

# Guest Post: Post-Communist Georgia Between Two Alternatives - EU and the EAEU

<https://www.csis.org/blogs/post-soviet-post/guest-post-post-communist-georgia-between-two-alternatives-eu-and-eaeu>

February 1, 2017

By Vladimer Papava

Georgia today stands at crossroads between two alternatives: to continue rapprochement with the European Union (EU) on a basis of the Association Agreement (and to ultimately pursue membership through a lengthy, drawn-out process), or to join the Eurasian Economic Union (EAEU), a much simpler prospect. Georgia has long made clear that it favors engagement with Europe and Euro-Atlantic institutions; however, discussion of Georgia's rapprochement with Russia is becoming more and more topical as a result of uncertainty in modern Georgia-Russia relations and the establishment of the EAEU. This essay clarifies the main differences between the EU and EAEU in the wider context of Georgia's future.

The EAEU started operations in 2015 and at present includes five member-countries – Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia. Georgia is located between two member states – Armenia and Russia – which creates new challenges for Georgia's development.

Georgia and the EU signed the EU-Georgia Association Agreement in June 2014. Despite this agreement, talks on Georgia's rapprochement with Russia have recently reignited, largely sparked by the establishment of the EAEU.

When analyzing the suitability of these two organization for Georgia, it is important to consider the essential differences between them:

- The EU was initially set up as an economic union, with the aim of promoting the economic development of its member states. Although the EAEU contains the term "economic" in its title, this union is not so much a means of economic development as it is a mechanism through which Moscow seeks to maintain and increase its political influence on the member states.
- The EU is, with the partial exception of some Eastern European member states, an association of developed economies, while the EAEU is comprised solely of underdeveloped post-Soviet economies deficient in their market institutions and lagging behind global standards in technology.

- Transparency International's Corruption Perceptions Index demonstrates an essential disparity between the EU and EAEU on the issue of corruption. The most corrupt state in the EU according to this ranking is Bulgaria (75th of 175), while the least corrupt in the EAEU is Belarus (79th). For comparison, Georgia ranks 44th.
- For a country to join the EU, it must meet certain standards set by Brussels in areas such as democratic institutions, human rights, freedom of speech and expression, and market economy. Furthermore, only after an applicant country has met European standards in the above areas is the issue of formal membership placed on the agenda. In order to encourage rapprochement with the EU, Brussels has adopted special formats of cooperation – for instance, the European Neighborhood Policy (ENP) instrument and the Eastern Partnership (EaP). Georgia is a participant in both formats. It is through the application of the EaP framework that Georgia has managed to successfully traverse the rather difficult path towards the entry into force of the Deep and Comprehensive Free Trade Area (DCFTA) and the Association Agreement. Unlike the EU, the EAEU has virtually no complex preconditions for membership. On the contrary, Moscow's aim is to expand the union in order to increase its political influence on member-states via economic leverage, with no concern for economic and political standards such as those emphasized by the EU.

When the essential differences between the EU and the EAEU are summed up, it can be concluded that Georgia can more easily attain membership in the latter than in the former. However, this evokes a separate question: why would Georgia, a country with a more or less EU-level standard of corruption, enter into the much more corrupt EAEU, which lags behind the EU in institutional and technological terms, and serves Moscow's political objective of strengthening Russian control over the member states? The answer, of course, is that it would not be in Georgia's interest to pursue EAEU membership.

Moreover, it is important to emphasize that the so-called "commensurability barrier" for the EAEU is much more significant than for the EU. Ruslan Greenberg, a Russian economist, outlines this issue through the comparison of the Commonwealth of Independent States (CIS) and the EU. Greenberg shows that an alliance of countries is streamlined and possesses a higher chance of success when the commensurables (sizes) of the member countries are more or less comparable. When an alliance of countries is formed, the states concerned should make a decision on the areas where they are ready to relinquish part of their sovereignty in favor of the supranational governing bodies of the association. When the commensurability of the countries is more or less analogous, reaching consensus on this matter is easier than when one country and its economy are several times larger in size than those of all the other constituents of the union put together. In this case, the largest country finds it difficult to imagine how it can be expected to yield a share of its sovereignty equivalent to that of much smaller states. As a result, this large country attempts to relinquish far less of its state sovereignty than it obligates the other smaller member states to surrender, thereby maintaining a dominant position in the association.

One of the reasons of the EU's success is also the fact that it consolidates relatively large and simultaneously commensurably more or less homogeneous countries, such as Germany, Great Britain (before the implementation of Brexit), Italy and France, and relatively small but commensurably comparable countries, such as Belgium, Ireland, the Netherlands, and others.

According to Greenberg, the "commensurability barrier" for the CIS was rather high, since the Russian economy accounted for 67-70 percent of the entire economy of the CIS. This barrier is even larger in the EAEU, as Russia's constitutes over 82% of the entire economy of the union. The issue of, the "commensurability barrier" is a further indication that the EAEU does not have a high chance of success and an additional reason to give Georgian policymakers pause when considering membership in this union.

*Dr. Vladimer Papava is a Senior Fellow at Rondeli Foundation–Georgian Foundation for Strategic and International Studies. He was a Minister of Economy of the Republic of Georgia, and is the author of Necroeconomics, a study of post-Communist economic problems.*