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The (In-)Compatibility between Regional Integration Processes in the Post-Soviet Area and within the European Neighborhood Policy

Abstract

This article examines the issue of whether regional integration schemes in the post-Soviet area are harmonious with or contradictory to the EU's European Neighborhood Policy (ENP) as applied to a number of post-Soviet countries. In so doing, firstly, the article explains the major developments with respect to the regional integration processes in the post-Soviet Area, then it illustrates the main characteristics of the ENP and, subsequently, it provides an assessment of compatibility of integration processes in Eurasia and within the ENP. Finally, the article contains conclusive remarks attempting to demonstrate perspectives of integration processes in Europe and Eurasia.

I. Introduction

The facilitation of regional integration processes and the drive towards forming regional integration agreements (RIAs) are one of the major characteristics of the modern international relations, as states choose a regionalization approach to secure both their political and economic interests (in particular related to consolidating regional peace and security and creating a larger and more efficient economic unit able to compete more successfully in world markets).¹

According to our opinion, RIAs may be both basic (preferential trade agreements and free trade areas) and advanced forms (customs unions, common markets and economic unions), depending on the degree of integration of the participating states. In contrast to the basic forms (which are not mutually exclusive), the advanced forms are explicitly created as a starting point to higher degrees of regional integration pursuing not only economic but also political objectives, and therefore the membership in one of the RIAs precludes the membership in another.²

The most prominent example of (an advanced form of) a RIA is the European Union (EU) that constitutes an economic union and strives to become a political union. However, the process of regionalization is not an exclusively European phenomenon, as regional integration schemes (both of basic and advanced character) are pursued currently in all parts of the world, one of them being Eurasia, i.e. the land mass that may potentially encompass a substantial number of the former republics of the Union of Soviet Socialist Republics (USSR).

Although all RIAs declare promoting peace and pursuing higher standards of human welfare as their main objectives, in the academic debate on regional integration processes, theories emerge arguing that RIAs may not only be conflicting to the multilateral

¹ As of 10 January 2013, 546 RIAs (which are also called regional trade agreements) have been notified to the WTO and of these, 354 agreements were in force. See WTO, Regional Trade Agreements, http://www.wto.org/english/tratop_e/region_e/region_e.htm, Apr. 28, 2013. See also WTO, World Trade Report 51-53 (2011), http://www.wto.org/english/res_e/booksp_e/anrep_e/world_trade_report11_e.pdf, Apr. 28, 2013).

² For more information on this see *Zhenis Kembayev, Legal Aspects of the Regional Integration Processes in the Post-Soviet Area*, Berlin/Heidelberg 2009, pp. 18-23.

trading order³ but may also (in particular in case of the EU and the emerging Eurasian Economic Union) clash with each other.⁴ This article aims at examining the issue of whether regional integration schemes in the post-Soviet area are harmonious with or contradictory to the EU's European Neighborhood Policy (ENP) as applied to a number of post-Soviet countries. In so doing, firstly it explains the major developments with respect to the regional integration processes in the Post-Soviet Area, then it illustrates the main characteristics of the ENP, and finally, it provides an assessment of compatibility of integration processes in Eurasia and within the ENP.

II. Regional Integration Processes in the Post-Soviet Area

1. Generally

The dissolution of the USSR in December 1991 coincided with the establishment of the Commonwealth of Independent States (CIS).⁵ However, the functioning of the CIS was from the very beginning, characterized by a fundamental disagreement between its members over the purposes of their organization. Although on 24 September 1993 the CIS Treaty on Economic Union was adopted, which (following the logic of the integration processes in Europe) called for the progressive establishment of a free trade area (FTA), a customs union (CU), a common market, and subsequently an economic and monetary union, that treaty did not materialize as Russia failed to persuade all CIS members to be a part of this Union. While some members (led by Russia and supported in particular by Belarus and Kazakhstan) wanted the CIS to become an effective confederation establishing a system of collective security and creating an economic union, other post-Soviet countries (and in particular Ukraine) were interested in creating merely a free trade system and brushed away any plans to enter into any military-political alliances.

