

Bringing Armenia Closer to Europe? Challenges to the EU-Armenia Comprehensive and Enhanced Partnership Agreement Implementation

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Abstract: *The Comprehensive and Enhanced Partnership Agreement (CEPA), inaugurated in March 2017, has breathed new life into waxed and waned EU-Armenia partnership. There is a lot of scholarship on the domestic state of affairs in Armenia and consideration of the combined effects of power transition, tough economic contexts, geopolitical fragility and other ways in which the specific 'Armenian reality' affects the way that EU policies are received and implemented (Kostanyan and Giragosian, 2016; Delcour, 2015; Delcour and Wolczuk, 2015; Delcour, 2018). This paper aims to build upon existing scholarship and addresses the following research question: What are the implications of the 'velvet revolution' for Armenia's relations with the EU within the CEPA? The paper contends that despite the power transition, political and economic conditions underlying Armenia's arbitrary decision to join the Eurasian Economic Union (EAEU) and constraining country's profound advancement towards the EU have largely remained unchanged. Therefore, the EU's 'competing governance provider' Russia maintains its economic and political grip on Armenia, with its ensuing adverse effects on the EU-Armenia rapprochement, and more specifically on the effective implementation of the CEPA.*

Keywords: CEPA, Armenia, 'Velvet Revolution', EU external governance, ENP review, Eurasian Economic Union.

1. Introduction

In 2017, the Republic of Armenia and the European Union set out to deepen their relationship by adopting the Comprehensive and Enhanced Partnership Agreement. This agreement turned the page of the failed Association Agreement and manifested parties' desire to pursue a deeper, more dynamic and ambitious framework of cooperation. That said, despite the setbacks stemming from Armenia's U-turn, the EU and Armenia have negotiated and come up with a new framework of cooperation that takes full account of Armenia's commitments and constraints as a member of the Eurasian Economic Union. Arguably, the Comprehensive and Enhanced Partnership Agreement opens up 'face saving' opportunities for Armenia and may serve as a critical tool for further Europeanization of its legal and political systems. However, this is still just the beginning of the "updated" story for both the EU and Armenia. There is a lot of scholarship on the domestic state of affairs in Armenia and consideration of the combined effects of power transition, tough economic contexts, geopolitical fragility and other ways in which the

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specific 'Armenian reality' affects the way that EU policies are received and implemented (Kostanyan and Giragosian, 2016; Delcour, 2015; Delcour and Wolczuk, 2015; Delcour, 2018).

This article aims to build upon existing scholarship by exploring the interplay between the external and domestic factors, pertaining to the implementation of the CEPA. The paper contends that the power transition in Armenia and the emergence of seemingly a more democratic elite per se is insufficient for the effective implementation of the CEPA and Armenia's profound advancement towards the EU. Rather, it suggests that along with the preferences of the political elite, structure-level constraints, such as Armenia's absorption into the Russia-led Eurasian Economic Union, hold significant potential to negatively impact the new phase of the EU-Armenia partnership. Remarkably, in opposition the newly elected Prime Minister Nikol Pashinyan would inveigh against Armenia's membership in the EAEU and even raised the issue of country's secession from the Russia-led union. Meanwhile, his stances on the EAEU underwent fundamental changes as he came to power. More specifically, he confirmed Armenia's commitment to the Eurasian integration and hailed Russia as indispensable strategic ally (Prime Minister, 2018). It follows that the 'velvet revolution' is highly unlikely to influence Armenia's foreign policy landscape and prompt a rethink of immensely asymmetric security and economic arrangements with Russia.

The article addresses the following research question: What are the implications of the 'velvet revolution' for Armenia's relations with the EU within the CEPA? It argues that despite the power transition, political and economic conditions underlying Armenia's decision to join the EAEU and constraining its profound advancement towards the EU have largely remained unchanged. Therefore, the EU's 'competing governance provider' Russia maintains its economic and political grip on Armenia, with its ensuing adverse effects on the EU-Armenia rapprochement. While the Europeanisation literature emphasizes the transformative and democratizing power of the EU (Schimmelfennig and Sedelmeier, 2004; Vachudova, 2005; Grabbe, 2006), its economic and political conditionality is deemed pivotal to effective external governance. Arguably, the limited potential of the EU's conditionality would considerably militate against the effective transfer of European rules in Armenia.

