



Norwegian University
of Life Sciences

Master's Thesis 2016 30 ECTS

International Environment and Development Studies (Noragric)

**Inside, outside or in-between?
*External Europeanisation in the
EU's eastern neighbourhood***

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International Relations

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Declaration

I, Anniken Stabbetorp, declare that this thesis is a result of my research investigations and findings. Sources of information other than my own have been acknowledged and a reference list has been appended. This work has not been previously submitted to any other university for award of any type of academic degree.

Signature.....

Date.....

Acknowledgements

I would like to thank my supervisor Professor Christian Kaunert for his advice, patience and will to share his vast knowledge on European integration with me. I am very grateful to Stig Jarle Hansen for facilitating the cooperation between Professor Kaunert and myself.

Furthermore, I wish to thank my dad for his critical and encouraging remarks throughout the writing process and my mum for keeping my motivation up. Big thanks also goes to Henrik for his feedback, and the ladies of Helmer for filling my ears with music this semester.

Abstract

The ways of promoting European values beyond Europe has changed. Instead of enlarging, the European Union (EU) now offers partnerships to its neighbours. Theories of European integration tend to focus on integration *within* the EU. The focus of this thesis, however, will be the members of the Eastern Partnership (EaP) and why they choose an integration option that formally leaves them on the outside of the EU. This thesis seeks to investigate how external governance theory explains why third party states become subjects of EU policy through external Europeanisation.

The EaP is the Eastern dimension of the European Neighbourhood Policy (ENP). It is a cooperation platform between the EU and six Eastern European states: Armenia, Azerbaijan, Belarus, Georgia, The Republic of Moldova and Ukraine. Conditionality is an important aspect of the EaP: The EU demands reform in the partner states in order to give them rewards.

External governance is the study of how states beyond Europe adapt EU rules, and how these rules are transferred. This research applies models of external governance to a comparative case study of three EaP states: Armenia, Georgia and the Republic of Moldova. The models are the external incentives model, the social learning model and the lesson-drawing model. The first model focuses on the costs and benefits of external governance, relative bargaining power, and determinacy and the size and speed of rewards. The second model focuses on similarity of identity, appropriateness of rules and the persuasive power of the external actor. The third model focuses on a dissatisfaction of the domestic status quo, which leads national policy makers to look abroad for solutions to their challenges. In the comparative case study, these models will explain the individual choices of the chosen cases.

When the models of external governance are applied to the case study, the conclusions are many. Firstly, it is difficult to be a small country between the EU and Russia, especially when you have to choose one of the two blocs. Secondly, the EU and the EaP states are rational actors who seek to maximise their own benefits through this cooperation. Therefore, they consider the cost and benefits of such agreements carefully before entering them. Thirdly, the case study shows that external governance theory accounts well for the partners' choices as long as there is no cross-conditionality with competing external powers. As soon as Russia offers similar benefits or more apparent threats than the EU, external governance theory does not explain sufficiently the mechanisms behind the EaP states' behaviour.

List of abbreviations

AA	Association Agreement
ACAAS	Agreements on Conformity Assessment and Acceptance of Industrial Products
CEECs	Central and Eastern European Countries
CIS	Commonwealth of Independent States
CISFTA	Commonwealth of Independent States Free Trade Area
CSDP	Common Security and Defence Policy
DCFTA	Deep and Comprehensive Free Trade Area
EaP	Eastern Partnership
EAEU	Eurasian Economic Union
EEA	European Economic Area
ENI	European Neighbourhood Instrument
ENP	European Neighbourhood Policy
EU	European Union
FTA	Free Trade Area
MLG	Multilevel governance
NGO	Non-governmental organisation
PCA	Partnership and Cooperation Agreement
SRJS	Strategy of the Justice Sector
TTIP	Transatlantic Trade and Investment Partnership
VLAP	Visa Liberalisation Action Plan
VFA/RA	Visa Facilitation and Readmission Agreements
WTO	World Trade Organization

Table of Contents

Declaration	ii
Acknowledgements	iii
Abstract	iv
List of abbreviations.....	v
Table of Contents.....	vi
1. Introduction	1
2. Background.....	4
2.1. The European Neighbourhood Policy (ENP).....	4
2.2. The Eastern Partnership (EaP).....	6
2.2.1. Joint Declaration of the Prague Eastern Partnership Summit (2009).....	7
2.2.2. Joint Declaration of the Riga Eastern Partnership Summit (2015).....	9
3. Theory and Conceptual framework.....	12
3.1. Conceptual framework	12
3.1.1. The acquis communautaire	12
3.1.2. Association Agreement (AA)	12
3.1.3. Deep and Comprehensive Free Trade Area (DCFTA)	13
3.1.4. Conditionality	13
3.1.5. Europeanisation.....	14
3.1.6. External Europeanisation.....	16
3.2. Theory.....	16
3.2.1. Governance	16
3.2.2. Governance in Europe	17
3.2.3. External governance.....	18
3.2.4. Models of external governance.....	21
3.2.4.1. The external incentives model.....	21
3.2.4.2. The social learning model	23
3.2.4.3. The lesson-drawing model	24
4. Methodology.....	25
4.1. Justification of chosen cases	25
4.2. Case study	26
4.3. Data collection.....	27
4.4. Limitations	28
5. Findings and Discussion.....	29
5.1. Case 1: Armenia	29
5.1.1. Costs and benefits of the AA.....	29

5.1.2.	Armenia and Russia	30
5.1.3.	The external incentives model	33
5.1.4.	The social learning model	34
5.1.5.	The lesson-drawing model	36
5.2.	Case 2: Georgia.....	37
5.2.1.	Costs and benefits of the AA.....	38
5.2.2.	Georgia and Russia	39
5.2.3.	The external incentives model	40
5.2.4.	The social learning model	41
5.2.5.	The lesson-drawing model	42
5.3.	Case 3: The Republic of Moldova	43
5.3.1.	Costs and benefits of the AA.....	44
5.3.2.	Moldova and Russia	46
5.3.3.	The external incentives model	48
5.3.4.	The social learning model	49
5.3.5.	The lesson-drawing model	49
6.	Comparative discussion	51
7.	Concluding remarks.....	56
8.	Literature	59

1. Introduction

From the standpoint of the European Union (EU), the countries surrounding its external borders carry an array of different characteristics; including neighbours, outsiders, partners, friends, quasi members and states in the periphery. Their commitment to European integration varies widely. Theories of European integration tend to focus on integration *within* the EU (Schimmelfennig, 2012). In other words, to explain integration, their unit of analysis is the EU itself, its institutions and its member states. While it is important to investigate the reasons behind EU integration and dynamics within and among member states. It is also of interest why states outside the EU such as Georgia, The Republic of Moldova (herein after: Moldova) and Armenia choose to integrate with the EU through partnership agreements without becoming EU members.

A group of Central and Eastern European Countries (CEECs) became member of the Union during the Eastern enlargement in 2004 and 2007 (Schimmelfennig & Sedelmeier, 2005). Since then, the enlargement process has slowed down; in the last nine years only Croatia has been admitted as members. There are many reasons why the politics of enlargement has slowed down. For instance, the number of candidate countries has decreased. Another reason could be that when the European Union grows, integration and cooperation becomes more challenging (Dannreuther, 2006).

Since the EU cannot enlarge forever, the Union needs to expand its influence through other means. According to Bechev & Nicolaidis (2010, p. 497) “‘Integration without accession’ is the name of the game”. The European Neighbourhood Policy (ENP) is one way of promoting EU values beyond Europe without offering membership. This is an example of *external Europeanisation*, and is thoroughly investigated. However, scholars of European integration tend to analyse it from the EU’s point of view. Some criticize the EU for creating a ‘ring of friends’, using the ENP states as a buffer between the EUs and other neighbours such as Russia (Smith, 2005). Others argue that the neighbourhood policy is a tool for promoting democracy, respect for human rights and international law, and thus provide stability and prosperity in the EU’s immediate neighbourhood (Ferrero-Waldner, 2006). Democracy is strengthened in the periphery at the same time as the EU expands its number of trade partners.

Similarly to the EU, the partnership countries see integration as a mean to expand trade markets, increase economic growth and ensure stability. However, in order to integrate with the EU,

partner states need to accept the EU's main body of treaties, rules and norms, the so-called *aquis communautaire*. The partners will also go through costly institutional reforms, risk their relations with other trading blocs, and change their standards of production, trade and taxes (European Union, 2014a). The cooperation between the EU and its partners is *asymmetric* and *conditional*; the EU decides when and in what form the partners will receive rewards based on their commitment to the EU's demands (Bechev & Nicolaïdis, 2010). Some argue that this type of association confirms the outer boundary of the EU and that these countries are reduced to the notion of *neighbour* forever (Bechev & Nicolaïdis, 2010). Another argument is that it is the step in the right direction for these neighbours if they wish to enter the world's biggest trading economy (De Micco, 2015).

Since EU membership is not one of the rewards the EU is willing to offer to the ENP states, it is of interest to discover what makes the ENP countries commit to the EU without expecting membership. Specifically, it is necessary to assess what considerations the partner states make when they commit to the EU's demands. Analysing it from the neighbours' perspective might also provide new perspectives on the EU's foreign policy, as seen from the partners' perspective. Such a study might also enable a further discussion of the benefits of cooperation instead of full EU membership.

External governance theory seeks to explain how EU policy is transferred beyond the EU's borders, through either enlargement, association or partnership (Schimmelfennig & Sedelmeier, 2004). As it is the theory that focuses most on external Europeanisation, it will be the theory chosen for this investigation. Thus, the aim of this paper is to investigate how external governance theory explains why third party states become subjects of EU policy through external Europeanisation. To do so the paper will assess and compare. In order to do this, I will look at the Eastern European members of the ENP: the Eastern Partnership (EaP) countries. The EaP states represent a group of countries whose belonging is difficult to establish in terms of identity, history and geographical position. I have chosen these states because their commitments to the EU differ greatly. Ukraine, Georgia and the Republic of Moldova (hereinafter: Moldova) have all signed separate Association Agreements (AAs) with the EU. Armenia at first intended to sign an AA, but instead chose to strengthen ties with Russia. Azerbaijan remains undecided on its position, and Belarus has long standing commitment to Russia (De Micco, 2015). The differential nature of the EaP shows the importance of analysing external Europeanisation from the partners' point of view. For the scope of this research, three of the countries will be analysed in depth, namely Armenia, Georgia and Moldova. By comparing their differences and

similarities, they can give a wider picture of how external governance theory explains external Europeanisation in the EaP states.

In chapter 2 I will first give a brief background on the ENP and EaP. Here, I account for what the ENP entails and how the EU first launched the EaP. Then, in chapter 3 the theory chapter I will account for the conceptual framework and the theoretical approach will be used in the following analysis (Chapter 5). I will explain key terms necessary to understand the nature of the relation between the EU and its partners, and describe governance with a specific emphasis on external governance. Here, I will present three models explaining how and why external Europeanisation occurs: the external incentives model; The social learning model and the lesson-drawing model. These models are central in the following methodology chapter (Chapter 4). The chapter will account for the comparative case study design chosen for this paper. It will compare and analyse Armenia, Moldova and Georgia's relations to the EU. In this way, by choosing three similar, yet different cases, the results will show their reasons for committing, or not committing, to the EU. The results will be presented and discussed in Chapter 5. In the discussion part, theory and methodology meet to provide a broader understanding of the EaP states' choices regarding their foreign policy. In Chapter 6 the findings of the case are compared.

2. Background

This chapter accounts for the background of the Eastern Partnership. First, The ENP is explained, before the Eastern Partnership will be accounted for. In order to get an insight of what the partners and the EU have agreed to, the declarations of the first and the most recent Eastern Partnership summits will be presented: Prague (2009) and Riga (2015).

2.1. The European Neighbourhood Policy (ENP)

The ENP is a cooperation platform between the EU, and the following countries (Figure 1): Armenia, Azerbaijan, Egypt, Georgia, Israel, Jordan, Lebanon, Moldova, Morocco, Palestine, Tunisia, Ukraine, Algeria, Belarus, Libya and Syria (European External Action Service, 2016c).

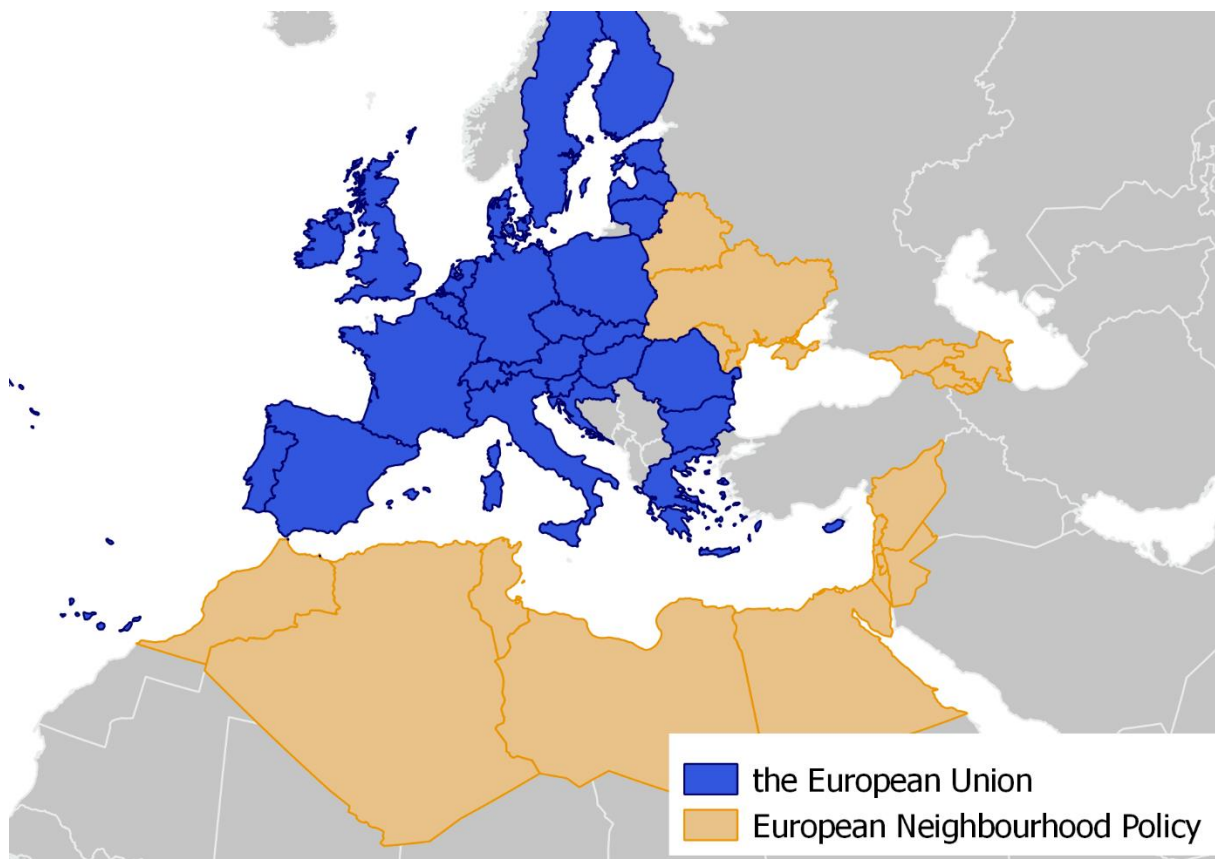


Figure 1 Map of the EU and the members of the European Neighbourhood Policy. Designed in QGIS.