By 1995 it was clear that the creation of a single "geopolitical space" encompassing the entire CIS was not possible (at least in the near future) due to fundamental disagreements between its member states over the purpose of their organization. As a result, regional integration processes in the post-Soviet area started to develop within the fol-

³ See e.g. *Joseph L. Brand*, *The New World Order of Regional Trade Blocs*, *American University Journal of International Law Review* 8|1992, p. 155.

⁴ See *Tom Casier*, *The Clash of Integration Processes? The Shadow Effect of the Enlarged EU on its Eastern Neighbours*, in: *Katlijn Malfliet/Lien Verpoest/Evgeny Vinokurov* (eds.), *The CIS, the EU and Russia. Challenges of Integration*, Basingstoke/New York 2007, pp. 73-94.

⁵ See Protocol to the Agreement establishing the CIS (21 Dec. 1991). Thus, at present the CIS consists of 11 abovementioned members. When another post-Soviet country, Georgia, joined the CIS in December 1993, all of the former republics of the USSR, except the Baltic States, had become members of the CIS. However, following the South Ossetia conflict in August 2008, Georgia terminated its membership in the CIS. On the emergence of the CIS, see e.g. *Theodor Schweisfurth*, *Vom Einheitsstaat (UdSSR) zum Staatenbund (GUS): Juristische Stationen eines Staatszerfalls und einer Staatenbundenstehung*, *HJIL* 52|1992, p. 541; *Sergei Voitovich*, *The Commonwealth of Independent States: An Emerging Institutional Model*, *EJIL* 4|1993, p. 403; *Valentin Fissenko/Igor Fissenko*, *The Charter of Cooperation*, 4 *Finnish Yearbook of International Law* 229 (1993); for more details on the initial developments of the CIS see also *Vratislav Pechota*, *The Commonwealth of Independent States: A Legal Profile*, *Parker School Journal of East European Law* 2|1995, p. 583; *Joachim Lippot*, *The Commonwealth of Independent States as an Economic and Legal Community*, *GYIL* 39|1996, p. 3; *Zbigniew Brzezinski/Paige Sullivan*, *Russia and the Commonwealth of Independent States. Documents, Data, and Analysis*, Armonk 1997.

lowing two formats: first, basic (pursuing the creation of an FTA between former Soviet republics); and second, advanced (aiming at the creation of the Eurasian Economic Union).⁶

2. Free Trade Area in the Commonwealth of Independent States

On 15 April 1994, a CIS Agreement on FTA (as the first step towards the CIS Economic Union) was signed. Even though this Agreement was ratified by most CIS member states, it remained ineffective because its most important signatory Russia refused to ratify it. For Moscow, the establishment of an FTA with post-Soviet countries made sense only as an inseparable part of efforts towards the creation of the CIS Economic Union (and also the CIS collective security system). As the Kremlin did not succeed to attract Ukraine (the second largest post-Soviet economy), Russia had little interest in creating a multilateral FTA (with a single set of rules for all parties) and instead adopted a course emphasizing bilateral relations with those countries which did not join Russia-led advanced integration groupings and thus applying variable policies with regard to the different CIS countries.⁷

As a result, a very complex hub-and-spokes FTA pattern developed between post-Soviet countries. On 2 April 1999 a Protocol to the 1994 FTA Agreement was adopted, which made the bilateral agreements a long-term component of the structural design of the trade regimes of the CIS countries and also repealed references to the FTA as a transitional step to a CU (and further to the Economic Union). This is not to say, however, that the idea of a multilateral FTA encompassing the entire CIS was ultimately abandoned. At the time of the rapprochement between Russia and Ukraine in 2003-2004, attempts were made to create an FTA in the framework of the entire CIS.

