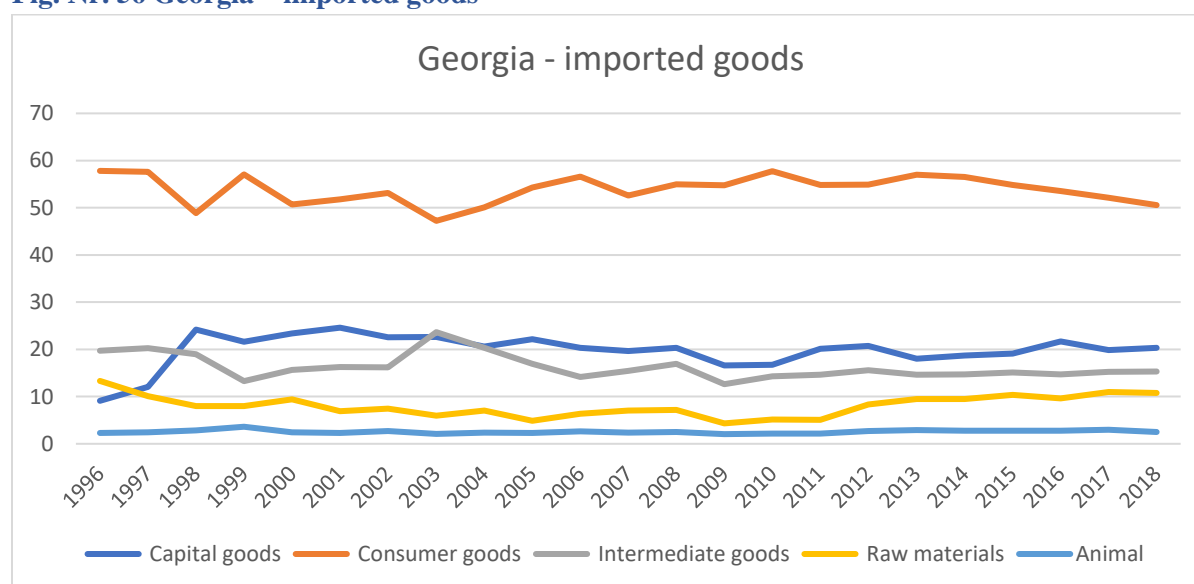
The most important categories of products exported by Belarus are consumer goods and intermediate goods whose level is at 42% and 31% respectively in 2018. The export of raw materials and that represented by products of animal origin is around 10% from 2013 to 2018.

Georgia is a member of the Organization for Democracy and Economic Development (GUAM), and until 2008 was a member of the Commonwealth of Independent States. Due to the tense relationship with Russia, Georgia withdrew from the CIS and reoriented itself towards the European Union.

Georgia, like other states in the former Soviet Union, was hit by a structural crisis immediately after the collapse of the Soviet Union, from which it only recovered in 2006. In 2008, however, Georgia was affected not only by the economic crisis, but also by the war with Russia (Georgia Economic Outlook, 2018), as a result of which energy dependence on it was significantly reduced and trade relations were strained.

After 2009, Georgia's trade policy underwent a transformation and import duties were eliminated, which made the Deep and Comprehensive Free Trade Agreement with the European Union a good one for the country's economy, especially for its export-oriented exports. Mediterranean. However, the economic crisis in Russia in 2012-2015, the effects of which are still visible in 2020, as well as its political retaliation could severely destabilize Georgia's economy (Ministry of Finance of Georgia, 2018). Certainly, however, one of the strengths of this state is the renunciation of Russian gas imports and the reorientation to Azerbaijan.