This article is based on a qualitative research: it is an in-depth case analysis employing process tracing. In essence, the case study of the EU-Armenia CEPA serves as a plausibility probe that illustrates the challenges of the EU external governance in the EAEU member Armenia amid complex interactions with 'competing/core governance provider' Russia.

The research builds its empirical argumentation by analysing a broad variety of sources, including the newspaper articles, observations from political speeches, official documents and interviews, which provide a body of discourse.

The article is structured as follows. First, it briefly discusses the ENP review and its implications for the EU -Armenia partnership within the CEPA framework. Subsequently, it scrutinizes the issues pertaining to the effectiveness of the EU external governance in Armenia. The next section delves into the core constraints to boosting the EU-Armenia sectorial cooperation, given Armenia's membership in the EAEU. The conclusion summarizes main findings.

2. The EU – Armenia CEPA in the framework of the ENP Review

Armenia's abrupt U-turn – the shift from the Association Agreement with the EU to the Russia-led Eurasian Economic Union has attracted considerable scholarly attention, with a focus on the challenges and constraints to country's independent foreign policy making. Some studies would question Armenia's ability to boost the partnership with the EU beyond the Association Agreement, given country's vast economic and political dependence on competing 'governance provider' Russia (Delcour and Wolczuk, 2015; Terzyan, 2016). Yet, the CEPA signed between the EU and Armenia in the fall of 2017, heralds a remarkable stride towards turning the page of the setbacks and establishing a deeper, more dynamic and ambitious framework of cooperation.

Even though CEPA can be fairly regarded as significantly edited and sacrificed version of the Association Agreement, it broadens the scope of political dialogue and includes the EU *acquis* in legally binding provisions across a range of sectorial areas of cooperation (Kostanyan, Goragosian, 2017).

Remarkably, EU High Representative - Federica Mogherini noted that CEPA is the first of its kind, as it is concluded with a partner country which is at the same time a member of Eurasian Economic Union and in the Eastern Partnership. "The Agreement will have a real impact on people's lives, a positive one, both in Armenia and in the European Union. It will allow us to strengthen our cooperation on security matters, in particular through increasing resilience; to improve the investment climate, stimulating growth and jobs; and to find environmentally-friendly solutions to help communities prosper and businesses grow" (EEAS, 2017).

Well-informed observers note that CEPA is the first successful example of European engagement in the Eastern Partnership that is based less on wishful thinking and more on in-depth consideration of conditions and constraints that are specific to Armenia. That said, it takes full account of Armenia's strategic choice of and security reliance on Russia and thus offers a workaround to keep the EU-Armenia partnership broadening and deepening (Kostanyan and Giragosian, 2017, p. 3).

The EU's pragmatic approach is a result of the May 2015 Riga Summit, when the EU presented its earlier review of the European Neighbourhood Policy (ENP), which was completed in November of that year to the EaP countries. Being in line with the priorities set out in the ENP Review and reflecting the focuses of CEPA, the Partnership Priorities include (1) strengthening institutions and good governance; (2) economic development and market opportunities; (3) connectivity, energy efficiency, environment and climate action; and (4) mobility and people to-people contacts (CEPA, 2017).

As mentioned above, the underlying principles and provisions of the CEPA owe much to the ENP review, inaugurated on November 18, 2015 aimed at breathing new life into the waxed and waned partnerships between the EU and its neighbours. Evidently, one of the core challenges facing the EU is how to encourage its neighbours to comply with the commitments assumed within the ENP, and thus translate its vision of a prosperous, secure and stable neighbourhood into reality. Several studies have been increasingly critical of the ENP review, asserting that "the new ENP represents little more than an elegantly crafted fig leaf that purports to be a strategic approach to the EU's outer periphery, but masks an inclination towards a more hard-nosed Realpolitik" (Blockmans, 2015). In essence, the ENP review does not offer a profoundly enhanced

package that could lead to a major breakthrough on the EU's neighbourhood policy. Rather, it is frequently viewed as a candid admission of the EU's modest influence on its neighbours which, in a sense, heralds a shift from an idealistic value driven foreign policy to a classical, pragmatic one (Kostanyan, 2016).