Its aim is to promote European values beyond Europe without enlarging the EU (Dannreuther, 2006). The ENP was created in 2004 in order to reach out to new neighbours after the Eastern enlargement of 2004 (Korosteleva, 2011). Russia has refused to be part of the ENP (Dannreuther, 2006), perhaps because the notion of neighbour to the EU does not go well with Russia's own perception of being a major power. Russia has its own strategic partnership where it cooperates with the EU (Bechev & Nicolaïdis, 2010).

The goal of the ENP is "to promote a set of political, economic and security-related reforms in the neighbouring states" (Kelley, 2006, p. 30). Thus, the reason for launching this policy is not enlargement of the Union. It is an alternative way of promoting European values such as democracy, transparency and human rights.

The ENP is not explicitly mentioned, but Article 8 of the consolidated version of the treaty on European Union describes the following regarding the EU's neighbourhood:

1. The Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation.
2. For the purposes of paragraph 1, the Union may conclude specific agreements with the countries concerned. These agreements may contain reciprocal rights and obligations as well as the possibility of undertaking activities jointly. Their implementation shall be the subject of periodic consultation (European Union, 2015).

Even though the aim is not accession for the ENP countries, the whole policy is inspired by or based upon the enlargement process. Scholars question whether the absence of accession possibilities is good enough motivation for the ENP states to introduce vast and expensive reforms expected by the EU (Kelley, 2006).

2.2. The Eastern Partnership (EaP)

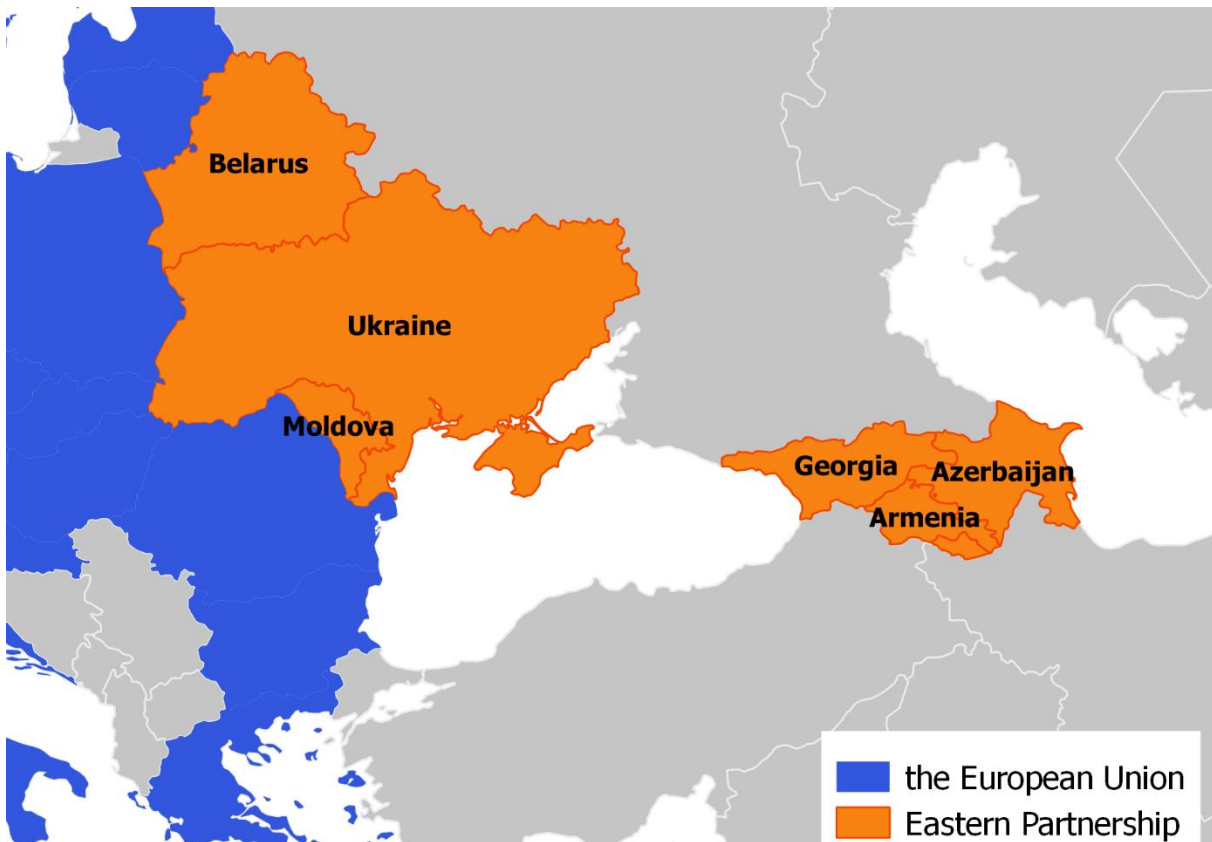


Figure 2 Map of the Eastern Partnership States. Designed in QGIS.

The EaP is a cooperation between the EU, its member states and 6 eastern European states (Figure 2): Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine (European External Action Service, 2016b).

The EaP was initiated in Prague in 2009 (Council of the European Union, 2009). The war in Georgia in 2008 and the current and recent conflict in Ukraine illustrate the influence-race between the West and Russia in this region (Akçakoca, Vanhauwaert, Whitman, & Wolff, 2009). The EaP is an ambitious policy based on common understanding of “international law and fundamental values - democracy, the rule of law, human rights and fundamental freedoms. It also encompasses support for a market economy, sustainable development and good governance.” (European External Action Service, 2016b, para. 3).

When the EaP was launched in Prague in 2009, “the six Eastern partner countries declared their intention to respect the values - democracy and human rights, and to align with the EU standards of good governance and the rule of law” (The Eastern Partnership Index 2015, p. 12).

Every other year, the partners and the EU meet in so-called *Eastern Partnership Summits*. Last time was the EaP Summit in Riga in 2015. The following is an account of what the EU and the EaP states agreed at the Prague summit in 2009 and in Riga in 2015.

2.2.1. Joint Declaration of the Prague Eastern Partnership Summit (2009)

The Prague summit of 2009 was when the Eastern Partnership was first launched. The aim of the partners was to bring the EU and the six partner states closer together. According to the joint declaration, the EaP is “founded on mutual interests and commitments as well as on shared ownership and responsibility” (Council of the European Union, 2009, p. 5).

Furthermore, the participants of the summit agreed to base the EaP on the principles of international law, fundamental values such as democracy, the rule of law, human rights, and also market economy, sustainable development and good governance. Since the EU already had individual bilateral agreements with the Eastern Partners, the EaP would be a parallel to the existing relations (Council of the European Union, 2009).

In order to promote and spread prosperity, stability and security as well as economic integration, it is important that the EaP establish the necessary frameworks. The goal of this framework is that both the EU and the EaP states benefit from it. The participants also stated that conflicts make cooperation very difficult, and therefore peaceful solutions and focus on “principles and norms of international law” is essential within the EaP framework (Council of the European Union, 2009, p. 6)

In the Prague declaration there are various mentions of conditionality. This means that the EU offers certain rewards to the partners that commit to the EU’s demands. However, they are indirect. The declaration keeps emphasizing the importance of reform in the target states (Council of the European Union, 2009).

Differentiation is another term that scholars use frequently when it comes to EaP. In the Prague summit this is also taken into account; “The participants [...] share the wish to deepen and intensify bilateral relations [...], taking into account the specific situation and ambition for each partner country and respecting existing bilateral relations” (Council of the European Union,

2009, p. 7). Thus, it is clear that the EU will differentiate its actions towards the various countries depending on to what extent the countries complete the EU's demands. In this way, the Prague declaration links differentiation and conditionality; "bilateral cooperation under the Eastern Partnership umbrella should provide the foundation between the EU and those partner countries who are willing and capable to comply with the resulting commitments" (Council of the European Union, 2009, p.7). Indirectly, this document is saying that what the EaP states receive from this cooperation depends on their own efforts and commitments. I will return to the aspects of differentiation and conditionality in the theory chapter.

In 2009 the establishment of Deep and Comprehensive Free Trade Areas (DCFTAs) was set as a long term goal (Council of the European Union, 2009). Georgia, Moldova and Ukraine have all signed agreements for DCFTAs (Council of the European Union, 2015). Another goal from 2009 was to assist the partner states developing and reforming their democratic institutions and administrative capacity (Council of the European Union, 2009). An important aspect of the EaP is the goal of expanding the *four freedoms* to the partner states. The four freedoms are the free movement of goods, services, capital and people (De Micco, 2015). In order for the people of the EaP states to move freely, they need *visa liberalisation*. So far, Moldova has gained Visa liberalisation, and Georgia and Ukraine are waiting for the implementation (Council of the European Union, 2016).

In the Prague summit, the EU and the Eastern partners also agreed that there was going to be a focus on multilateral cooperation. Decisions will be made based on dialogue and joint decisions. "Legislative and regulatory approximation is crucial to those partner countries willing to make progress in coming closer to the EU" (Council of the European Union, 2009, p. 8). A multilateral framework of cooperation will serve as the foundation for reforms and cooperation. Every year the respective ministers of foreign affairs will have meetings to develop the EaP (Council of the European Union, 2009).

In the Prague declaration, the parties have chosen four *thematic platforms*: Democracy, good governance and stability; Economic integration and convergence with EU sectoral policies; Energy security; and Contacts between people (Council of the European Union, 2009).

When it comes to funding this project, the Prague declaration states that "increased European financial support will be provided serving the goals of the Eastern partnership and taking into consideration progress made by individual partner countries" (Council of the European Union,

2009, p. 10). This phrasing also suggest a certain amount of conditionality, differentiation and asymmetry. As well as EU funding, the declaration also says that funding from other financial institutions and the private sector will be necessary (Council of the European Union, 2009).

2.2.2. Joint Declaration of the Riga Eastern Partnership Summit (2015)

In Riga, 6 years after the launch of the EaP, many of the ideas and thoughts from the Prague Summit are still relevant. The words *reaffirm*, *recall* and *recommitment* are repeated several times. This suggests that the actors have followed a consequent line of actions since they still agree on many aspects.

Both the partners and the EU agree that it is important to continue with an ambitious partnership built on mutual interests and commitment and reform. “They recall that the Eastern Partnership is founded on shared ownership, responsibility, differentiation and mutual accountability” (Council of the European Union, 2015, p. 1)

One thing the Riga declaration *reconfirms* is the conditionality stated in the Prague declaration: “The scope and depth of cooperation are determined by the EU’s and partners’ ambitions and need as well as the pace of reforms” (Council of the European Union, 2015, p. 3). Furthermore, the participants of the Riga summit reaffirms their commitment to respect for democracy; rule of law; human rights and fundamental freedoms, and the importance of promoting these values (Council of the European Union, 2015).

Since the Prague summit, the partners have committed to different extents. Therefore, in the Riga declaration, the actors have underlined the importance of differentiation; “reaffirm the sovereign right of each partner to freely choose the level of ambition and the goals to which it aspires in its relations with the European Union” (Council of the European Union, 2015, p. 1). The Riga declaration also takes into consideration the conflict in Ukraine. The participants all agree that dialogue, peace, stability and respect for territorial integrity provide the best means of cooperation. The participants of the Riga summit “welcome the EU’s strengthened role in conflict resolution and confidence building efforts” (Council of the European Union, 2015 p. 3).

Since the EaP has been in constant development since the Prague summit, the Riga declaration dedicates space to mention the “significant achievements [...] since the Vilnius summit in 2013” (Council of the European Union, 2015, p. 4). The first achievement mentioned is the establishment of *Association Agreements (AA)* with Georgia, Moldova and Ukraine. The participants agree that to implement AAs and DCFTAs are “key means of achieving sustainable democracy and the deep modernisation of [...] economies and societies for which [...] citizens are calling” (Council of the European Union, 2015, p. 4).

Closer ties between the partner states is a plausible outcome of the EaP. Another one is the focus on *media freedom*; the Eastern partnership Visibility Strategy. Both the EaP states and the EU recognise the importance of free and independent media in democratic states (Council of the European Union, 2015).

Plans for the EaP’s future were discussed at the Riga summit. The declaration points out four cooperation fields they wish to develop by 2017; Strengthening institutions and good governance; Mobility and people to people; Market opportunities and Interconnections.

The first field, *Strengthening institutions and good governance* regards the importance of limiting corruption, introducing public administration reforms and strengthening democratic structures “through enhanced cooperation” (Council of the European Union, 2015, p. 7). Security is also an important topic. The Riga declaration mentions this topic in a more detailed manner than the Prague summit, explicitly mentioning strengthening of the Common Security and Defence Policy (CSDP) cooperation and dialogue between the EU and the EaP states (Council of the European Union, 2015).

In the second field, *Mobility and people to people*, one of the core objective is to enhance the “mobility of citizens in a secure and well managed environment” (Council of the European Union, 2015, p. 9). Moldova had at the time achieved visa liberation for citizens with biometric passports, and Georgia and Ukraine were up next. The declaration states that all parties are looking forward to Ukraine and Georgia implementing their Visa Liberalisation Action Plans (VLAP), and further dialogue with other EaP states. When it comes to *people to people*, the Riga declaration argues that enhanced cooperation in the fields of education, research, youth and culture will bring the EaP states and the EU closer together (Council of the European Union, 2015).

The third area of focus is *Market opportunities*. Here, the participants of the Riga summit agree that further cooperation regarding business and enterprise is necessary. The participants plan to achieve this through making the business dimension of the EaP stronger. With Georgia, Moldova and Ukraine, this is already happening through the DCFTA. Moldova seems to be the EaP state that has come furthest in the market section, together with Georgia and Ukraine (Council of the European Union, 2015).