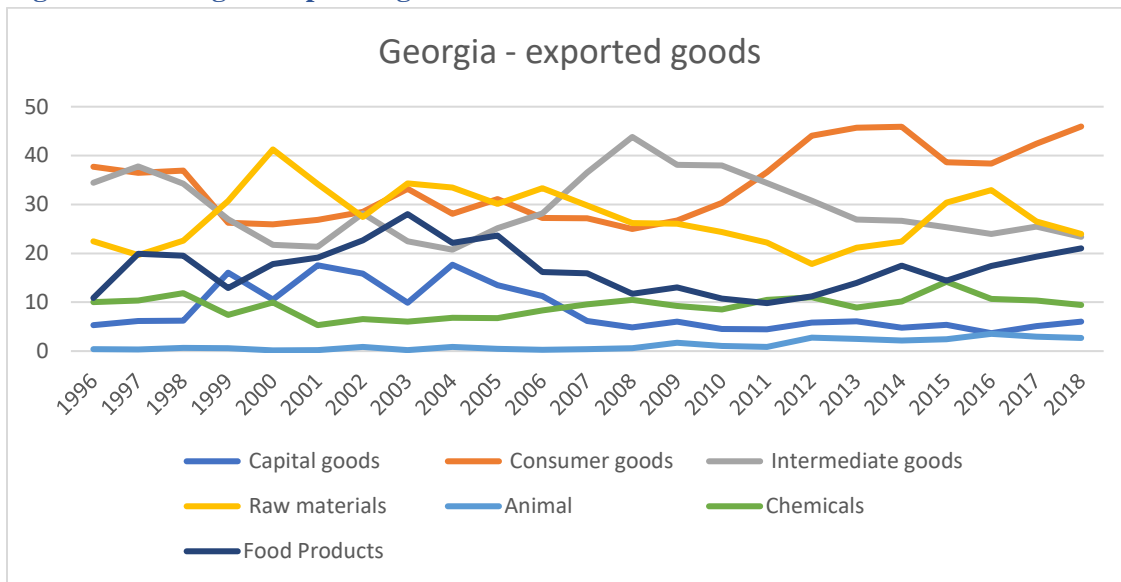
Fig. Nr. 56 Georgia – imported goods



Source: Pincu Brindusa-Nicoleta, upon data available at: <https://wits.worldbank.org/CountryProfile/en/Country/GEO/StartYear/1994/EndYear/2018/TradeFlow/Import/Indicator/MPRT-PRDCT-SHR/Partner/WLD/Product/all-groups#>

Consumer goods are the main products that Georgia imports, and as can be seen from the graph above, their value remained between 50% and 60% throughout the analyzed period (1996-2018). Small fluctuations are also observed in the other product groups illustrated by the curves in the graph above.

Fig. Nr. 59 Georgia – exported goods



Sursa: Pincu Brindusa-Nicoleta, upon data available at: <https://wits.worldbank.org/CountryProfile/en/Country/GEO/StartYear/1996/EndYear/2018/TradeFlow/Export/Indicator/XPRT-PRDCT-SHR/Partner/WLD/Product/all-groups#>

Georgia exports mainly consumer goods - over 40% in 2018, raw materials and intermediate goods -25% in 2018. At the opposite pole are animal products and capital goods - 2% in 2018.

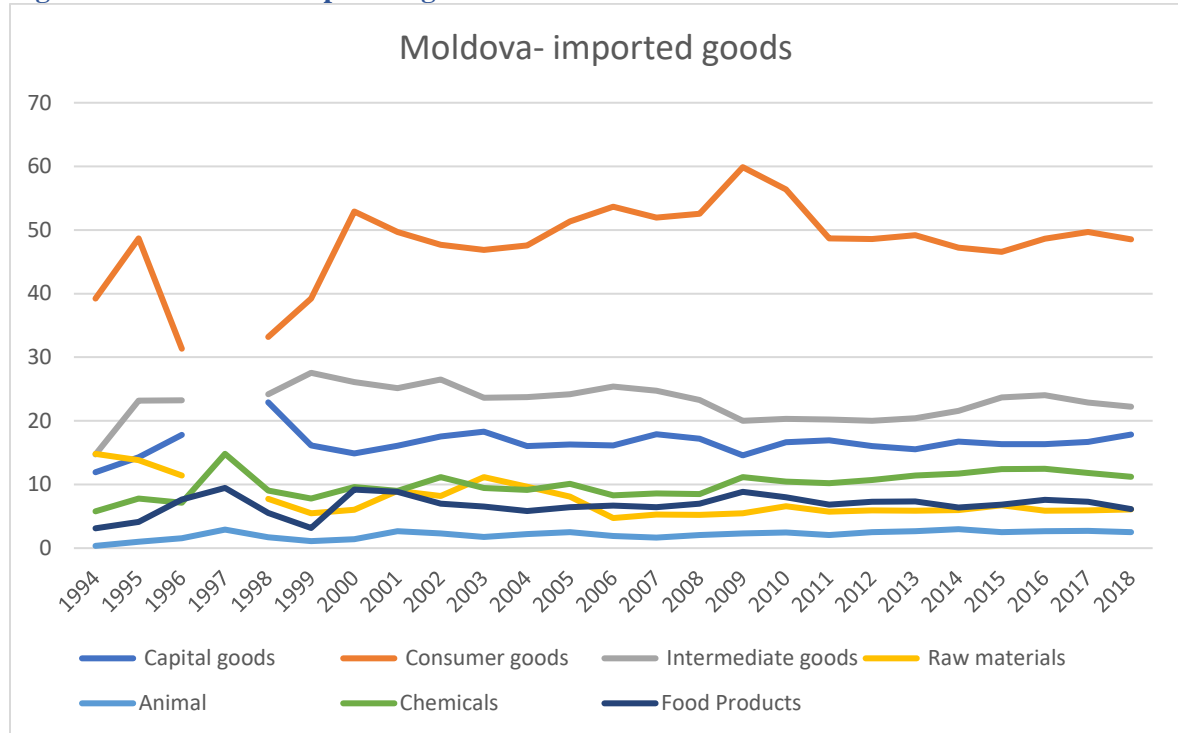
The *Republic of Moldova* is part of the Community of Independent States and the Organization for Democracy and Economic Development. It is also an important member of the Eastern Partnership, and since 2007 has begun to develop closer and closer relations with the European Union.