Arguably, the EU has been facing 'expectation – capability' gaps in its neighbourhood given the irrelevance of the ENP tools to a number of 'unresponsive' neighbours. The EU Commissioner for European Neighbourhood Policy & Enlargement Negotiations, Johannes Hahn, aptly noted that the most formidable challenge for the EU is to mitigate volatility in the EU's neighbourhood and stabilize it, given that it has degenerated from a ring of friends to one of fire or volcano (Hahn, 2015). A question arises on how the key provisions of the reviewed ENP would contribute to boosting the EU- Armenia partnership within the CEPA framework.

3. Deeper partnership with less conditionality? - the EU external governance and the 'Armenian reality'

One of the biggest unanswered questions regarding the CEPA's effective implementation is what shapes and forms the EU external governance will take with considerably limited impact of its economic and political conditionality on the EAEU member Armenia.

This provokes an inquiry into the modes and prerequisites for the EU external governance, say effective application of the EU rules beyond its borders amid complex interactions with 'competing governance provider' Russia.

According to the external governance approach—a major analytical perspective on non-accession Europeanisation—the effectiveness of rule transfer is chiefly explained by existing EU institutions, which 'provide the template for the externalisation of EU policies, rules and modes of governance' (Lavenex and Schimmelfennig, 2009, p. 802).

Therefore, its effectiveness considerably depends on its hierarchical mode and the ability of the EU institutions to monitor and enforce the agreements and ensure rule compliance. In contrast to the institutional approach, the power-based explanation suggests that external governance is determined by the EU's power and its interdependence with regard to third countries as well as competing 'governance providers' in its neighbourhood – mainly the US and Russia (Lavenex & Schimmelfennig, 2013, pp. 14-15). In this regard, the modes of external governance correspond to external structures of power and interdependence rather than EU internal institutional structures. The hierarchical mode of governance requires third countries to be both strongly dependent on the EU and more strongly dependent on the EU than on alternative governance providers (Lavenex & Schimmelfennig, 2009, pp. 803-804). Without such sheer and asymmetric interdependence in its favour, the EU will be incapable of imposing hierarchical governance upon third countries.

Some authors find above-mentioned approaches more amenable to partner countries, rather than domestic structure explanation, referring to the compatibility of EU rules with partner countries' traditions, institutions and practices (Delcour and Wolczuk, 2015, p. 493). In other words, domestic structure explanation is based on the assumption that the effectiveness of external governance is contingent upon its compatibility with domestic institutions, rather than upon international institutions and power (Lavenex&

Schimmelfennig, 2013, p. 15) .

Arguably, according to all three accounts identified above, coupled with the following assumptions, Armenia should not be responding to EU demands for reform (Delcour and Wolczuk, 2015, p. 493).

First, in contrast to neighbouring Georgia, as well as Eastern Partnership countries Republic of Moldova and Ukraine, Armenia has not pursued EU membership and limited its aspirations to deep and comprehensive partnership.

Second, Armenia's authoritarian incumbents and powerful oligarchic clans would not have powerful incentives in full-scale Europeanisation of country's political and economic systems, given its repercussions for the stability of their authoritarian regime. Last but not least, Armenia's huge political and economic dependence on 'competing governance provider', Russia, vividly manifested in country's membership Russia-led Collective Security Treaty Organisation (CSTO) and Eurasian Economic Union, would inevitably interfere with consistent compliance with the EU policies - the path to deeper partnership.

The last two points merit special emphasis in the light of 'velvet revolution' in Armenia and its possible implications for domestic politics and foreign policy.

Given the newly elected Prime Minister Nikol Pashinyan's critical stances on Armenia's plight in Russia-led unions, it would be easy to resort to speculations about possible foreign policy changes and Armenia's advancement towards the EU. Notably, in the fall of 2017 Pashinyan-led "Yelk" parliamentary faction submitted a bill proposing Armenia's withdrawal from the Russia-led Eurasian Economic Union – framed as a dormant union detrimental to country's interests (Azatutyun, 2017).

More specifically, opposition members of the parliament denounced Armenia's membership in the EAEU on all sides, with a focus on its adverse effects on country's economic development, as well as on deepening its economic relations with neighbouring Georgia and Iran. Pashinyan was proactive in condemning government's inactivity in the face of Armenia's mounting economic decline within the devastating Eurasian Economic Union (Aravot, 2017).

Moreover, contrary to widely held beliefs, Armenia's membership in the EAEU did not preclude Russia from selling weapons to country's foe Azerbaijan. No wonder, Pashinyan subjected the Russian-led EAEU to fierce criticism, stressing particularly its 'cynical interventions in Armenia's domestic affairs'. Therefore, "the fear that joining the EAEU will result in serious threats to the sovereignty of the RA, has become stronger" (Aravot, 2017).