Interconnections, the fourth and last cooperation field of the Riga declaration, underlines the importance of further reform, commitment and cooperation in the fields of energy security, sustainability, competitiveness, and diversification of supply (Council of the European Union, 2015).

3. Theory and Conceptual framework

3.1. Conceptual framework

In this section, I will account for central concepts that are important to understand the nature of the EaP: The Acquis Communautaire, Association Agreement, Deep and Comprehensive Free Trade Area, Conditionality and Europeanisation. These concepts will play an important part in the findings and discussion chapter, where I will use them to explain the choices of the EaP states.

3.1.1. The acquis communautaire

The *acquis Communautaire* is a central term in the studies of the EU. It is also important in external Europeanisation (see below), because the *acquis* is what the EU is exporting through the ENP (Lavenex, 2004). The *acquis* is the EU's main body of obligations, norms and rules, and it contains every treaty and law from 1958 until today. It also contains declarations, summons of the European Court of Justice and agreements with third parties (Miller, 2010). In short, the compilation of everything in the EU. As such, the cooperation between the EU and its neighbours is also part of the *acquis*. Countries who wish to become EU members have to accept the whole *acquis communautaire* and so do the EaP states who sign accession agreements. If there is a conflict between national and EU law, the “*acquis* takes precedence over national law [...] and may have direct effect in the Member States” (Miller, 2010, p. 1)

3.1.2. Association Agreement (AA)

An AA is an agreement between the EU and a third party state. It entails the framework of bilateral cooperation between the parties. Liberalisation of trade through Customs Union or Free Trade Areas is often a key element of an AA. An AA is more complex than a cooperation agreement. Therefore, the former tends to replace the latter if a cooperation agreement is in place prior to the AA. Examples of AA between the EU and third party states are the European Economic Area (EEA) agreements with Norway, Iceland and Lichtenstein, and the AAs in the EaP framework with Ukraine, Moldova and Georgia (European External Action Service, 2011)

By signing these AAs, the states have agreed to the *Acquis Communautaire* of the EU. They have also agreed to introduce institutional and democratic reforms, and to respect international

laws and standards. As such, they committed to adopting “high standards of governance, democracy, free markets and the rule of law” (De Micco, 2015, p. 3).

The completion of the AAs will make it possible for Georgia, Moldova and Ukraine to negotiate *Agreements on Conformity Assessment and Acceptance of Industrial Products* (ACAAS). This is “the highest possible integration into the EU market for non-members” (De Micco, 2015, p. 35).

3.1.3. Deep and Comprehensive Free Trade Area (DCFTA)

The DCFTA is the trade and economic part of the AAs between the EU, Georgia, Moldova and Ukraine (De Micco, 2015). The EU has many different trade agreements with other actors on the international stage.

De Micco (2015) divides the EU’s trade relations into 4 models: The first model consists of *traditional Free Trade Areas (FTAs)*, the second of *second generation FTA*, the third of agreements such as the Transatlantic Trade and Investment Partnership (TTIP), and the fourth of “asymmetric agreements between the EU and its much smaller neighbours” (De Micco, 2015, p. 31). The EaP is in the fourth category, as a sub-category. The other sub-categories are the customs union with Turkey and the EEA.

The DCFTAs will make trading between the EU and these states less complicated and “significantly improve growth in the countries over the long run” (De Micco, 2015, p. 3). They will also open up the EU market to the goods from the EaP states, meaning that over 500 million people will have access to them (European External Action Service, 2016e). DCFTAs are long-term goals, but an even longer term goal is, according to the Riga declaration, “a wider area of economic prosperity based on WTO rules and sovereign choices throughout Europe and beyond” (Council of the European Union, 2015, p. 5).

3.1.4. Conditionality

Conditionality is a term that describes the conditions set for cooperation between the EU and its partners. There are various types of conditionality. Schimmelfennig & Sedelmeier (2004) have identified two; *democratic conditionality* and *acquis conditionality*. *Democratic*

conditionality is used for conditions regarding human rights, democracy and other central norms of the EU. *Acquis conditionality* regards the specific rules from the *Acquis communautaire*. The EU's reforms can be very costly for the partner states. This is because many of them have a far way to go in order to comply with the EU's demands. If these implementation costs are too high, they can damage the influence of the EU and the effectiveness of the EU's conditionality (Schimmelfennig & Sedelmeier, 2004).

It is important to look at this term in two different ways: "'Conditionality' as a political strategy and its causal impact on domestic politics" (Schimmelfennig & Sedelmeier, 2004, p. 662). The logic of EU conditionality is the concept of *rewards* that work as incentives for the other states. This means that the government of the external state will receive rewards if they fulfil the EU's demands and conditions. However, these rewards or incentives may function in various ways. Since the partner states might think of EU policies as good solutions to their existing challenges, the EU might not need to use conditionality in order to implement these rules. Also, the transfer of EU rules might be a process of learning rather than coercion (Schimmelfennig & Sedelmeier, 2004). Thus, in some cases, conditionality might not be the only way of exerting external governance.

There is also a thing called *cross-conditionality*. This refers to rewards from external competitors of the EU, having the same agenda. In order for the EU external governance to be efficient, there must be as little cross-conditionality as possible, preferably none at all (Schimmelfennig & Sedelmeier, 2004, p. 665). In the case of the EaP states, it is in particular Russia who can offer similar rewards to the EU that are tempting to the EaP states.

3.1.5. Europeanisation

Europeanisation is a complex term in the study of the EU. There is no clear-cut definition of the term. Europeanisation is a process that explains "cultural change, new identities formation, policy change, administrative innovation, and even modernization" (Radaelli, 2000, p. 4)

There are various definitions of Europeanisation.

We define Europeanization as the emergence and development at the European level of distinct structures of governance, that is, of political, legal, and social institutions

associated with political problem-solving that formalize interactions among the actors, and of policy networks specializing in the creation of authoritative rules (Cowles, Caporaso, & Risse-Kappen, 2001, p. 3).

This broad definition includes many aspects of how policies and politics change during the process of Europeanisation, also beyond Europe. Since one can use this definition when it comes to third states, it is central to this thesis.

Another way of addressing Europeanisation is to analyse it after the transition of powers from the national to the supranational level has taken place. Börzel (1999, p. 574) defines Europeanisation like this: “a process by which domestic policy areas become increasingly subject to European policy-making”.

Radaelli (2000, p. 4) explains that Europeanisation is the following:

Processes of (a) construction; (b) diffusion and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’ and shared beliefs and norms which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourse, identities, political structures and public policies.

Furthermore, Radaelli (2000) goes on to say that these processes that include norms, policies, identities and various actors can also be applied beyond Europe.

No matter how debated and varied the definitions of Europeanisation are, one can say that Europeanisation explains and refers to the influence and interactions of the EU in the member states, prospective members and neighbouring countries (Börzel & Panke, 2010). Thus, Europeanisation is the study of European influence within and beyond the European Union. To study Europeanisation is important because the politics of the EU affects not only the citizens of the union, but also people in third countries, such as the EaP states.

3.1.6. External Europeanisation

External Europeanisation is the process that occurs when a country outside the EU is affected by and implement EU legislation and norms. The EU's enlargement criteria and partnership agreements are examples of External Europeanisation. Enlargement is when a state becomes a member of the EU. Partnership, like the EaP, is a joint agreement between the EU and a neighbour (Christou, 2010).

Europeanisation beyond Europe can be *EU-driven* or *domestically driven* (Schimmelfennig, 2012). Another way of distinguishing this is through institutional logics, *the logic of consequences* (actors choose the option that maximises their utility under the circumstances) or *the logic of appropriateness* (according to their social role and the social norms in a given situation) (Schimmelfennig, 2012). If one looks at Europeanisation as a logic of consequences, the EU can use sanctions and rewards as an instrument of influence. Through the logic of appropriateness, "Europeanization might be induced by social learning. Target states are persuaded to adopt EU rules if they consider these rules to legitimate and identify with the EU" (Schimmelfennig, 2012, p. 6). *The Social learning model* is one of the external governance models used in this paper to explain how and why external Europeanisation occurs. The other two models are *the external incentives model* and *the lesson-drawing model* (Schimmelfennig, 2012). These models will be further explored in the theory section.

3.2. Theory

External governance theory is the main theory used to explain the actions of the EaP states. However, this theory forms part of governance theory. Therefore, a brief introduction to governance and governance in Europe will be presented before accounting for external governance and its models.

3.2.1. Governance

"Governance is the capacity of a society to develop some means of making and implementing collective choices" (Peters & Pierre, 2009, p. 91). Governance is also a means of solving collective problems experienced by all types of actors in a certain society. If a society seeks to be efficient, it needs a set of mechanisms to identify common goals, problems and challenges, and implement their needs. In other words, "Identifying the 'who' and the 'how' of governance

is important” (Peters & Pierre, 2009, p. 92). Who governs and who is governed? What is the most efficient way, and how does one get there? These are questions the governance approach answers. Since governance is not voluntary, it is less than *government* but more than *cooperation* (Lavenex, 2004). Thus, governance means that you have to commit beyond cooperation (Lavenex, 2004).

Governance refers to both state actors and non-state actors, and can be divided into various subgroups; *Democratic governance*, *network governance* and *good governance* (Peters & Pierre, 2009). An important aspect of governance is that all types of governance function as a hierarchy (Peters & Pierre, 2009). This means that even if non-state actors play central roles, state and governmental actors are considered the main actors.

3.2.2. Governance in Europe

Governance and integration have a “circular relationship” (Peters & Pierre, 2009, p. 102); Effective governance leads to further integration, and further integration demands and creates new ways of governing. Governance in Europe is the study of the EU’s capacity to govern in an efficient manner. This capacity is important for the EU in order to integrate further. One argument is that to optimize government capacity is the goal of the integration (Peters & Pierre, 2009).

One example of European governance is *multilevel governance (MLG)*. The EU is a political system of various levels: the supranational level, the national level and the regional level. MLG suggests that the governance capacity gradually has moved from primarily national governments to an interplay of various actors, both private and public (Rosamond, 2009). The boundaries between policy making at the national level and the supranational level have become less important since the beginning of European integration more than 50 years ago (Rosamond, 2009); Supranational governance enters national legislation, and this in turn affects legislation at the supranational level. The European Commission has the right of initiating legislation, but with great influence from national governments. The Commission and the EU depend on the member states in order to implement European legislation, since the EU on its own does not have much implementation capacity (Peters & Pierre, 2009).

MLG empowers regional governments within the EU member states. This, in turn, might increase EU influence since these regional actors are closer to the EU citizens than the supranational institutions are. If the EU gains support from regional actors, the EU's legitimacy and influence grows, according to MLG (Peters & Pierre, 2009). However, there is a fine balance here, because there are cases where EU influence is strengthened at the expense of the local, subnational or regional actors.

Effective governance is challenging because the EU is a multilevel system with multiple veto points. Therefore, bargaining and patience are central in the governance of the EU. The fact that there are so many levels, actors and interest in this political entity, means that the outcomes often are "the lowest common denominator" (Peters & Pierre, 2009, p. 96), and often something entirely different from the original interest or idea put forward for legislation. "If European policy-making is to move forward, then the actors involved at the multiple levels must find some means of bargaining across issues and across time to create more positive outcomes" (Peters & Pierre, 2009, p. 96). MLG is relevant to external Europeanisation because it addresses various actors - both state and non-state actors.

3.2.3. External governance

External governance is the study of how third countries adapt EU rules and how they are transferred. Internal governance, in contrast, studies "primarily the *creation* of rules as well as their implementation in national political systems" (Schimmelfennig & Sedelmeier, 2004, p. 661). External governance is a relatively new term, and was first applied to the Eastern Enlargement of 2004 (Lavenex, 2004). Thus, enlargement of the EU is a good example of External Governance; prior to their accession to the EU, the CEECs experienced high levels of external governance.

External governance can be applied to all the neighbours of the EU, with different extent and implications. External governance takes place when "the institutional/legal boundary is moved beyond the circle of member states" (Lavenex, 2004, p. 683). These boundaries need not be shifted towards outsiders at the same time. Institutional expansion describes cooperative actions from committees and observers to full EU accession. The legal aspect refers to EU rules and directives and its *acquis communautaire* being exported beyond Europe (Lavenex, 2004).

The EU's Copenhagen Criteria, or its rules for accession say that a state needs to adapt the *acquis communautaire* in order to become an EU member. The legal boundary, however, can be exported without enlarging the EU. "Hence, the crucial criterion for external governance is the extension of the legal boundary of authority beyond institutional integration" (Lavenex, 2004, p. 683). This is a central argument when it comes to the European neighbourhood. To transfer the legal boundary without the institutional is the essence of the EaP; the EU offers "everything but institutions" (Christou, 2010, p. 413). Table 1 illustrates the various types of external governance.

Table 1. Types of external governance. Adapted from Lavenex, 2004, p. 683.

Type of external governance	Examples of EU external governance
Quasi-membership	European Economic Area Bilateral agreements with Switzerland
Accession association	Prospective members of the Union: Albania, FYR Macedonia, Montenegro, Serbia, Turkey (Commission of the European Communities, 2016c)
Neighbourhood association	European Neighbourhood Policy: Mediterranean Partnership Eastern Partnership
Development co-operation	African, Caribbean and Pacific countries
Transatlantic co-operation	USA Canada

The EU projects its governance when the *acquis communautaire* is extended to non-member states (Lavenex, 2004). Table 1 illustrates the various types of external governance. The EaP states, the units of study of this paper, are classified as *Neighbourhood Association*.

As well as the division in table 1, one can divide external governance into two aspects: *network governance* and *governance mode*. The first aspect investigates how the EU transfers its "systems of governance", and the main interest is finding out what exactly is being transferred beyond the EU. It is also important to investigate in what way these particular transfers affect the third state "importing them" (Schimmelfennig & Sedelmeier, 2004, p. 662). The second

aspect of external governance, *governance mode*, is looking at in what way this particular policy transfer takes place.

Schimmelfennig & Sedelmeier (2004) analyses rule transfer by investigating the institutionalisation of EU rules, politics and legislation at the domestic level in non-EU states. They define this process in the following way: “[it] includes the transposition of EU legislation into domestic law, the restructuring of domestic institutions according to EU rules, or the change of domestic political practices according to EU standards” (Schimmelfennig & Sedelmeier, 2004, p. 662). Thus, to become an EU partner and follow the EU’s conditions is both time consuming and costly. Therefore, it is interesting to investigate what makes non-members such as the EaP states go through these reforms.