As a result of the 2013 trade deficit and the economic crisis in Russia in the period 2012-2015 that affected economic growth, in 2014 Moldova faced a sharp devaluation of the national currency, which led to the depletion of national reserves and the failure to prevent the effects of the crisis. .

Although Russia is Moldova's second largest trading partner, there are very strong links between these two countries due to energy dependence, proximity and similar industry standards. Because of this, Moldova is very vulnerable and its economy has suffered due to the signing and ratification of the Association Agreement with the European Union, when in 2013 Russia banned wine imports.

This was followed by other bans such as pork products in April 2014 or canned vegetables and fruits in July 2014. Also in August 2014, Russia suspended preferential agreements with Moldova guaranteed by the CIS Free Trade Area, and then impose serious restrictions on the access of Moldovan workers to the Russian market (Moldova Economic Outlook, 2018).

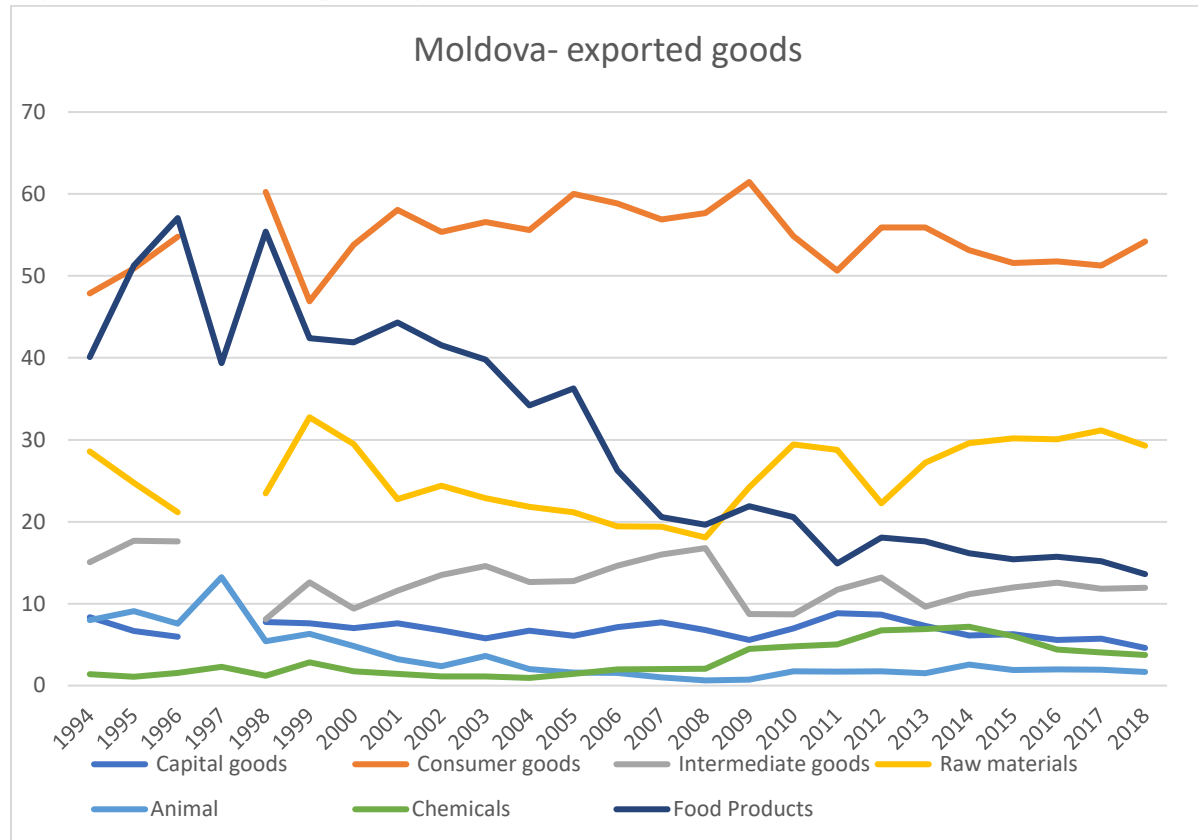
Fig. Nr. 62 Moldova – imported goods



Source: Pincu Brindusa-Nicoleta, upon data available at <https://wits.worldbank.org/CountryProfile/en/Country/MDA/StartYear/1998/EndYear/2018/TradeFlow/Import/Partner/BY-REGION/Indicator/MPRT-PRTNR-SHR>

Moldova mainly imports consumer goods. They have a share of 50% of total imports since 2011, and this percentage has been maintained until 2018. Intermediate goods and capital goods are the following categories of products that Moldova imports, their percentage values being around the figure of 22% and 18% respectively at the level of 2018.