Yet, from the very beginning of his prime ministership Pashinyan fundamentally reframed the portrayal of the EAEU and the Armenian-Russian partnership.

During the first meeting with the Russian President Pashinyan particularly noted: "We have things to discuss, but there are also things that do not need any discussion. That is the strategic relationship of allies between Armenia and Russia ... I can assure you that in Armenia there is a consensus and nobody has ever doubted the importance of the strategic nature of Armenian Russian relations" (Reuters, 2018). Moreover, he confirmed Armenia's commitment to deepening further integration in the Eurasian Economic Union, framing it as beneficial to the country: "Armenia is eager to see the furtherance of integration processes in the Eurasian Economic Union. We are ready to do our best to

further develop the integration-targeted institutions and find new ways and mechanisms for cooperation” (Prime Minister, 2018).

The dramatic changes of Pashinyan’s discourse suggest that the power transition in Armenia has not led to revising Armenian-Russian relations and, more precisely, Armenia’s membership in the Russia-led EAEU.

This in turn puts in the spotlight the core rationale behind country’s choice of the EAEU, given that in effect, political and economic conditions determining Armenia’s decision have largely remained unchanged. The core argument dominating the Armenian discourse has centred on the irreplaceability of the Armenian-Russian security alliance as a critical bulwark against security threats stemming from neighbouring Azerbaijan and Turkey (Terzyan, 2016b, p 158). There has been a broad consensus among the Armenian political leadership on the vital importance of Armenia-Russia security partnership and the fact that Russian troops located across the Armenian-Turkish border significantly shield Armenia from Turkish-Azerbaijani hostilities and thus lead to treat Russia as ‘security provider’ (Terzyan, 2018, pp. 159-160). No wonder, along with other high-ranking officials, former President Serzh Sargsyan justified Armenia’s U-turn in terms of its security concerns and the necessity of strengthening economic ties with key political and military ally Russia (Armenpress, 2013).

Clearly, the Armenian leadership is aware of hypothetical devastating effects of Russia’s military rapprochement with Armenia’s fiercest foe Azerbaijan and would bend over backwards to dissuade Russia from arming its enemy. Meanwhile, Russia has repeatedly touched Armenia’s raw nerve, with the view to tightening its political and economic control over the country and suppressing its European foreign policy pursuits. More specifically, shortly before Armenia’s U-turn, amid intensifying negotiations over the Association Agreement with the EU, Russia embarked on deepening military partnership with Azerbaijan, in the form of supplying Russian military hardware worth \$4 billion (Eurasianet.org, 2013). The nightmare scenario of Azerbaijan-Russia rapprochement left Armenian leadership no choice but abiding by Kremlin’s rules.

Besides strong security dependency, Russia has drawn on its powerful economic grip on Armenia to dictate and influence its political behaviour. Remarkably, in an attempt to thwart the Association Agreement with the EU and determine Armenia’s move towards the EAEU, Russia utilized its energy card by increasing gas prices for Armenia by 50 percent in April 2013 (Asbarez, 2013). Along with the above mentioned security concerns, the alarming economic repercussions of Armenia’s European aspirations served as a wake-up call for its political leadership and further reinforced its worst fears about Russian coercive policies. Ironically, gas price went down as Armenia decided to join the EAEU. Armenia’s energy minister, Armen Movsisyan candidly admitted that the Eurasian choice would shield Armenia from undesirable fluctuations of the gas prices (Asbarez, 2013). Not surprisingly, there has been a tendency in Serzh Sargsyan’s discourse to emphasize the hypothetical economic and political hardships that Armenia would experience in case its ‘disobedience’. He particularly noted that the choice of the EAEU would shield Armenia from unwelcome surprises and economic repercussions: “our choice is not civilizational. It corresponds to the economic interests of our nation. We cannot sign the Free Trade Agreement [DCFTA] and increase gas price and electricity fee three times?” (Terzyan, 2017, p. 191).

