

The speech of H.E. Tigran Sargsyan, Ambassador of the Republic of Armenia to the United States during the conference “The Eurasian Economic Union: Armenia’s Accession and Beyond”.

10 March, 2015

Washington D.C

Dear Minister Valovaya,

Dear Mr. Aramyan,

Your Excellency Ambassadors,

Ladies and Gentlemen

I would like to begin by extending our sincere gratitude and appreciation to the European Institute for organizing this timely and important event. I would also like to welcome and thank our esteemed panelists and participants for joining us this morning here in the Cosmos Club.

I am honored to be amongst a group of prominent international experts, and distinguished participants at this important conference.

The Eurasian Economic Union is a relatively new phenomenon on the global international stage. It represents a far-reaching agenda to put in place a coherent framework necessary for economic integration and coordinated policy-making among its member states. There are, however, fundamental challenges and opportunities this union has to address both internally and vis-a-vis the global economic and financial governance, especially in light of the current difficulties we see in the Eurasian region.

I also believe that the legitimacy of this union rests upon its perceived necessity and objective realities.

This said, I am confident that the international community should make an effort and allow extra time to clearly perceive the driving forces as well as goals and objectives of this Union. In this regard, I am confident that events like this will help to analyze the underpinnings and policy approaches of this Union.

Ladies and gentlemen,

In my presentation today, I will touch upon the main political and economic factors that led to Armenia's decision to join the Eurasian Economic Union. That decision has been influenced by two sets of drivers. The first set is purely economic and social in its nature. The second one is more political and security-related.

On the one hand, the 2008 global financial-economic crisis revealed lots of unknown layers and internal frictions in economic interfaces, interconnections and economic governance systems in the European/Eurasian regions with respective strengths and weaknesses. In Armenia e.g. we realized how important the EU assistance programs were aimed at strengthening the capacity building, institutional reforms and civil society in our country.

On the other hand, we witnessed another form of regional integration and processes shaping up in the Eurasian economic space partially in response to the financial and economic crisis and partially in response to emerging new global realities. Consequently, the Eurasian Customs Union was founded in our wider region. It also became more apparent that for a small country like Armenia, it was very unlikely to succeed alone as a viable economic actor in newly shaping socio-economic realities. Subsequently, the internal driving forces and benefits of this regionalization attracted Armenia to be a participant of a larger integration process, and a member of a bigger and integrated common market.

Hence, I believe that globalization in our case started from glocalization or regionalization. The absence of a common border with the members of the Eurasian Customs Union was initially perceived as a major obstacle towards Armenia's integration in the Eurasian single economic space. That's the reason why Armenia was not invited to join the Customs Union earlier. The perception changed during the following years. *Another instrumental aspect of that change was the fact that Russia delegated part of its economic authority to the newly formed Eurasian Union and became accountable to all member countries. Thus, Armenia realized that the deepening of the integration processes in the Customs Union, as well as the strengthening of the supranational institutions would create major obstacles in further developing bilateral trade relations with the Russian Federation, Armenia's number one trading partner.*

In this regard, I would like to emphasize several other factors in favor of Armenia's choice to join the Eurasian Economic Union. As far as the level of its development, our economy was similar to the economic model of the Eurasian Customs Union. The same refers to the specialization areas

and level of the division of labor. Besides that, the motivation of people, businesses and institutions are creating the same platform for more effective regional integration. This means that the diagnosis and recommendations for stimulation of economic development are different for developing and developed countries. The processes of an industrial society prevail in low income countries: these countries can be united by a uniform technological platform of economic exchange characterized by the depth of the processing and the production of goods and services. This means that a global regional union operating on a unified technological platform. I believe that in the globalized world, this unity can create significant and material economic value and potential for economic development.

Armenia's membership in the EEU would mean that,

1. Our businesses will have unrestricted and unimpeded access to a huge market of consumers. And please note, that our goods and services from the point of their quality and the variety are targeting mainly this market.
2. This is the only market where Armenian products are indeed widely known and markedly competitive
3. There will be essential facilitation of the customs registration.
4. There will be essential improvement of our market conditions and the reversal of technical obstacles.
5. We will have wider access to cheap raw materials, including oil, natural gas and raw diamonds.
6. We will expand the possibilities to attract investments, taking into account the size of the market and it will be stronger,
7. The mobile workforce, which is very significant for the Armenian economy ,will gain more opportunity for easier movement.

Armenia's choice to join the EEU also raised many concerns both from our own population as well as our foreign partners. The main concern was whether Armenia would lose a part of its sovereignty as a consequence of handing some of the economic policy making powers to the supranational institutions of the EEU. Nevertheless, the existing legal framework of the EEU allows Armenia to be an equal member and our decisions will have their impact on the regulatory field which covers a market of more than 170mln people. As was mentioned by our regional director of the IMF, Armenia's accession to the EEU will bring a more positive impact to the economy of our country, than a negative.

There is also a political/ security aspect to Armenia`s accession to the EEU. I would like to remind you about the strategic security challenges that Armenia has been facing since its independence. Closed borders with two of its four neighbors, military rhetoric and existential threats coming from Azerbaijan and international sanctions against Iran leave us with very limited choices. I will not go into more details now, but I will just remind you that we have very strong political-military cooperation with the members of the Collective Security Treaty Organization – Russia, Kazakhstan, Belarus, Kyrgyzstan and Tajikistan. President Sargsyan in his speech in PACE in October 2013 noted, and I quote - “There has recently been much talk about the civilizational choice of the member countries of the Eastern Partnership initiative. We have always stated that we don’t believe in this one-dimensional view. Armenia aims to continue its comprehensive, mutually beneficial partnership with the EU aspiring to have the closest possible and widest possible relations with the EU. This policy will not be terminated. Yes, Armenia has a close allied relationship with Russia. But Armenia is not building new relationships at the expense of that relationship with her strategic ally; in the same vein, we will not build relationships with other partners, which might be aimed against our other partners. We will continue to develop in parallel relationships and interests with our key partners.”- end quote.

Let me once again assure you, that Armenia`s decision to participate in the integrational processes of the Eurasian economic space was an informed and conscious decision by our Government. Armenia has been a vocal supporter and carrier of the “both, and” approach towards the integrational processes with the EU and EEU. In the meanwhile the “either, or” formula was not acceptable for us.

To this end, let me once again reiterate, that despite Armenia`s historic decision to join the Eurasian Economic Union, Armenia is willing to explore further opportunities to cooperate with the European Union, to find a new format for closer relations. We are confident that the ongoing reforms in Armenia related to the fields of civil society, human rights, fundamental freedoms and civil liberties will be very hard to implement without the EU`s technical assistance. We are also confident that in its path of the economic modernization and diversification the EEU will only benefit from its cooperation with the EU.

Unfortunately, this idea is not widely acknowledged at the moment, but I am glad that it has many supporters both in the EU and EEU. We should drastically increase the role of the Eurasian Commission in exploring more means for East-West cooperation, that would truly be beneficial for all parties. Taking into account our vast experience in implementing various EU programs, I am confident that Armenia may become a unique bridge in the process of finding ways for that all-European economic integration.

Ladies and gentlemen,

I look forward to the discussions ahead. I am confident that both conventional and non-conventional economic thinking and broader outlook will emerge today as to how the East and West partnership can be made stronger, more effective and sustained. This venue today provides us with an important opportunity to discuss the challenges and prospects ahead as well as practical steps for our mutual prosperity.

Thank you.