Fig. Nr. 64 Moldova – exported goods



Source: Pincu Brindusa-Nicoleta, upon data available at <https://wits.worldbank.org/CountryProfile/en/Country/MDA/StartYear/1994/EndYear/2018/TradeFlow/Export/Indicator/XPRT-PRDCT-SHR/Partner/WLD/Product/all-groups#>

Moldova exports mainly consumer goods - over 50% in 2018, raw materials -30% in 2018, followed by food, intermediate and capital goods, chemicals and animal products, with percentages ranging from 12% to 2% in 2018.

Ukraine is the largest state in the Eastern Partnership, but faces serious economic problems such as a sharp budget and trade deficit and a foreign debt that reached a maximum of 78.1% of GDP in 2013. Since 2015, due to the reorientation towards the European Union and the granting of a loan by the IMF, the percentage of external debt relative to GDP starts to decrease slightly, reaching 73.2% in 2018. For the period 2019-2020, the consulted databases have no information.

The devaluation of the hryvnia that followed immediately after 2013, the year in which the external debt recorded the highest percentage, made Ukraine apply for loans from the International Monetary Fund in 2014 in order to more easily overcome the effects of the crisis. The loan was

granted on a multi-annual basis and subject to tough reforms. The immediate consequence was an increase in energy prices (up to five times) (The World Bank, 2018)

The austerity measures also brought with them a slight economic growth, but the war with Russia and the cessation of its gas supply led to an increase in the depreciation of the hryvnia and a more severe depletion of the state's energy reserves.

Due to the conflict in Donbass that began in 2014, exports and imports to and from Russia declined, while trade with the European Union increased slightly. As a result of Ukraine's proximity to the European Union, Russia has imposed import restrictions on products such as textiles, cars, food (Nordea, 2018).

In terms of imports, they increased by 21% in 2017, and the EU's share of total imports from Ukraine was 42% of the total, remaining in the range of 39-44% after Ukraine began importing gas from the EU. from 2014, as shown in the graph below

Fig. Nr. 66 Ukraine – imported goods



Source: Pincu Brindusa-Nicoleta, upon data available at <https://wits.worldbank.org/CountryProfile/en/Country/UKR/StartYear/1996/EndYear/2018/TradeFlow/Import/Indicator/MPRT-PRDCT-SHR/Partner/WLD/Product/all-groups>

Consumer goods are the main product category imported by Ukraine, followed by capital goods, intermediate goods and chemicals. The largest fluctuation was in consumer goods, which in the period 2011-2015 reached the level of 50%, and since 2016 they remain at 41%. Regarding the intermediate and capital goods, they are close as percentage values - 22-23% in 2018

Fig. Nr. 70 Ukraine –exported goods



Source: Pincu Brindusa-Nicoleta, upon data available at:

<https://wits.worldbank.org/CountryProfile/en/Country/UKR/StartYear/1996/EndYear/2018/TradeFlow/Export/Indicator/XPRT-PRDCT-SHR/Partner/WLD/Product/all-groups#>

Intermediate products have decreased considerably since 2009 from 60% (at the level of 2005-2007) to 50%. After 2009, they decrease even more, reaching 45% in 2018. The same trend is observed in capital goods, while the export of raw materials increases from 20% in 2012 to 30% in 2015, and this percentage is maintain in 2018.

In **Chapter 5** I have summarized the conclusions I reached after my research and I have drawn some perspectives on the evolution of the states studied.

Countries of the former Soviet Union faced difficult choices, both economically and politically. When deciding whether to follow the European or Eurasian integration model, they followed different paths. Georgia, the Republic of Moldova and Ukraine have signed treaties with the European Union, while trying to remain in the free trade area of the Commonwealth of Independent States. Belarus and Armenia have joined the Russian-led Eurasian Economic Union, and Azerbaijan has stayed away from both.

For the states that joined the Eurasian Economic Union, the economic results were mixed. For the states that have signed the Deep and Comprehensive Free Trade Agreement with the European Union, there will still be losses as well as gains. The benefits of trade integration with the European Union will be significant, but will be seen over time. The elections in Ukraine, Georgia and Moldova have led to retaliation from Russia on one side, and to an intensification of trade with the states that have joined the Eurasian Economic Union and Russia on the other side.

The question that arises now is whether and how this loss can be remedied for the states that have signed Association Agreements, including the Deep and Comprehensive Free Trade Area Agreement with the European Union, as well as for those countries that have joined the Eurasian Economic Union.

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