The EU needs to state examples where they show that they are serious about the importance of reform in the partner states. This means that the partner states must believe that the EU is serious when it comes to threats if the domestic governments do not fulfil the demands. If external governance is to be efficient, the following is important; The external actor (in this case: the EU) needs to have superior bargaining power compared to the partner state (Schimmelfennig & Sedelmeier, 2004). If not, then the partner state may not take the threats seriously. Also, if the EU holds back the rewards when a partner state does not fulfil the conditions, then this holding back must be at a low cost for the EU. Therefore, the EU “has to be less interested in giving the reward than the target government is in getting it” (Schimmelfennig & Sedelmeier, 2004, p. 665). Thus, a certain *asymmetry* in the relation between the EU and these countries is necessary.

Governance has a more institutional and structural approach than other schools of European integration theory. Rather than comparing the EU to the national state and focusing on the Union’s missing formal competences or legal authority, governance studies the “institutional processes from norm diffusion and policy transfer” (Lavenex & Schimmelfennig, 2009, p. 794). This means that the object of study is different from traditional theories. The traditional theories tend to focus on the countries or regions, whereas “the governance perspective takes systems of rules as its point of departure. It addresses the external dimension of the internal process of integration, [...] regulations and their external dimension” (Lavenex & Schimmelfennig, 2009, p. 795). In this way, the governance perspective seeks to explain the effects of the EU’s foreign

policy “based on the projection of the *acquis communautaire*” (Lavenex & Schimmelfennig, 2009, p. 810).

Various actors play important roles in the politics of international governance. These actors are intergovernmental, public, private, regional and international. These actors are interconnected through legalisation and socialisation. Therefore, governance requires a different understanding of the international society than the realist approach in International Relations, which suggests that the international society means anarchy (Lavenex & Schimmelfennig, 2009).

3.2.4. Models of external governance

In order to investigate the effectiveness of external governance, there are some explanatory models. Schimmelfennig & Sedelmeier (2004) have accounted for three models: *the external incentives model*, *the social learning model* and *the lesson-drawing model*.

These models are useful to seek the answers to why the EaP states commit to the EU’s demands without expecting membership of the Union. In the findings chapter, I will apply the respective models to each of the cases in the case study. As such, I will find out how each case differs from the others. Since the models provide different insights to external governance, they will provide a broad and varied answer to the research question.

3.2.4.1. The external incentives model

This model is “a rational bargaining model” (Schimmelfennig & Sedelmeier, 2004, p. 663). This means that the actors taking part in external governance are rational and interested in gaining as much as possible. The actors are the EU and the partner states. During the bargaining process, both sides present threats, information and promises. The outcome is based on the actors’ “relative bargaining power” (Schimmelfennig & Sedelmeier, 2004, p. 663). In the external incentives model, the process works like this; the EU presents its conditions, and the partners will have to complete these. Once the conditions are fulfilled, the partners will receive rewards. This is what is called *strategy of reinforcement by reward* – that is, that the EU rewards the partner if it fulfils the conditions made. If the partner does not comply, the EU holds back the reward (Schimmelfennig & Sedelmeier, 2004).

If the ultimate goal for a partner state had been complete accession to the EU, it would be less complicated to research the reasons why countries beyond Europe decide to be subjects of external Europeanisation. However, in the situation of the EaP countries, most of them do not expect accession to the EU. Therefore, the EU must define the rewards clearly, so that the partner states can accept the transactions costs. If the partner states do not consider the rewards important enough or worth the cost, then the relative bargaining power of the EU is weakened, and so is the EU's influence.

The external incentives model does not describe *reinforcement by punishment* (alter the terms by introducing increased costs to the partner state) nor *reinforcement by support* (increasing benefits if the partner complies) (Schimmelfennig & Sedelmeier, 2004, p. 663-664).

The external incentive models starts at the beginning of the bargaining process. This is a "domestic status quo which differs to some extent from an EU rule" (Schimmelfennig & Sedelmeier, 2004, p. 664). When EU enters this *status quo*, the "domestic equilibrium is disturbed by the EU's conditions and suggestions for change" (Schimmelfennig & Sedelmeier, 2004, p. 664). The EU's conditionality can have an impact on the partner states both directly and indirectly. The direct impact of the conditionality comes through intergovernmental bargaining. The indirect impact, however, is when domestic actors are empowered differentially in the partner state. This means that EU influence and conditionality "changes the domestic opportunity structure in favour of domestic actors with independent incentives to adopt EU rules and strengthens their bargaining power" (Schimmelfennig & Sedelmeier, 2004, p. 664). In order to receive rewards from the EU, the partner states' governments need to implement the reform. Therefore, it is the governments that need to be persuaded that the costly reforms will be worth it. These governments are, as established earlier, rational actors that seek to obtain the best result for themselves. Thus, taking all of the above into consideration, Schimmelfennig and Sedelmeier (2004, p. 664) draw the following conclusion regarding the external incentive model: "a state adopts EU rules if the benefits of the EU rewards exceed the domestic adoption costs".

In this model, one assumes that as long as the EU does not offer rewards, the partner states will not introduce the changes the EU wishes domestically. Also, the term *determinacy* is central. Determinacy is "the clarity and formality of a rule. The clearer the behavioural implications of a rule, and the more 'legalized' its status, the higher its determinacy" (Schimmelfennig &

Sedelmeier, 2004, p. 664). If the rule's determinacy is high, the partner state's government has a clear view of what it entails, and therefore might be more likely to implement it. Determinacy also helps to increase the conditionality's *credibility*. This means that the partner state is fully aware that they have to adopt the EU rule. It is not possible to manipulate or ignore certain aspects. The EU also needs to keep its promises, and present the rewards when it is deserved. Therefore, "the effectiveness of rule transfer increases if rules are set as conditions for rewards and the more determinate they are" (Schimmelfennig & Sedelmeier, 2004, p. 664).

The size and speed of the EU rewards are also important. This is a complex matter when it comes to the EaP states – their rewards do not include prospective membership. However, the EU has promised these states many potential benefits, such as visa liberalisation, access to the common market and the four freedoms (De Micco, 2015). "The effectiveness of rule transfer increases with the size and speed of rewards" (Schimmelfennig & Sedelmeier, 2004, p. 665).

3.2.4.2. The social learning model

The social learning model has a lot in common with social constructivism, and uses logic of appropriateness (Schimmelfennig & Sedelmeier, 2004). The logic of appropriateness is a central term in the study of politics. "Political institutions are collections of interrelated rules and routines that define appropriate actions in terms of relations between roles and situations" (March & Olsen, 2010, p. 160). It is through this logic the institutions obtain "order, stability, and predictability, on the one hand, and flexibility and adaptiveness, on the other" (March & Olsen, 2010, p. 160). If one is to follow this logic in regards to external governance of the EU, "the actors involved are motivated by internalized identities, values, and norms" (Schimmelfennig & Sedelmeier, 2004, p. 667), and these actors choose the most appropriate course of action. Another important aspect of the social learning model is its focus on the following; legitimacy of rules, appropriateness of behaviour, persuasion and learning. These factors highly influence the transfer of EU rules and norms (Schimmelfennig & Sedelmeier, 2004).

In the social learning model, the external actor (EU) is a community with a "specific collective identity and a specific set of common values and norms" (Schimmelfennig & Sedelmeier, 2004, p. 667). In this perspective, the non-member state that seeks to adapt EU legislation must therefore consider to what extent this collective EU identity is compatible with its own. "A state

adopts EU rules if it is persuaded of the appropriateness of EU rules” (Schimmelfennig & Sedelmeier, 2004, p. 668). This is a very interesting hypothesis when it comes to the EaP and EEA states. How can one investigate to what extent these states find EU rules appropriate? And indeed, what happens when they do not?

In order to persuade the target states, the EU needs to do it through legitimacy, identity and resonance. These factors impact the EU’s persuasive power (Schimmelfennig & Sedelmeier, 2004, p. 668). Legitimacy, in this aspect, is the quality of the rule transfer, the legislation, and the EU rules in itself. When it comes to identity, the view is that the more a state identifies with the EU, the more likely it is that the transfer of rules will happen. Resonance is to what degree the domestic rules are compatible with the EU rules. If there is no much conflict, the transfer is smooth (Schimmelfennig & Sedelmeier, 2004, p. 667).

3.2.4.3. The lesson-drawing model

This model argues that persuasion from the EU is not necessary in the rule transfer process. “Lesson-drawing is a response to dissatisfaction with the domestic status quo” (Schimmelfennig & Sedelmeier, 2004, p. 668). Since there is a dissatisfaction with the current domestic situation, the national policy makers look abroad to see what policies work there. Then, they consider whether these policies can be transferred to their domestic political system. Therefore, one can come up with the following hypothesis: “a state adopts EU rules if it expects these rules to solve domestic policy problems efficiently” (Schimmelfennig & Sedelmeier, 2004, p. 668).

External governance through the lesson-drawing model happens in the following way: a state first search for functioning rules abroad. Then this state finds the EU’s rules satisfying to solve its problematic status quo. This in turn depends on the following within the partner state; “policy dissatisfaction; EU-centred epistemic communities; rule transferability; and veto players” (Schimmelfennig & Sedelmeier, 2004, p. 668).

4. Methodology

This chapter presents a comparative case study design in order to find out why third countries commit to the extent they do to the EU. The cases chosen are Armenia, Moldova and Georgia. First, I will justify the selection of cases. Then, I will explain what a case study design is, before accounting for the data collection and the limitations of the method.

4.1. Justification of chosen cases

The EaP states have similar fundamental conditions. Being a small country between Russia and the European Union is not an easy task (Bechev & Nicolaïdis, 2010). The EaP countries have all had to choose between the two blocs. Choosing one bloc over the other leads to losses either way (De Micco, 2015). Compared to their CEEC members who are members of the EU, the EaP states face a more challenging situation, since they are not applicable candidate countries to the EU, and are therefore bound to remain on the outside. Therefore, they have sought economic and political cooperation with both EU and ex-soviet states, most notably Russia, since the fall of the Soviet Union. The EaP states have had common struggles such as questionable democracies; high levels of corruption; slow economic growth and high unemployment rates (De Micco, 2015).

Even though the EaP states are similar from a structural viewpoint and their fundamental conditions resemble, they all differ in their commitment to the EU and EaP. Azerbaijan and Belarus have not signed AAs with the EU; Azerbaijan has in fact not continued economic cooperation with neither Russia nor the EU. Belarus, on the other hand, has chosen cooperation with the Eurasian Economic Union (EAEU) (De Micco, 2015). Armenia was on its way to sign an AA of its own, when it suddenly made a *U-turn* in 2013 and decided to go with EAEU instead of the AA. Ukraine, Georgia and Moldova have all signed AAs, DCFTAs and VLAPs with the EU (De Micco, 2015). This means that these three states are the ones with the highest reception of external Europeanisation in the EaP. Due to the difficult current situation in Ukraine, I have chosen to pursue with Moldova and Georgia as representatives of forerunners in the EaP. It is interesting to compare the cases of Moldova and Georgia because of the recent events: In November 2016 the pro-Russia candidate Dodon won the presidential elections in Moldova, promising to withdraw from the AA (Aljazeera, 2016).

This might mean that Moldova will not be amongst the forerunners of the EaP much longer. However, up until the recent elections, Moldova has had long and close cooperation with the EU. Georgia, however, is still pursuing its European track. Therefore, Georgia is the case with most consistency in its foreign policy. Finally, the case of Armenia will represent an EaP state choosing Russia over the EU and try to find out how external governance explains this.

4.2. Case study

The chosen method for this paper is a *Case study design*. Bryman (2012, p. 66) describes a case study as “a detailed and intensive analysis of a single case”. The case study’s goal is to investigate “the complexity and nature of the case in question” (Bryman, 2012, p. 66). What a case is can vary widely, but some examples are a community, a school, a family or an organisation.

In case studies, it is important to identify what exactly is the unit of analysis. For the purpose of this research, it is the political cooperation between the EU and respectively Armenia, Georgia and Moldova that are the units of analysis; not the countries in themselves. In a case study, the researcher is interested in finding “the unique features of the case” (Bryman, 2012, p. 69) or a unit of analysis. Therefore, in this case study, I will seek to find the *unique features* of each of the chosen partner states’ association to the EU and see how external governance theory explains why these states have chosen to commit so much to the EU.

A case study is more of a design than a data collection method, and is used both in qualitative and quantitative studies. In case study research, it may result challenging to fulfil the concept of reliability. Since the unit of study is a single case, then “how can a single case be representative so that it might yield findings to other cases?” (Bryman, 2012, p. 69). The answer to this question is quite blunt: they cannot (Bryman, 2012). However, this does not say that case studies are simply unique, and not comparable to other cases. Comparing a case to another can increase the replicability of a case study, because the comparison shows one particular case in the light of another. Therefore, I have chosen a comparative case study design. By comparing three similar, but at the same time different, cases of external Europeanisation, I intend to find the unique (and similar) features in order to respond to the research question. The main critique of case study research is that findings from cases cannot be generalized to other cases (Bryman,

2012). However, it is not the aim of the case study to generalise; it is to find the unique factors of the specific case.

This particular case study of the EaP countries classifies as an intensive analysis. An intensive analysis in the case study realm is when a researcher examines a specific case, and then go on to a theoretical analysis. This is precisely what I intend to do in my research. “The crucial question is not whether the findings can be generalised to a wider universe but how well the researcher generates theory out of the findings” (Bryman, 2012, p. 71).

4.3. Data collection

The data collection in this research consists of two different sources of data: existing literature on European external governance theory, and political documents and agreements between the European Union and the chosen cases Armenia, Moldova and Georgia. In other words, the data collected are both secondary sources and primary sources. The data provided from secondary sources are academic books and journals on European integration and theories, as well as reports. The data from primary sources are newspaper articles, press releases and official documents.

In order to discover and analyse the data from various sources I have performed literature searches in online databases and thus found relevant journal articles and books. The methodological approach used when collecting data has been *iterative*. This means that I have gone back and forth between the process of collecting data and analysing it. In other words, I have discovered an academic journal article, analysed it, and from there found another source, and so on. Bryman (2012) explains that an iterative approach is an analysis that starts after some collection of data, and this analysis shapes further data collection. During my parallel data collection and analysis, I came to a saturation point. In the case of my secondary sources, this meant that the articles and books used at this point were referring to one another. The theoretical background for my research had completed a circle, and I was back to where the data collection started.