While the external governance approach treats economic conditionality and asymmetric interdependence in the EU's favour critical to the top-down implementation of European rules and regulations (Vos, 2017), Armenia's strong economic dependence on Russia renders the latter way more powerful governance provider. Notably, as a single country, Russia is the main external trade partner of Armenia, being the destination for 20 per cent of Armenian exports and source of 70 per cent of remittances (Worldbank.org, 2015). Remittances sent to Armenia from Russia by individuals increased by 14.6% in 2017 (Intellinews, 2017). Meanwhile, the 2016 World Bank data suggests that Armenia was in 21st place worldwide among the most remittance-dependent countries, with personal remittances received making up 13.1% of GDP (World Bank, 2016). Russia also maintains lead in the realm of foreign investments in Armenia. According to official information, there are about 1,400 enterprises with Russian capital, which is over one fourth of all economic entities with involvement of foreign capital (Terzyan, 2018, p.237). Furthermore, Russia is home to more than 2.5 million Armenian migrants, who would most likely experience repercussions in case of Armenia's deviation from the Russia-led trajectory. This assumption is based on the Russian authorities' large-scale crackdown on the Georgian population in Russia, following Tbilisi's decision to sign up to the Association Agreement with the EU (Emerson and Kostanyan, 2013).

It seems that the political and economic tools of the 'competing governance provider' Russia are powerful enough to influence the preferences of Armenia's political leadership.

Therefore, country's low responsiveness to the EU stimuli and demands for reforms significantly owes to huge political and economic dependence on Russia. Given all these, a question may arise of how it was possible for Armenia to even begin negotiations with the EU over the Association Agreement. Arguably, Russia's relative 'leniency' towards the EU-Armenia deepening partnership, in earlier stages and engendered optimism about the successful application of Eastern Partnership provisions. Whereas Russia's mounting animosity towards Armenia-EU rapprochement posed insurmountable challenges to the Association perspective.

Overall, as mentioned above, there has been broad consensus among the representatives of Armenia's political leadership³ that despite the resentment that Russian policy may generate, Armenia should avoid 'provoking' Russia. Otherwise, the latter would severely punish Armenia's 'disobedience', by arming Azerbaijan, increasing gas prices or even cracking down on the Armenian community in Russia (Aberg and Terzyan, 2018, p. 168).

All these prompt to assert that the 'competing governance provider' Russia has a bunch of soft and hard tools to exert enormous influence over Armenia and, in particular to affect the way that EU policies are received and implemented.

4. The core constraints to the EU-Armenia sectorial cooperation

While the CEPA opens up huge doors to further Europeanization of Armenia's political and legal systems, there is a series of constraints to developing relations in several areas. This specifically applies to economic partnership, in the face of Armenia's

³ Note: Several officials provided valuable insights, but asked not to be cited in an attributable way.

commitments assumed within the EAEU.

A snapshot of the reviewed ENP suggests that economic and social development has been put at the heart of the EU's contribution to stabilising the neighbourhood and building partnerships. In terms of economic development and modernization, the reviewed ENP stresses the necessity of advancing a new generation of public administrators 'capable of delivering effective and inclusive economic management and sustainable social outcomes' (European Commission, 2015). Admittedly, the EU has an ample toolbox to promote capacity building and open up new training opportunities for public administrators.

On a more fundamental level, a question remains as to what extent the EU-backed measures would suffice to foster substantial democratic reforms in the public administration sphere and contribute to the fight against corruption.

Previous studies would greet these provisions with scepticism, contending that "the EU has proved incapable to convey its liberal market economy spirit to Armenia and to improve the business climate so as to make it conducive to economic modernisation and entrepreneurship, small and medium business advancement " (Terzyan, 2016, p. 177).

Meanwhile, the power transition in Armenia engenders a glimmer of hope, the new government will not stick with the malpractices of the former one and most importantly, will take considerable strides towards promised economic turnaround and fundamental democratic reforms. This specifically applies to the fight against corruption, the improvement of business climate and implementation of good governance principles. The EU would frequently cite the lack of competition and business monopolies in Armenia as major impediments to country's economic and social development (Mediamax, 2012). Meanwhile Nikol Pashinyan's promises and pledges of breaking up oligarchic monopolies suggest that in theory the new government may be more receptive to the EU policies. Former incumbents would welcome the EU initiatives insofar as the latter would not challenge deep-rooted foundations of broadly centralized and monopolized political and economic establishments. Not surprisingly, the EU-backed measures, related to the fight against corruption and economic liberalization would yield extremely limited results .