4.4. Limitations

Both the methodology and the data collection have their limitations. As stated above, the comparative case study design has the limitation that it lacks reliability. This is because it is difficult to transfer the findings of one case to another. Secondly, the justification of choosing the separate cases might have been done in a different manner. Thirdly, for the scope of this essay, the cases were limited to only three. However, if all six members of the EaP had been investigated, the conclusions might have differed. It would also be interesting to include the states from the rest of the ENP and the EEA states. This would provide a more holistic and broad understanding of the actions of the EU's neighbours regarding external Europeanisation.

The limitations of the data collection based on literature are as follows: Firstly, by basing a methodology on literature, the researcher might oversee important aspect simply because there is so much information and literature out there. Secondly, even though a saturation point was reached regarding the secondary sources, this may not be the case for the primary sources. Thirdly, the primary sources are primarily from the EU itself, and are all written in English. Due to time and economic restrictions, unfortunately primary data from each of the chosen cases has not been retrieved. One might argue that using data only from the EU is biased. However, for the scope of this essay I have concluded that the EU's data is reliable and correct. Fourthly, information from the various countries is translated into English. Crucial information and small details may have been lost in translation. However, my prior knowledge to EU foreign policy and my experience doing research make me confident that the information provided will provide insight in the theory and models, and give a suitable explanation of why third countries choose to become subjects of external Europeanisation.

5. Findings and Discussion

In this chapter I will look at each of the cases individually. The findings of each case are divided into 3 sections: Background on the respective country's EU policy; Potential costs and benefits of the AA with the EU; each country's relation to Russia. Then, the models of external governance are applied to the findings in a separate discussion part for each case: the external incentives model; the social learning model; the lesson-drawing model. Finally, the cases will be compared in the comparative discussion (Chapter 6).

5.1. Case 1: Armenia

In 2013 Armenia chose not to sign the AA with the EU. Armenia's President Serzh Sargsyan decided to join the EAEU instead, even though Armenia had completed the negotiation with the EU, and the president had declared himself pro-European. The decision of joining the EAEU makes it difficult for Armenia to continue its cooperation with the EU, due to incompatibility of rules and standards between the two trading blocs (Shirinyan & Ralchev, 2013).

Thus, at the moment, the EU-Armenian cooperation is not at its strongest. Armenia went through years of negotiations, major costly reforms and jeopardizing its relationship with Russia. Suddenly they decided not to sign the AA with the EU. Armenia joined the EAEU with Russia, Kazakhstan and Belarus, and told the world clearly where they stood foreign policy wise. Now, the main challenge for the EU and Armenia is to "rebuild public awareness and political parties' engagement in EU-Armenia cooperation" (The Eastern Partnership Index, 2015, p. 50).

Even though Armenia did not sign the AA, there is still cooperation between Armenia and the EU through the ENP, EaP, European Neighbourhood Instrument (ENI) and the original Partnership and Cooperation Agreement (PCA) from 1999. This means that Armenia still receives funding through the ENI in order to introduce public administration reforms, develop Armenian private sector, and improve democracy (European External Action Service, 2016a)

5.1.1. Costs and benefits of the AA

The period up until the mentioned U-turn illustrates very active years on Armenia's behalf, making various reforms to fulfil the EU's demands. These reforms include meeting EU

standards, effective management, deeper democracy, fight corruption and increase press freedom (The Eastern Partnership Index, 2015).

According to the EU, the implementations of reforms in the EaP states will not be a *cost*, but an *investment* for the future (European External Action Service, 2014b). When the AAs for Ukraine, Moldova and Georgia were signed, the prospects were that initially the reforms would bring with them short term costs, and in the long term, the countries would benefit (De Micco, 2015). The same would be the case for Armenia, if it had signed its AA.

The signing of the AA would also mean entering the DCFTA with the EU. In other words, becoming part of the world's largest market. 27.9% of Armenia's trade is with the EU, making it Armenia's main trading partner (De Micco, 2015). This would mean positive trends for the Armenian economy. EU is the main destination of Armenian exports (European External Action Service, 2016a) If Armenia were to sign the AA, the following predictions were made: "2.3% increase in GDP, an export increase of 15% and an import increase of 8.2%" (De Micco, 2015, p. 66). However, it is important to note that these estimates did not consider the event of Russian retaliation of EU cooperation. Thus, the increase might not be as high. Even though, this is a positive outcome of the AA for the Armenian economy.

Having a signed AA with the EU would be a positive thing, because then Armenia would have a clear framework to work with. The reforms for good governance, respect for human rights, and fighting corruption would be completed with less difficulty if a framework were in place. After Armenia decided not to sign the AA on 3 September 2013, "Most of the institutions established for co-operation with the EU became non-functional" (The Eastern Partnership Index, 2015, p. 17). This means bad news for many of the reforms, and pro-EU actors fear that it also means bad news for deeper democracy and good governance in Armenia.

5.1.2. Armenia and Russia

Even though there were many benefits for Armenia following the AA, there were also costs. The most obvious cost would be the relation to Russia. For Armenia, Russia is imperative when it comes to security. Especially because of its long running conflict with Azerbaijan about the Nagorno-Karabakh region, with a ceasefire since 1994 (Croissant, 1998). The recent

clashes between Azerbaijan and Armenia in 2016 (BBC, 2016b) show that the Armenian need for Russian security guarantees is still very much relevant.

During the negotiations of the AAs, the geopolitical situation in Armenia and its' neighbourhood was far from stable, and the Russian annexation of Crimea did not exactly stabilise it. Like the EU, Russia is one of Armenia's main trading partners with 24.8 % of Armenian trade (De Micco, 2015). The AA did not exclude economic cooperation with other blocs. However, the Russian retaliation against Moldova and Ukraine might have had an influence on Armenian decision makers; in theory, the AA does not stop Russo-Armenian economic cooperation, but in practice, they could lose Russia as a trading partner. This would have various consequences for Armenia.

Firstly, 2.5 million Armenians live and work in Russia. "Their remittances from Russia accounted for 9.1% of the GDP in 2013 (USD718 million)" (De Micco, 2015, p. 19). As well as this, Armenia had a trade deficit of -26.2% of GDP in 2014, making the Armenian economy fragile (De Micco, 2015). Thus, prospects of losing these remittances from Russia is a very high cost. Furthermore, signing of the AA with the EU could mean social unrest for the Armenian migrant workers in Russia, and perhaps between the two countries as well (The Eastern Partnership Index, 2015).

Secondly, Russia may be able to offer the EaP states what EU cannot guarantee: the free movement of people. Especially easy access to Russia and its labour market is important for Armenia. Since the amount of remittances is of such high importance economically, this factor is central when it comes to choosing one bloc over the other. "Labour mobility provisions in EAEU mean that workers and their families do not require work permits" (De Micco, 2015, p. 59). It is a very ambitious proposal, "but it could also result in social tensions" (De Micco, 2015, p. 60). Many Central Asians are Muslim, and there is a growing anti-immigrant and anti-muslim wave in Russia (De Micco, 2015).

Thirdly, there was public opposition against the anti-discrimination law, and the law against domestic violence in Armenia (The Eastern Partnership Index, 2015). Since there was no good information campaign to the public about the Armenian AA, the EU-sceptics had the chance to spread disinformation about negative aspects of the AA. In many cases, these allegations were not true. At the same time as the annexation of Crimea and the aftermath of that, Russia also

promoted negative views of the AA and Armenia's cooperation with the EU. Russia made effective slogans that the EU agreement did not guarantee prosperity for Armenia, and that the AA was not as positive for Armenia as the EAEU. All of this made the public more susceptible to the EAEU (The Eastern Partnership Index, 2015).

Fourthly, there is the security perspective. Russia is the main supplier of weapons and ammunition for the Armenian army, and the EU failed to show any alternative to this. In fact, the Armenian president Sargsyan explained the turn to the EAEU on security terms: "When you are part of one system of military security it is impossible and ineffective to isolate yourself from a corresponding economic space" (Radio Free Europe Radio Liberty, 2013). Russia used Armenian media actively and informed Armenians of the negativity of the EU and the positivity of the EAEU, saying that the Russian security guarantees for Armenia might end if they signed the AA with the EU (Shirinyan & Ralchev, 2013). This is particularly concerning for Armenia because of its fragile ceasefire with Azerbaijan.

Fifthly, energy security was also an important factor. Russia could alone provide for Armenia's needs, whereas EU could not guarantee this, making it hard to exclude Russia (The Eastern Partnership Index, 2015). During the AA negotiations between the EU and Armenia, Russia increased the gas prices for Armenia (Radio Free Europe Radio Liberty, 2013). This shows that Armenia became aware of what ways Russia could retaliate against the Armenian AA.

Sixthly, "the security of the government" (The Eastern Partnership Index, 2015, p. 51) of Armenia is threatened if signing the AA. The Eurasian turn seemed the most popular choice of the Armenian public. Therefore, it would be dangerous for a government to stand against internal and external pressures as well as public opinion to push through the AA with the EU. The cooperation climate between the EU and Armenia changed in 2012/2013; "from a consensus about European choice to a consensus about joining the Russia-led EEU" (The Eastern Partnership Index, 2015, p. 51). This illustrates the competition and cross-conditionality between EU and Russia in Armenia.

The Armenian economy has slowed down because the local currency, dram, has lost its value due to a fall of the Russian rouble. This suggests that Russian economy might be pulling down the other economies of the EAEU. For Armenia, this means higher import rates on products they really need from the west (De Micco, 2015).

Armenia's case shows that there is cross-conditionality involved. Russia offers Armenia comparable rewards to the EU. In fact, the security guarantee and the working permits might even be more tempting for Armenia than the rewards from the EU. This cross-conditionality slows down the external Europeanisation in Armenia, and the *U-turn* effectively stopped the process in 2013. Now, the EU needs to find other ways of cooperating with Armenia through the PCA of 1999 (European External Action Service, 2016a).

5.1.3. The external incentives model

According to the external incentives model, Armenia is a rational actor capable of determining its own preferences. Therefore, Armenia is fully aware of how much they will benefit from certain agreements and how much this will cost. As shown in the theory chapter, this model starts at the beginning of the bargaining process. In Armenia's case, it is debatable whether its negotiations started when signing the PCA in 1999 or during the AA negotiations. For this research, I will use the AA negotiations from February 2012 until July 2013, as the starting point for Armenia.

During the bargaining process, the actor with the strongest *relative bargaining power* sets the agenda. In the case of the EaP states and the EU, the latter has the strongest bargaining power. The EU uses the *strategy of reinforcement by reward*. In other words, the Union gives rewards to the states that fulfil the agreed conditions. As stated earlier, one of the conclusions by Schimmelfennig and Sedelmeier (2004) was that a state would adopt EU rules if the state calculated the benefits or rewards higher than the costs. At this point it is tempting to conclude that Armenia at some point during the negotiations realised that the financial and political costs would exceed the rewards, and therefore withdrew. However, Armenia had already introduced and fulfilled various EU reforms before the U-turn, making it difficult to assess why they would withdraw whilst Georgia and Moldova and Ukraine decided to continue.

Even though this paper seeks to understand why third states become subjects of EU policy, it is important to note that external governance does not merely explain EU policy. The EAEU is a type of external governance as well. Therefore, when explaining Armenia's actions during and after the AA negotiations, one might apply the external incentive model to what Russia is offering Armenia through the EAEU. After its rational estimations, Armenia decided to go with the EAEU rather than the EU.

This leads one to look at the two other aspects of the external incentives model - *determinacy* and *size and speed of rewards*. Looking at the negotiations and the AA Armenia did not sign; I would say that the rule determinacy is quite strong. Both the EU and Armenia were fully aware of the extent of reform, rewards and consequences. Thus, the lack of rule determinacy that is not the reason for Armenia's *U-turn* in 2013.

The size and speed of EU rewards, however, could be a determining factor when it comes to Armenia's withdrawal from the AA. Since EU membership is not a potential award, Armenia decided that the rewards were not big enough. However, the process of being part of the EaP and the negotiations for the AA and DCFTA already had cost a lot. At the same time, the potential size of the EU rewards in the long-term would be very beneficial for Armenia: part of the DCFTA, possible visa liberation and better governance. However, 'potential' is unfortunately a keyword here. Perhaps the speed of the EU awards was too slow. The rewards from Russia, however, are immediate access to the customs union, and at the same time, the remittances remain safe.

Thus, in the case of Armenia the external incentives model explains that Armenia's relationship with Russia was a too high cost compared with the rewards the EU offered. Also, the Russian rewards such as remittances and customs union, might be less costly and better for Armenia, according to its own rational choices. Here, the cross-conditionality between the EU and Russia becomes clear: Russia's alternatives fit Armenia better than the European do.

5.1.4. The social learning model

As seen in the theory chapter, the social learning model focuses on logic of appropriateness, legitimacy of rules, appropriateness of behavior, persuasion and learning (Schimmelfennig & Sedelmeier, 2004, p. 667).

In the social learning model, it is of great importance that EU as the external actor has a "collective identity and a specific set of common values and norms" (Schimmelfennig & Sedelmeier, 2004, p. 667). In order to find out whether the EU has this collective identity, one needs to find out what is meant by 'Europe'. One definition of *Europe* is to regard it not only as a geographical area, but an entity containing common history, culture and politics (Risse,

2010). Another understanding is that the EU and Europe are synonyms, because the EU is a political entity that shares universal values (Risse, 2010). A definition of identity is also required. According to Risse, a collective identity is defined like this; “identities emerge in the very process by which individuals and social groups make sense of who they are and what they want” (2010, p. 20).

Therefore, one can argue that the EaP states that commit sufficiently to EU norms, rules and reforms in that way *choose* a European identity. In this case, the social learning model can explain why the EaP states commit to EU legislation: they have considered the collective EU identity compatible with their own identities. Armenia might have chosen another identity that is more compatible to its own: Russia and the EAEU.

Looking at Armenia’s historic, political, cultural and economic ties with Russia, the identity aspect of the social learning model might go in Russia’s favour. However, the close cooperation between the EU and Armenia suggests that there is political will to connect with the EU, and especially the respect for human rights, good governance, less corruption and more transparency (Council of the European Union, 2015). The question Armenia needed to ask itself was which values and norms were more compatible with its own (Schimmelfennig & Sedelmeier, 2004). Perhaps Armenia realised that its own values and norms were more compatible with the Russian side.

The EU has a set of common values and norms, as seen in the *acquis communautaire*. Therefore, in the social learning model, Armenia has to consider to what extent these values and norms can be adapted to its national level. This is where the appropriateness of EU rules comes in. It is challenging to investigate how appropriate Armenia finds the EU rules. However, looking at the data from the EaP index, and the European Parliament’s (EP) report on the EaP, one can see that Armenia had an active approach and completed all the steps of the AA except from signing it. Therefore, one can conclude that, at the time, Armenia found the EU rules appropriate enough to introduce them at the national level. However, this changed in 2013 with the aforementioned *U-turn*.