As of the constraints stemming from Armenia's membership in the EAEU, it is worth to note that articles 4 and 5 of the Treaty on the EAEU obligates member states to create common market of goods, labour and services and have their economic policies complied with the goals and principles of the EAEU (Treaty on the EEU 2014, art. 4, 5). According to article 25, there is a common regime of trade of goods with third parties (Treaty on the EEU 2014, art. 25). All these stipulations suggest, that Armenia is considerably constrained to boost trade and broader economic cooperation with the EU.

Unsurprisingly, the EU officials from the External Action Service, expressed doubts about tangible outcomes in the EU-Armenia economic cooperation, noting that mostly non-preferential access to the EU market coupled with reinforcing Eurasian constraints on Armenia's economy render a number of EU's economic tools impracticable vis-à-vis Armenia⁴. Nevertheless, it is premature to draw any far - reaching conclusions, given that over time, various issue pertaining to trade-related matters could be addressed

4 Interviews with EEAS – related officials from September 2015 to February 2016.

trilaterally between the EU, Armenia and Russia.

Within the measures designed to stimulate economic development and enhance stability, the reviewed ENP places marked emphasis particularly on youth employment and employability. Improving employability and promoting knowledge-based economic growth envisages reinforcing struggle against brain-drain and even promoting incentive schemes for well-educated people to return to their home country. Meanwhile, irregular migration and large-scale brain-drain remains one of the most harrowing challenges facing Armenia. Clearly, the economic disarray has inflicted severe hardships on the Armenian population, forcing them to flee the country. Studies show that in the intracensus period of 2001 and 2011, the resident population fell from 3.2 to 3.0 million persons. The annual net migration balance passed instead from -23,100 in 1995-2001 to -32,000 in 2002- 2011 (Migration Policy Centre, 2013). Not surprisingly, today the Armenian population of Russia estimates around 2.5 million according to various surveys, and Russia ranks as the first country in terms of labour migration from Armenia (Aleksanyan, 2015). More specifically, seasonal labour migration to particularly Russia has constituted a crucial survival strategy for many Armenian households to this day. Russia is most popular destination for Armenian migrants and according to the official data, more than 95 per cent of seasonal and 75 per cent of long-term migrants work in Russia (Emerging-Europe, 2018). Annually, more than 200,000 Armenians go to Russia for seasonal employment (*Ibid*).

Given that Armenia's membership in the EAEU eliminates visa-related-barriers and thus facilitates the free movement of Armenian labour force, massive outflow of Armenian population to Russia seems bound to continue. Remarkably, the Armenian officials deem country's membership in the EAEU conducive to facilitating labour migration to Russia (Emerging-Europe, 2018).

While Armenia's most influential partner, Russia, does not oppose to irregular migration, the EU's policy tools would have a limited role in addressing the above-mentioned alarming trends. Nevertheless, the CEPA chapters related to equal opportunities, social policy and employment include substantial EU *acquis* on safety at work, equal treatment, gender and racial equality, anti-discrimination and essential labour market regulations (CEPA, 2017). Thus, Armenia's consistent compliance with these provisions would allow for the EU's remedial measures to trickle down to country's sustainable development.

Consistent with the provisions of the reviewed ENP, the CEPA attaches importance to energy cooperation both as a security measure (energy sovereignty) and as a means to sustainable economic development. Given that energy is key to the stable development and resilience of the partners themselves, the EU has embarked on strengthening its energy dialogue with neighbourhood countries in energy security, energy market reforms and the promotion of sustainable energy (European Commission, 2015).

Given that Armenia has no importance to the EU as an energy supplier or a transit country, European policy has chiefly targeted the areas of sustainable energy development and resilience-related matters. The ENP reports have tended to place emphasis on the power plant closure and a new one's compliance with the latest international safety standards (European Commission, 2014). However, the EU has

been quite active in supporting the safe operation of Medzamor nuclear power plant until its full decommissioning in 1990 with more than €60 million. Besides, in order to facilitate energy exchanges between Armenia and Georgia and diversification of available energy sources, it has embarked on the creation of a transmission network in Ayrum (Mediamax, 2015). A question arises of whether the CEPA package has the potential to enhance Armenia's energy resilience and to boost energy cooperation. Notably, the treaty on the EAEU obligates its members to carry out coordinated energy policy with regards to the development of common electricity, gas and oil markets (Treaty on the EEU 2014, art. 79, 81, 83, 84). Moreover, in 2013, the governments of Armenia and Russia signed an agreement which granted Gazprom exclusive rights for gas supply and distribution in Armenia by 2044, rendering it the 100% shareholder of the country's gas industry (Asbarez, 2014). The deal further plunges Armenia's energy sector into the orbit of Russian state-run companies and devastatingly affects 'unbundling' provisions of EU law.

Given the reinforcement of 'Eurasian' constraints coupled with Gazprom's dominance in Armenia's energy sector, the EU's measures strike as far from being sufficient in addressing issues pertaining to Armenia's energy diversification and enhancing resilience against Russia. In sum, notwithstanding the great weight given to energy cooperation, energy is one of the most challenging and closed sectors in Armenia, compounded by the Eurasian integration. The similar set of problems applies to the partnership in the field of transport and connectivity. The reviewed ENP finds cooperation on transport connectivity and telecommunications crucial to the economic development of partners, which can foster dialogue and serve as an impetus for regional co-operation between them (European Commission, 2015). Therefore, the EU commits itself to extend the core Trans-European Transport Network (TEN-T) to the Eastern partners and promote the necessary investment in this extended network. This ambitious goal and promising incentives would smoothly resonate with Armenia's political leadership if the latter had more freedom to carry out transport and connectivity-related policy (Terzyan, 2016, p. 179). More specifically, article 86 of the treaty on the EEU stipulates that "the Union carries out coordinated transport policy, with the view to ensure economic development, step by step and consistent formation of common transport area based on the principles of competition, openness, security, reliability, availability and sustainability" (Treaty on the EEU 2014, art. 86).

Admittedly, the strong emphasis on common transport policy within the EAEU hinders Armenia's considerable advances towards the European realm of transport and connectivity. The reviewed ENP's emphasis on conflict prevention, crisis management, stabilization and regional cooperation leads to presume that the EU would reinforce its engagement in conflict settlement in its volatile neighbourhood. A question remains as to whether the enhanced ENP and CEPA packages would offer something tangible in terms of particularly Nagorno – Karabakh conflict resolution. There seems to be some ambivalence among the EU officials from the External Action Service about the breadth and depth of the EU's possible contribution to the conflict settlement. Some officials expressed doubts about the feasibility of the EU's direct engagement with the conflict settlement. Overall, they implicitly stated that along with other constraints, the EU's direct involvement could result in taking sides, which would adversely affect boosting

bilateral partnerships either with Armenia or with Azerbaijan. Besides, the EU tends to treat the OSCE Minsk Group platform as a viable framework for conflict resolution⁵. Overall, despite above-mentioned challenges and constraints, the CEPA opens up considerable opportunities for Armenia's further Europeanisation. Therefore, further research is essential to scrutinise new Armenian government's receptivity to the EU stimuli for reforms and deeper cooperation.

5. Conclusion

An analysis of the challenges and opportunities in the EU-Armenia CEPA implementation suggests that despite the power transition, the conditions underlying Armenia's arbitrary decision to join the Eurasian Economic Union and constraining country's profound advancement towards the EU have largely remained unchanged. The dramatic changes of Pashinyan's stances on Armenia's Eurasian integration lead to conclude that irrespective of the power transition, Armenia is faced with the path dependency and there is no magic bullet to reverse country's absorption into the Russia-led Eurasian Economic Union.

Therefore, the EU's 'competing governance provider' Russia maintains its economic and political grip on Armenia, with its ensuing adverse effects on the EU-Armenia rapprochement, and more specifically on the effective implementation of the CEPA.

A closer look at Armenia's commitments assumed within the Eurasian Economic Union indicates that there is little room for boosting economic partnership with the EU, as well as cooperation in the fields of energy, transport and connectivity. Even though the new government's pledges of fundamental democratic reforms suggest that it may be more receptive to the EU policies, the limited potential of the EU's economic and political conditionality would considerably militate against the effective transfer of European rules in the EAEU member Armenia. Meanwhile, Armenia's consistent compliance with the provisions of the CEPA would allow for the EU's remedial measures to trickle down to country's democratic and sustainable development. Overall, despite a series of challenges and constraints, stemming chiefly from the 'competing governance provider', the CEPA opens up considerable opportunities for further Europeanisation of Armenia's legal and political systems. Therefore, further research could provide in-depth insights into how the power transition in Armenia affects the way that EU policies are received and implemented.

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⁵ Interviews with EEAS – related officials from September 2015 to February 2016.

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