Legitimacy is important in the social learning model of external governance. Legitimacy is the quality of the rule transfer and affects the EU’s persuasive power. This can be linked to the clarity of rules in the external incentives model; the EU rules and their transfer need to be clear

and legitimate so the partner states adopt them. Since the EaP is based on conditionality, it depends on how much Armenia commits to the EU acquis and demands. Before the U-turn, Armenia had an active policy towards the EU. However, since 2013, the times have changed. Since Armenia has not fulfilled the EU demands, the framework for cooperation, financial support of reforms and visa liberation have all been stopped (European External Action Service, 2016a). From the EU's perspective, this is very sensible, seeing as the consequences of not complying is a halt in the cooperation process. From the Armenian perspective, it means that they need to either fulfil the EU's demands or seek other ways of achieving appropriate solutions.

A clear alternative to the EU and the EaP is, of course, Russia and the EAEU. As seen in the external incentives model, perhaps the Russian rewards are more predictable. For Armenians, the EAEU will provide working permits and the continuing of remittances from Russia. The EaP, however, fails to offer a clear path toward free movement of people of the EaP states. Another predictable factor the EAEU offers is the energy supply for Armenia and access to the market through the customs union. Again, the cross-conditionality comes to mind; Russian rewards are similar to the EU ones, but since Armenia accepted the Russian rewards as more predictable, it chose Russia over the EU.

On this note, one can argue that the EU failed to persuade Armenia sufficiently. The EU's persuasive power in external governance theory depends on the mentioned identity aspect and legitimacy. The quality of the rule transfer is an important part of the EU's legitimacy in Armenia. The more a state identifies with the EU, the more likely it is that the rule transfer will happen. As such, the failure of the AA between Armenia and the EU is due to the lack of EU identification from the Armenian side. Therefore, the persuasive power and the legitimacy of the EU are weakened. This makes it difficult to pursue cooperation on the same level as before Armenian the U-turn.

5.1.5. The lesson-drawing model

In common with the other EaP states, Armenia is an ex-Soviet state that saw its CEEC neighbours in the west becoming EU members in 2004 and 2007. Through the EaP, Armenia and the EU created a framework for closer cooperation. This framework may have been the result of Armenian policy makers not being satisfied with the national status quo, and therefore

looked to the EU. A difficult economic situation, high levels of corruption, lack of liberalisation, little transparency and weak democratic institutions were all contributing to a dissatisfaction with the national status quo (Shirinyan & Ralchev, 2013).

According to this model, Armenia went through a process of searching for functional rules abroad, then directed its policy aims at the EU and considered these rules suitable to solve the problems of the status quo. This was done before the Prague summit of 2009 when Armenia formally entered the EaP. However, if one looks at the U-turn of 2013 in the lesson-drawing perspective, one can argue that the EU policies no longer are the solution for Armenia. Simultaneously as the EaP framework was created, Armenia continued looking to Russia as well through the Commonwealth of Independent States Free Trade Area (CISFTA) and EAEU. It seems Armenia concluded that the Russian ways, norms and rules were more suitable for solving Armenia's domestic policy problems.

5.2. Case 2: Georgia

Georgia has made close ties with the EU the recent years through signing the AA and DCFTA. The AA was signed in 2014 (European External Action Service, 2016d), and entered fully into force in July 2016 (Commission of the European Communities, 2016a). One of the most important changes Georgia has been through in recent years is the completion of “the most free and fair elections in Georgia's post-independence history” (The Eastern Partnership Index, 2015, p. 38) in 2013. Another important change is the transition from a presidential system to a parliamentary rule. Georgia has also succeeded in increasing transparency and giving media access to courtrooms. However, the country still faces challenges after signing the AA; intrusion of citizens' lives through surveillance and delay of civil service reform are examples of this (The Eastern Partnership Index, 2015).

Improvement of Georgia's democracy is one of the most important points on the agenda with the EU. Another sign of democratic improvement (as well as parliamentary reform and elections) is the “greater engagement in civil society” (The Eastern Partnership Index, 2015, p. 41). For instance, non-governmental organisations (NGOs) play a bigger role in Georgia, and the introduction of an anti-discrimination law (The Eastern Partnership Index, 2015).

In October 2014 the EU assessed Georgia's progress and agreed that the country had fulfilled the EU's demand and was therefore ready for "the first phase of the VLAP" (The Eastern Partnership Index, 2015, p. 41), meaning the Georgia can start preparing for visa free travel to the Schengen Area. The Council of the European Union has agreed to Georgian Visa liberation, so this is just around the corner (Council of the European Union, 2016).

Like the other ENP countries, Georgia receives economic funding from the EU, more than € 100 million per year. This funding supports reforms in public administration and justice sector as well as rural development (European External Action Service, 2016d).

5.2.1. Costs and benefits of the AA

The Association Agenda 2014-2016 states that its completion depends on the engagement of both Georgia and the EU (European External Action Service, 2014a) ¹. At first glance; it seems to be a list of all the changes Georgia will have to go through and not the EU. At the same time, it is very apparent that the EU will benefit from these reforms, and it clearly comes to the surface that the EU will contribute with assistance both through financial and administrative support (European External Action Service, 2014a). In 2011-13, the EU provided Georgia with €180 million, and intended for this amount to either be stable or increase the following years (European External Action Service, 2014b). Still, the AA will mean short term costs for Georgia, but in the long term these investments will increase Georgia's trade, democracy and living standards, and therefore make up for the short term costs: "Georgia will gain an estimated 4,3 % of GDP over the long run" (De Micco, 2015, p. 9). This comes from export and import increase. Georgia does not have Russia as its main trading partner, it is the EU who is trading most with Georgia (European External Action Service, 2016d). Thus, choosing the EU bloc might not be as disadvantageous for Georgia as for Moldova and Armenia. However, potential loss of remittances and the Free Trade Area (FTA) with Russia from 1994 might be negative (De Micco, 2015).

Like Armenia and Moldova, Georgia also has a relatively high number of remittances from workers abroad. They accounted for 12.1 % of the GDP in 2013, and the remittances from

¹ On the 2nd of December 2016, The European Union and Georgia met for their third association council meeting, establishing the Association Agenda for 2017-2020. Please see: <http://www.consilium.europa.eu/en/press/press-releases/2016/12/02-eu-georgia-association-council/>

Russia alone was 4.1% the same year (De Micco, 2015). Therefore, the Georgian economy is also vulnerable to Russian rapprochements regarding its European choice. The potential economic loss the country will face when it comes to decreasing remittances from Russia is an important cost aspect of signing the AA. Therefore, the EU must compensate somehow, so that the cost is not so high for Georgia.

The country's participation in the DCFTA means that Georgia will be able to trade with the big EU market. The DCFTAs aim at "removing custom duties of import and export of goods in line with the WTO GATT agreement" (De Micco, 2015, p. 32). Furthermore, the DCFTA have a goal to liberate trade further. Georgia has no duties on imports as part of its unusual trade policy. Therefore, the EU will remove 99.9% of its duties.

Through the DCFTAs, three of the EU's *four freedoms* are completed: the free movement of goods, services and capital. However, there is one important freedom missing: the free movement of people. The DCFTAs do not take this freedom into account directly, but "deal with the temporary establishment of [for example] key personnel and graduate trainees. They can work in a company of a party member for up to 3 years" (De Micco, 2015, p. 31). Through the VLAP Georgia is provided "short term travel permit" (De Micco, 2015, p. 31).

The AAs will make it possible for Georgia to negotiate ACAAS. This is, as mentioned, the highest form of integration a third party state can make with the EU.

5.2.2. Georgia and Russia

Russia considers Georgia as part of its sphere of influence (Pardo Sierra, 2011). During the war with Russia and economic crisis in 2008 Georgia was badly hit. There is much need for structural reforms, exports that are more varied and less corruption in this country (De Micco, 2015). Since the conflict of 2008, "Georgia managed to reduce its energy reliance and trade relations [with Russia], even though this effort was reflected in lower economic growth" (De Micco, 2015, p. 22). Therefore, Georgia made a choice that was costly for its economy, but necessary from a (geo)political perspective. However, Russia also decided they could use politics rather than economy: "instead of going for trade pressure, Russia chose to start the so-called process of 'borderisation' (building fences) between South Ossetia and Abkhazia and Georgia proper" (Shirinyan & Ralchev, 2013).

Moscow has turned against the countries with signed AAs (Georgia, Moldova and Ukraine). Russia has both removed and threatened to remove various trade relations with these countries: “existing trade preferences, threatening to obstruct the movement of workers to Russia, and introducing trade bans on meat and agriculture products” (De Micco, 2015, p. 9). Georgia may be affected by this. However, they do not trade much with Russia. For Georgia the remaining cost is the loss of Russian remittances. The Russian recession also affects the remittances sent to the EaP countries. In Georgia’s case, its currency fell with 9% in 2014 despite the fact that Russia is not its main trade partner. (De Micco, 2015).

In Georgia’s case, the cross-conditionality is not as present as in Armenia. It seems the EU is the most tempting offer for Georgia, in spite of Russia’s threats. This means that the EU’s promises of trade liberalisation, assistance of good governance and the future visa liberalisation outperform Russia’s threats.

5.2.3. The external incentives model

Like every actor in the external incentives model, Georgia is rational and can evaluate the results of the AA, calculating whether it is for its own benefit or not. Since Georgia decided to sign the AA, it is clear that they have concluded that the EU reforms are beneficial. The starting point of Georgia’s bargaining process are the AA negotiations from February 2012 to July 2013 (De Micco, 2015).

Georgia has thus concluded that the long-term benefits following the AA with the EU are higher than the short-term costs. As seen above, the Georgian GDP has increased, the country now sees the result of vast governance and institutional reforms even though it still has far to go to complete all of the EU’s demands. Therefore, the size of the EU rewards such as the DCFTA and financial aid seem to suit the Georgian situation well, even though, Georgia does not expect the ultimate reward; full membership of the EU.

In regards to determinacy, it is safe to say that the conditions of the EaP cooperation, Georgia’s AA and DCFTA agreement, were clear, and both parties knew what the various platforms entailed. Thus, the determinacy of the Euro-Georgian cooperation is high. This is one of the reasons why Georgia remains on its European path.

The speed of the EU rewards, however, is debatable. Since the EU is a complex union of many institutions, members and regulations; the rewards for Georgia might not be efficiently put in place. One example of a non-speedy reward is the visa liberalisation Georgia was promised. Now, more than two years after signing the AA, it seems things are going in the right direction for Georgia: the council of ministers have agreed to grant Georgia the same visa liberalisation as Moldova (Council of the European Union, 2016).

Even if things take time in the EU system, it seems Georgia is determined to keep going with the AA. Compared to Armenia and Moldova Georgia does not have such a big trade with Russia, and therefore have less to lose trade wise if Russia protests. However, the Russo-Georgian crisis of 2008 proved that geopolitically and security wise Russia still have a big say in Georgian foreign relations. Since the EU has no security guarantee for Georgia, Georgia will again have to use its rationality and decide what is more important: the benefits of cooperating with EU and the risk of Russian rapprochement, or perhaps turning to Russia and stand outside the EU cooperation. Choosing is difficult, but until now, it seems that Georgia has chosen the former.

5.2.4. The social learning model

In the social learning model, identity is an important aspect. As stated above, the EU's identity is a highly debated topic. However, the EU has a clear set of norms and values in their *acquis*. According to the social learning model, Georgia has considered these norms and values compatible with Georgian identity. One could also say that Georgia sees the EU *acquis* more compatible to its national identity than the rules of EAEU. Therefore, Georgia has chosen the EU bloc over the Russian led bloc.

It is possible to have multiple identities (Risse, 2010). Citizens of the EU have both their national identity and the common European identity based on history, culture and common values. Here, two things come to mind. First, Georgia and the other EaP states are most definitely part of the European heritage, especially since the CEECs' 'return to Europe' (Schimmelfennig & Sedelmeier, 2005). Georgia shares a historic identity with many members of the EU. Second, the fact that it is possible to have multiple identities suggests that it is not

necessary for Georgia to choose between the EU or EAEU; identity wise, it is possible to belong to both.

Clarity of EU rules and high quality of rule transfer, or legitimacy and resonance are important in the social learning model. The EU has shown its trustworthiness by financially aiding Georgia when the latter has completed the expected reforms. The EU has also demonstrated its seriousness when it comes to conditionality; Georgia can see to Armenia to see the consequences of not fulfilling demands. In the short term, the EU rewards might not be so apparent. In the long term, however, it seems Georgia trusts the introduction of more rewards: increase in GDP, good governance, trade and visa liberalisation. Since Georgia chose not to become members of the Commonwealth of Independent States (CIS) and the CISFTA, the social learning model argues that it is because Georgia considered the EU a more reliable and predictable partner than Russia.

5.2.5. The lesson-drawing model

The lesson-drawing model can explain the EU-Georgia relation in a different light than the other models. According to this model, the EU conditionality is not necessary, because Georgia's wish and drive to improve its national status quo should be enough to introduce reforms and make change.

Like Armenia, this model suggests that Georgia first started its European turn well before the Prague summit in 2009, looking for inspiration on how to change the national status quo. Reasons for dissatisfaction in Georgia can be high levels of corruption and organised crime, low levels of democracy, and the lack of a liberal market (Hammarberg, 2013). Since Georgia has signed the AA and is aiming for further integration with the EU despite the costs, one can argue that Georgia has adopted the EU rules and norms because they are expected to solve domestic policy problems in an efficient manner. Indeed, looking at the execution of free elections, lower levels of corruption and change in the parliamentary system show that the EU rules have a positive effect on Georgia's problems.

5.3. Case 3: The Republic of Moldova

Moldova is described as a frontrunner, a leader, and the most successful of the EaP states when it comes to closer cooperation with the EU. In 2014 they signed the AA with the EU that entered into force in July 2016 (Commission of the European Communities, 2016b). However, in October 2016 The pro-Russian candidate Igor Dodon won the first directly elected presidential elections in 20 years (BBC, 2016a). His promise is to scrap the AA with the EU and join the customs union with Russia, Belarus and Kazakhstan (Aljazeera, 2016). This is what makes Moldova particularly interesting as a case: why would a state go through so many costly reforms and risk the support of a powerful neighbour (Russia), only to turn to the said neighbour and risk its relation with the EU? How does external governance explain this?

The AA between Moldova and the EU “cannot be reversed” (Aljazeera, 2016, para. 21) immediately; there must be a longer process behind it. Even so, the election of Dodon shows that it is not merely costs, benefits and trade that counts when it comes to external governance: the geopolitical situation is also important. And perhaps historic and cultural ties (identity) with Russia is stronger in Moldova than expected. Russia’s negative actions towards Moldova’s AA with the EU “have created difficulties for the economy and resulted in lower public support for reforms and a direct threat to the country’s security” (The Eastern Partnership Index, 2015, p. 32). This might be the key issue at stake for Moldova: its security.

After the events in Ukraine of 2014, the question of territorial sovereignty suddenly became challenging. Especially for a state like Moldova with such close ties culturally and historically to Russia, as well as energy dependence, following the events in Ukraine is upsetting. One example of Moldovan instability is the Transnistria region (The Eastern Partnership Index, 2015). Transnistria is “near the Ukrainian border, [...] has not been recognized by any state as independent, but it is home to Russian troops and half-a-million people — 30 percent of them ethnic Russians — who look to Russia as their patron” (The Moscow Times, 2014, para. 8).

After the last election the following was the situation in Moldova: “While the pro-EU parties gained enough seats to form [...] government [...], results showed a continuing split in the electorate – with support for European integration decreased to 35%, while support for the Customs Union rose to 38%” (The Eastern Partnership Index, 2015, p. 33). Polls have been performed to try to explain this opinion of the Moldovan people by asking them to compare the EU and the Russian led customs union. Even though the EU was favoured on most criteria, the

Moldovans still concluded that the Customs union would be more beneficial. This is because they found that the customs union would maintain “lower prices and a lower rate of unemployment in Moldova” (The Eastern Partnership Index, 2015, p. 33). However, 38% is still a majority of the Moldovan population. This suggests that the population is divided and unsure what is best to do for Moldova in such a situation. The pro-Russian candidate Dodon won with 52.2 % of the vote in November 2016 (Aljazeera, 2016), another indication that the Moldovan public is divided in the question of being subjects to external governance from Russia or the EU.

5.3.1. Costs and benefits of the AA

One of the rewards from the EU was that Moldova became the first of the EaP states to receive visa-free travel to the Schengen area;

The removal on 28 April 2014 of visa requirements for Moldovan biometric passport holders’ short-term travel to the Schengen countries was a largely merit-driven decision by the EU, and one of the concrete results of the implementations of reforms and closer relations with the EU (The Eastern Partnership Index, 2015, p. 33).

This abolishment of visa requirements for Moldovan citizens is a clear message from the EU that it is willing to reward the EaP states that progress in the way the EU wants. Between May and October 2004 it is estimated that more than 300 000 people from Moldova used their new rights and travelled to the EU without visas. This is a very high number. In 2013 Moldova’s economy grew with 8.9% . This is another positive aspect of more trade with the EU. Despite this growth, there have been some negative developments in the Moldovan economy, especially *oligarchic structures* in the banking sector. “The responsible authorities did not react and, on the rare occasions when they intervened, they mostly did so in favour of oligarchic groups” (The Eastern Partnership Index, 2015, p. 34).

There will be some short-term costs regarding the implementation of the DCFTA. The EU will compensate for them, and the predicted ones are as follows; increased domestic competition, mitigation costs, standard obedience costs and legal and administrative adjustments (De Micco, 2015). Various estimates have predicted an increase in Moldovan GDP. However, Russia has made some political moves like the ban of certain trading products from Moldova. Therefore,

the increase in GDP might not be as high as predicted, because trade with Russia may decrease. This, in turn will make the raise in GDP slower due to trade losses (De Micco, 2015).

In 2013 Moldova had a trade deficit of -37%. The EU is Moldova's main trading partner, and Russia is the second. However, between Russia and Moldova "there are close economic ties derived from personal remittances, energy dependency, market proximity and similar industrial standards" (De Micco, 2015, p. 24). Remittances from Russia accounted for 9,3% of Moldova's GDP in 2013, and about 20% of Moldovan trade is with Russia (De Micco, 2015). Therefore, signing the AA with the EU can mean losing important relations with Russia. This is one of the explanations for Moldova's sudden change in regards to the EU.

Through the AA, Moldova commits to various reforms and adopt the *acquis communautaire*. Especially the modernising of the regulatory systems in order to trade internationally is a massive and costly reform (De Micco, 2015). The EU's aim with the AA is to strengthen democracy, human right and rule of law in Moldova (European External Action Service, 2016e). By committing to these reforms, Moldova receives financial assistance from the EU. Through the ENI, Moldova received "€ 131 million in 2014. Moldova is the largest recipient of EU aid per capita in the European neighbourhood" (European External Action Service, 2016e, para. 10). This funding from the EU has supported projects in Moldova, such as improving public administration, health care reform, water supply and care centres for the elderly (European External Action Service, 2016e).

Entering the DCFTA means access to the EU market. This is one of the key benefits of the signed AA between EU and Moldova. However, trading with EU comes with a cost: changing the standards of Moldovan products. When it comes to adopting EU standards on products in order to export to EU states, Moldova must cancel the CIS standards that may conflict with the EU standards (De Micco, 2015). This is one of the clear negative impacts of the cooperation with the EU, it specifically threatens the trade with CIS/EAEU and in turn, Russia as a main trade partner for Moldova. When adopting the EU standards, Moldova can use different standards to other markets. However, it may be very complicated and expensive to have so many different standards. The DCFTAs aim at "removing custom duties of import and export of goods in line with the WTO GATT agreement" (De Micco, 2015, p. 32). Furthermore, the DCFTA have a goal to liberate trade further. In the trade relation between Moldova and the EU,

Moldova will remove 99.2% of its import duties, and the EU will remove 99.9% (De Micco, 2015).

Moldova's trade relations are a good illustration of the challenges faced by the small states in-between Russia and the EU. The two trading blocs have structural differences as to what they import from Moldova. "The CIS imports fresh fruit, wines and spirits, the EU dried fruits [...] and sugar" (De Micco, 2015, p. 26). This makes Moldova particularly fragile to the divide between the blocs: can Moldova possibly survive to lose one of these market relations? This may be a hole the EU cannot fill (De Micco, 2015). This can explain the sudden change in priorities of the Moldovan decision makers. This shows that the best solution for Moldova would be to maintain trade with both blocs. The economic cooperation with the EU will most likely not in the short-term compensate for what Moldova would lose when no longer cooperating with the EAEU (De Micco, 2015). The victory of Dodon in November brings forth some interesting questions. What will the EU do if Moldova turns to Russia? What will be the consequences economically? Perhaps Moldova will face the similar consequences as Armenia; a substantial break in economic and political cooperation with the EU.

As mentioned, Moldova was the leader of the EaP states in regards to implementing EU-friendly reforms. However, some reforms remain blocked. For instance, the freedom of media reform is going slowly (The Eastern Partnership Index, 2015). Moldova has also committed to reform its judiciary system in the AA. The main justice reform is the so called *Strategy of the Justice Sector* (SRJS). "The ministry of Justice reported that 80% of the SRJS has been implemented, while civil society's estimations pointed to a much lower level of implementations" (The Eastern Partnership Index, 2015, p. 34). This example of Moldova's lack of progress is an excellent way of demonstrating the consequences from the EU: "The EU decreased the second assistance tranche for implementation" (The Eastern Partnership Index, 2015, p. 34).

5.3.2. Moldova and Russia

Russia got increasingly involved in the Moldovan process of closer integration with the EU, especially during the parliamentary elections of 2014 by informing the Moldovans wrongly about the cause of the Ukrainian conflict, and disinformation about the EaP (The Eastern Partnership Index, 2015). The geopolitical situation is without a doubt very preoccupant for

Moldova. Due to the situation in Ukraine in 2014, the same year as the Moldovan parliamentary elections, it is safe to assume that many Moldovans were worried about the future of its independence and the respect for its territorial borders; especially in the breakaway region of Transnistria.

Russian media has strong influence in Moldova, and uses this position to promote its own views and opinions. Thus, the lack of transparency regarding financial support for political parties and the slow passing of the law on media ownership (The Eastern Partnership Index, 2015) are things Russia have exploited in order to punish Moldova for its cooperation with the EU. Through disinformation about the Crimea annexation in the media and financially supporting pro-Russian parties, Russia has succeeded in splitting the Moldovan population in its view of the EU (The Eastern Partnership Index, 2015).

Furthermore, the EU's rewards for Moldova are not as clear and explicit as perhaps the security, energy and remittances the EAEU might offer. Also, the EU is a complex political entity and not known for its effectiveness. Russia, however, is centrally governed and can react swiftly (The Eastern Partnership Index, 2015). These are factors that can explain why Moldova suddenly turned after being the frontrunner of the EaP states.

Russia's rapprochement against the countries who signed the AA with the EU have greatly affected Moldova: Russia showed its discontent by banning Moldovan wine, certain types of meat, canned vegetables and fruit and also "suspension of trade preferences granted by the CISFTA" (De Micco, 2015, p. 24). Also, the potential suspension of remittances will affect the country's economy: 9.3 % of Moldova's GDP comes from the remittances of Moldovan workers in Russia. Even if EU has become Moldova's main trading partner, Moldova remains dependent on Russia energy wise: "Moldova imports 100% of its gas from Russia and serves as a transit country for Russian gas exported to Romania and Bulgaria. [...] Moldova's geographic position makes its energy supply dependent on the supply of its neighbours – Ukraine and Romania" (De Micco, 2015, p. 30).

In order to change Moldova's dependency on trade with Russia and open up to new markets, the country's trade structure needs to be developed and altered. Moldova's trade consists mainly of wine and agricultural products (De Micco, 2015). Since 2006 the trade between Moldova and the EU has increased, due to "duty-free access to the EU market" (De Micco, 2015, p. 25-

26) but also due to the Eastern Enlargement of the EU in 2004 and 2007 when many of Moldova's trade partners became part of the EU trading bloc (De Micco, 2015).

Russia punished Moldova severely for signing the AA with the EU. In July 2014 they withdrew Moldova's trade preferences and introduced duties on certain Moldovan products. Therefore, 22% of Moldova's trade to Russia and Belarus will have duties: "This is likely to result in a dramatic loss of wealth" (De Micco, 2015, p. 65). Included in this *dramatic loss of wealth* is of course the remittances from Moldovans working in Russia (De Micco, 2015).

As with Armenia, the EU faces cross-conditionality in its policies towards Moldova. Especially after the elections of pro-Russian Dodon it seems the Russian rewards such as security, remittances, customs union and lift of trade bans outperform the European promises.

5.3.3. The external incentives model

Moldova is a rational actor who seeks to maximise its benefits in the external incentives model. Because Moldova's bargaining power is weaker than the EU's, they are subject to the conditionality; Moldova has to commit to the EU's reforms in order to receive rewards such as trade and visa liberalisation.

The costs and speed of the EU rewards might be one of the reasons the pro-Russian candidate Dodon won the elections of 2016: For instance, the freedom of media reform is going slowly (The Eastern Partnership Index, 2015). Not all the reforms in Moldova are going in the direction the EU wishes. One example is the high level of corruption. The level of corruption in Moldova remains high, and it is one of the areas that is most difficult to improve according to EU standards. Corruption is often linked with transparency, or the lack of transparency. This is also a problem in Moldova (The Eastern Partnership Index, 2015, p. 34). Especially in the banking sector it is difficult to see where money is going.

These failed attempts of reform and change may represent a reluctance and incapability of meeting the EU's reforms. From the Moldovan perspective, perhaps the EU is expecting too much, and gives too little in return. Another thought is that the consequences of not obeying EU demands might not be as tough as the consequences of going against Russia. The loss of remittances, the fear of territorial dispute in the break-away regions, the loss of much trade due

to standard differences and Russian bans are all consequences of going against Russia, and with the EU. Since the speed of the EU rewards is not as fast as the downsides of losing Russia as a trading partner, the Moldovan population is split in the view of EU cooperation.

5.3.4. The social learning model

As seen in the cases of Armenia and Georgia, at the heart of the social learning model lies identity and the appropriateness of EU rules. In other words: to what extent EU governance can be adapted to the Moldovan national level. At the time of signing the AA, Moldovan decision makers considered the EU rules very appropriate for their country. After seeing the consequences of the AA, especially trade and security wise with Russia, they seem to have changed their minds. Perhaps Russia's way of governing is closer to the Moldovan identity than the EU is. The identity aspect of the social learning model can also be linked to the cultural, historical and economic bonds Moldova share with Russia.

It seems that the EU from the Prague Summit until the signing of the AA had strong persuasive power over Moldova. However, this seems to have slowed down after the events in Ukraine and the Russian rapprochement of the AA. Therefore, the Russia persuasive power might be stronger at the moment, and this might lead to Moldova stepping back from further cooperation with the EU.

This can also have to do with the clarity of EU rewards. On one hand, the EU has many promises and rewards if Moldova makes the changes the EU demands. On the other hand, these rewards are based on conditionality, and it is never certain if or when Moldova will be rewarded. Russia, however, made it very clear what happens to those who act against them. The trade ban with Moldova and the annexation of Crimea are examples of this. Then, the explanation of Moldova's plausible U-turn might be the absence of predictability from the EU, and the presence of clear consequences from Russia. In other words, cross-conditionality plays an important role also in the social learning model of external governance.

5.3.5. The lesson-drawing model

Like the other two cases, the lesson-drawing model explains Moldova's policy towards the EU because of dissatisfaction of the national status quo. Moldova's motivation of pursuing EU

rules and norms was to improve its situation inspired by the EU status quo. Dissatisfaction regarding the status quo could be due to lack of transparency, high levels of corruption and poor economic results (De Micco, 2015). However, after the election of Dodon as president, one needs to assess Moldova's status in a different manner.

In the lesson-drawing model, one can say that Moldova looked to Russia for an alternative to the EU, and this is what they have drawn lessons from recently. The cross-conditionality resulted in electing a pro-Russian president.

6. Comparative discussion

This chapter will compare the policies of Armenia, Georgia and Moldova towards European integration. The comparison seeks to provide an understanding of how models of external governance explain external Europeanisation from the partners' point of view.

The individual case studies have shown that differences in circumstances, reasons and priorities influence the choices of the Eastern Partners' EU policies. All three countries have experienced and undertaken major reforms since the fall of the Soviet Union. They have all tried to maintain trade and diplomatic relations with both Russia and the EU, but the results have been different.

The external incentives model showed that both the EU and the respective partner states are rational actors that aim at achieving maximum benefits for themselves. Since the EU is the actor offering rewards and managing the conditionality, it also has the strongest bargaining power. Shimmelfennig & Sedelmeier (2004) argue that this asymmetry between the EU and other states is in the EU's favour. The EaP states depend more on the EU than the other way around (Kelley, 2006). The EU therefore has more room to weigh costs and benefits than the EaP states.

For the EU, promises made to third states regarding integration will have a cost if the third state fulfils the EU's demands. The higher the costs, the less likely it is for the EU to make promises to the states outside the union. Association is quicker and cheaper for the EU than enlargement. Schimmelfennig & Sedelmeier (2004, p. 665) claim that "Assistance and association have been more credible rewards than accession [for the EU]". An important aim with EaP from the EU's point of view is to bring stability to the region. The EU needs to maintain good relations with the EaP states, but the reward of stability can be attained through the lesser cost of association (Lavenex, 2004, p. 681). This confirms the EU's aim of creating a ring of friends, in essence a buffer zone between itself and Russia. This shows how the EU may calculate the costs and benefits of the EaP. Since association is more beneficial for the EU than membership, and the asymmetry between the EU and its partners is in the Union's favour, the EaP states are not in a place to bargain. Thus, they must decide what will benefit them more; settling for association with the EU through the EaP, remain unaligned outside the European framework or strengthen collaboration with Russia.

It seems that Georgia has calculated that association with the EU brings more benefits than both remaining outside the EU and of cooperating with Russia. Armenia, on the other hand, has

assessed that Russia and the EAEU bring more benefits. Moldova seems to still be undecided. Until recently, this country seemed to be on a path towards further integration with the EU. However, the results of the 2016 presidential elections indicate that Moldova's calculations of benefits and costs have changed in favour of Russia. As such, the External incentives model accounts well for the choices of Georgia who remains pro-EU. However, in the cases of Armenia and Moldova, the model does not sufficiently explain what happens to external Europeanisation when there is high levels of cross conditionality.. Cross-conditionality slows down external Europeanisation because Russia offers similar rewards, and pose a substantial threat to these countries. If EU membership available, the calculations of Armenia and Moldova would maybe have turned in the EU's favour. The in-between position the AA provides may not be worth the costly reforms, and jeopardising the relationship with Russia.

Another way of analysing the EaP states' choices between EAEU and the EU is the relative bargaining power of the big players, the EU and Russia. In the case of Georgia, the EU's bargaining power seems stronger than Russia's. For Armenia, however, the customs union with Russia, Russian security guarantees and Russian working permits have made its bargaining power stronger than the EU's. As for Moldova, it seems the EU's bargaining power has weakened in favour of Russia due to high remittances, the Russian trade ban on certain Moldovan products and the security dimension. Again, cross-conditionality influences the process of external Europeanisation.

The agreements Russia and the EU offer are fundamentally different, and are not mutually exclusive. However, in practice, it seems to be a general understanding among the eastern neighbours that they have to choose between the two. Historical trade relations between Russia and the EaP states, and EU and the EaP states show that trade with one has not excluded trade with the other. However, Russia has made its stance on EaP states signing AAs with the EU quite clear. In regards to free movement of people, Russia might have more to offer than the EU. It is taking time to pass the Visa liberalisations for the EaP. Russia, however, offers working permits and access to Russia for entire families. In this case, the external Europeanisation is weakened due to the cross-conditionality. Security wise, Russia might also outcompete the EU; Russia supplies Armenia with arms, and the situation in Ukraine shows that the EU does not have any clear promises of how to maintain the current borders should territorial integrity not be respected. Thus, in the external incentives model, the cost of interrupting relations with Russia are higher than the benefits provided by the EU for Armenia, and perhaps for Moldova.

The social learning model explains why the EU has so far failed to persuade Armenia and Moldova to enter into more lasting cooperation. The EU's promises of trade, stability and eventual visa liberalisation have perhaps not proven as persuasive as energy and working permits from Russia. The lesson-drawing model explains that the number of EU supporters in the partner state can decrease when Russia offers similar promises, and therefore the public opinion might be pro-Russian, like in Moldova.

In the social learning model, the EU as the external actor needs a collective identity and specific norms and values. The EU's identity is highly debated, as shown. However, the EaP states are drawn to the EU through its identity, norms and values. Especially the values of democracy and respect for human rights are central. The more a state identifies with the EU's identity, the more likely it is to introduce EU legislation.

The gradual democratic progress in Georgia during the last years can be taken as a signal that the country gradually identifies more with the EU's values and norms. Armenia seemed to look to the EU and strive towards its values prior to the U-turn in 2013, when Armenia instead turned to Russia. According to the social learning model Armenia found Russian values and norms compatible with its own. As mentioned, it is still unclear what way Moldova will turn, but it seems that Russian rapprochement and the lack of predictability from the EU's side have made Moldova change its path. Again, external governance theory fails to theorize external Europeanisation when another actor competes with the EU in the field of offering rewards based on reforms.

The legitimacy of the EU rules and rule transfers is central in the social learning model. When assessing the effectiveness of the model in explain external Europeanisation, or the lack thereof, in these three countries, one can therefore look at how EU conditionality have been met. Georgia continues reforming in order to receive its rewards from the EU. It is not yet certain what will happen in Moldova, whether it will be subject of European or Russian conditionality. In the light of the unstable Geopolitical situation, Russia might have stronger persuasive power than the EU when it comes to security.

However, the identity perspective of the Social learning model shows that there is more at stake than simply costs and benefits of the two blocs. Identity also plays a role. Armenia, Georgia

and Moldova are lodged in-between Russia and the EU, not only in a geographic sense, but also identity wise. The social learning model of external governance explains why a country chooses the bloc with which it share the most common values.

The lesson-drawing model is more open ended than the other two, in the way that it leaves conditionality out of the picture. Instead an emphasis is put on the partners' choice. A partner will introduce EU rules if these are considered to solve the problems the partner has identified, such as high levels of corruption, poor governance or slow economic growth. Georgia with its European friendly policy seems to have accepted that, while Armenia has turned to Russia. Seemingly, Russian ways of solving problems suit Armenia more than the European ways. Moldova remains undecided, but newly elected President Dodon seems to relate more to Russia than the EU. Cross-conditionality is present in the cases of Moldova and Armenia. As such, the models of external governance theory fail to explain how the EU can regain its position in cases where a competitor like Russia outperforms the EU.

The case studies have not provided one single answer as to why Armenia and potentially Moldova find Russian policies more adept at solving their domestic problems, but effectiveness, or the lack of it, might be one of the reasons, especially in regards to security. The EU is a complex body of member states and institutions with repeated negotiations and bargaining. Russia, on the other hand, is centrally governed and may therefore respond quicker to the EaP states' needs and challenges.

In the identity aspect, the lesson-drawing model can also explain external Europeanisation in third party states. The EU's identity is often identified with respect for human rights, the rule of law, democracy and prosperity. All are values and norms most of the EaP states want to adopt. Since it is possible to choose identity, the EaP states can learn from the EU's values in the lesson-drawing model, and then adapt to it. This depends on how many reform makers (EU supporters) and vetoplayers (against EU) there are in the respective state; if there are many supporters, the state is likely to adapt the values of to the EU, and if not, a result could be like the one in Armenia, and perhaps in Moldova. In their cases, they have 'drawn lessons' from the Russian identity and thus chosen that path.

The EU argues that partnership is as effective as enlargement when it comes to increasing European influence. At the same time the Union presents the EaP as a system that offers many of the same benefits

as membership such as access to the internal market (Ferrero-Waldner, 2006). The case studies do however raise the question whether this assumption holds. Of the states assessed, only Georgia seems to have taken a decisive turn towards the EU. European influence in Moldova and Armenia is contested at best. In that regard, enlargement appears a more effective and stable way to increase EU influence. By accepting new countries as full members, the EU has a much greater guarantee that the states adopt EU rules, particularly through the accession criteria (Barnes & Barnes, 2010). The potential memberships for the EaP states could therefore be a stronger incentive for these states to introduce EU reforms, and thus increase European influence, than the current association system.

However, full membership of the EU remains an unlikely scenario for the EaP states. De Micco (2015) instead suggests three ways forward. The first option is for the EaP to accept the status quo. The countries that have signed AAs will continue the gradual process of integration through association, while the remaining states turn towards Russia. The countries that turn to the EU would however have to live with the uncertainty that Russia might withdraw trade preferences for the AA countries and restrict free movement to Russia. The EaP states' reliance on Russian energy also pose a risk. An increase in gas tariffs would inflict serious economic damage at least in the short run. As De Micco (2015, p. 70) concludes: "Russia's reactions could seriously harm Georgia and Moldova too: limits on Georgian and Moldovan workers in Russia may be more expensive in the short-term than the long-term gains from trade with the EU". Secondly, the EaP states can seek to cooperate with both the EU and Russia with the aim of "making the DCFTA and CISFTA compatible" (De Micco, 2015, p. 70), so that they can be members of both blocs. Currently there are no legal obstacles to such a solution, both the AAs and the CISFTA permits this. However, the two FTAs operate with different standards which might cause problems unless standards are harmonised. The solution hinges on both economic and political will from both sides. In light of the status of current EU-Russia relations, the chances of such a cooperation remains faint. The third and last option is to create a more comprehensive form of cooperation between the EAEU and the EU (De Micco, 2015). The EaP states would then not be forced to choose one bloc over the other.

7. Concluding remarks

The former Soviet states along the EU's eastern border are facing the difficult choice of having to choose between cooperating with the EU and Russia. This study has investigated how external governance explains the process of external Europeanisation in the EU's eastern neighbourhood.

The three models of external governance theory explain the EaP states' commitment to the EU with reference to different factors. In the external incentives model the commitment of the EaP states' is based on their individual calculations of costs and benefits, their bargaining power relative to the EU and the clarity and speed of the expected rewards. The social incentives model focuses on similarity of identity, appropriateness of rules and the persuasive power of the external actor. The more a partner identifies with the EU's rules, values and norms, the more likely it is to implement them. Yet these models does not take cross-conditionality into account. Russia offers similar rewards through the EAEU, and arguably poses more of a substantial threat than the EU. In times of unrest, such as the Russo-Georgian war of 2008 or the ongoing conflict in Ukraine, the partners' priorities seem to change. The case of Armenia, and to some extent Moldova, shows that Russia's security guarantees and customs union provides more tangible benefits in the short run than the EU's promise of trade and prosperity. The third and final model, the lesson-drawing model, explains external Europeanisation in third party states from a dissatisfaction of the domestic status quo, which leads national policy makers to look abroad for solutions to their challenges. As such, conditionality is left out of this model; the third party state chooses what set of external rules are most applicable to the national status quo.

Armenia had an active policy towards the EU in the first years of the EaP (2009-2012). However, during the *U-turn* in 2013 the country chose closer ties with Russia over continued external Europeanisation. Using the external incentives model, the change in policy can be explained by the higher cost of the AA relative to the benefits from further integration according to Armenia's own calculations. The potential loss of Russia as trading partner and its security guarantees was too costly for Armenia. According to the social learning model, however, Armenia choose closer relations with Russia due to Russian identity, bargaining power, threats and rewards being seen as more compatible with the Armenian goals. As such, the models of external governance do not explain how external Europeanisation may continue in Armenia. As for now, Armenia therefore chooses to be on the *outside* of the integration process.

Georgia, on the other hand, has not wavered from its path towards Europeanisation. The external incentives model can explain this by pointing to the fact that Russia is not one of Georgia's main trading partners. The

predicted loss Georgia expected when deepening its integration with the EU was therefore not as high as the cost expected by Armenia and Moldova. For Georgia the benefits of the EaP outweighed the costs. Despite the EU's inefficient and somewhat unpredictable system for rewarding Georgia for continued reforms, Georgia has calculated that a close relation to the EU is in its best interest. The choice taken by Georgia to endorse continued integration with the EU can also be explained through the two other models. In the lesson-drawing model, the decision taken by Georgia can be explained by the learning and assistance the country has received from the EU to implement reforms. Also the social learning model can provide explanations, although Georgia shares historical ties with Russia it identifies with democratic values of the EU that mirrors its own democratic transition. If Georgia was offered accession by the EU, it would today arguably prefer to be *inside* the Union. However, for now they remain somewhere *in-between* the inside and outside. All three models account well for Georgia's choices due to little cross-conditionality. However, if the threat from Russia becomes more pronounced, and cross-conditionality grows, then it is no longer certain that the models of external Europeanisation will be able to explain Georgia's reaction.

Moldova offers more of a mixed picture. Unlike Armenia, the country has signed the AA, making a dramatic U-turn more difficult. Until recently the models of external governance could explain Moldova's choices in the same way as Georgia; benefits of integration with the EU exceeds costs, the country wanted to adopt a European identity and the European model of governance provide a template for learning. Recent events such as the annexation of Crimea, the potential for similar unrest in the Transnistria breakaway region, Russia's ban on certain imports from Moldova and Russian disinformation about the EU during the Moldovan elections, may however have contributed to changing Moldova's outlook culminating in the election of the pro-Russian candidate Dodon. While Moldova until recently could be characterised as an *in-between* country, it might now choose the status of an *outsider* where it might exit the AA. The case of Moldova thus illustrate that external governance theory works best in periods of little or no cross-conditionality.

External governance can explain why third states become subjects to EU rules despite not having a prospect of membership in the near future. The models point to the rewards of committing to integration with the EU, and the allure of the European identity whereby an adoption of the *acquis communautaire* can make the countries on the border of Europe more like the EU. However, regardless of how adept the EaP states are at conforming to EU conditionality, the partners remain only *neighbours* of the EU. Brussels remains the centre and the partner countries in the periphery. When other important players, primarily Russia, enters the stage and offer comparable benefits through an external governance of their own, the precariousness of EU's eastern policy becomes apparent. The

models predicting a progressive deepening of ties between the EU and the countries outside the Union thus fail to take sufficient regard to the cross-conditionality coming from Russia, and providing an alternative form of integration to the one presented by the EU. If these countries had the opportunity to join a bigger free trade area or cooperate with both the EU and the EAEU they would not have to choose between being on the *outside* or *in-between*.

As such, the models of external governance explain well why the third party states choose to become subjects of external Europeanisation. However, when there is a high level of cross-conditionality, the external governance theory falls short. Russia represents the cross-conditionality by offering the EaP states similar rewards. This, in addition to substantial threats and rapprochement like trade bans is an effective way of hindering external Europeanisation in the EU's eastern neighbourhood. As long as no regard is taken to Russia, the external governance models explain well the actions of third party states when they become subjects of external Europeanisation. However, Russia can offer different rewards than the EU, especially in the field of security. Therefore, theorists of external governance need to investigate inter-relations between the EU and Russia, and attempt to further theorize the dynamics of external Europeanisation when cross-conditionality is present.

8. Literature

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