Yet, Russia's position emphasizing bilateral relations fully changed only after 2008, when the EU started to negotiate an FTA with post-Soviet countries covered by the ENP (see *infra*). Moscow began to move from the system of bilateral FTAs to a new, effective multilateral agreement, accompanied by the advancement in the substance of the agreements (in particular by elimination of contingent protection clauses) and the strengthening of the institutional capacity for enforcement. As a result, on 18 October 2011, the CIS Free Trade Agreement (CIS FTA) was signed by Russia, Belarus, Kazakhstan, Armenia, Ukraine, Kyrgyzstan, Moldova and Tajikistan. It provides for free movement of goods within the territory of the CIS, non-application of import customs duties, non-discrimination, and gradual decrease of export customs duties and abolishment of quantitative restrictions in mutual trade between the CIS FTA member states.⁸ As of April 2013, the CIS FTA is in force between all of those countries (except for Kyrgyzstan and Tajikistan). It is also planned that the CIS FTA will soon be signed by Uzbekistan;

⁶ For an overview of all integration groupings created on the territory of the former USSR see e.g. *Kembayev*, supra note 2.

⁷ On the development of FTA in the CIS see also *Rilka Dagneval/Joop de Kort*, *The Legal Regime For Free Trade in the Commonwealth of Independent States*, ICLQ 56(2007), p. 233.

⁸ It establishes that WTO rules will apply to government procurement, customs transit of goods, application of special safeguard, anti-dumping and countervailing measures, technical barriers to trade, as well as provision of subsidies and other measures applied in trade between its signees. Disputes between the member states of the CIS FTA should be settled at the Economic Court of the CIS. At the discretion of a member state, a dispute arising out of the WTO rules can also be settled under the WTO dispute settlement procedures. The CIS FTA provides for certain exemptions, including maintenance of import customs duty and withdrawal from national treatment for certain products and allows the provision of subsidies in certain circumstances. In addition, the CIS FTA does not prevent the Parties from applying non-tariff measures.

moreover, negotiations are underway with Vietnam and New Zealand, which have expressed their interest to join the CIS FTA.

3. The Eurasian Alliance

Since advanced integration processes within the entire CIS ended in failure, in the second half of the 1990s efforts were made to pursue the creation of an Economic Union at least among those CIS countries that were willing to create such a union. Already in January 1995 Belarus, Kazakhstan and Russia proclaimed the formation of a CU, which was also joined by Kyrgyzstan in March 1996. However, it was evident that the CU's objectives were unrealistic in the short term given its members' different economic policies and their substantial disagreements over trade policy with other countries.⁹ Still even the Russian financial crisis of 1998 did not cause the emerging alliance to collapse. On the contrary, it could attract a new member (Tajikistan); furthermore, in February 1999, it agreed to gradually create a "Single Economic Space" (SES) (i.e. common market)¹⁰ and in October 2000 established the Eurasian Economic Community (EurAsEC).¹¹

The establishment of the EurAsEC came as Russia (but also Kazakhstan) started to benefit from a favorable economic situation (in particular rising oil and raw materials prices) and became able to push integration processes (and thus assume what in effect were very costly obligations). The willingness to undertake significant financial commitments was also facilitated by the EU's eastward expansion process, which resulted inter alia in introducing the ENP (considered by many in Russia as penetration into the sphere of its vital national interests). The Kremlin's "symmetrical" response to the EU and NATO enlargement towards the CIS borders was another attempt to launch an economic integration project with Ukraine. In September 2003, Russia could involve Ukraine into a scheme called "SES" with Belarus and Kazakhstan as two additional parties. That scheme foresaw that each state party would independently choose a desired level of integration (from FTA to common market) but, on other hand, clearly aimed at the creation of a SES as an ultimate goal.

Even though after the so-called "Orange Revolution" the integration project with Ukraine was frozen, Belarus, Kazakhstan and Russia decided to continue the negotiation process in the format of the EurAsEC. However, it became clear that other (less developed) EurAsEC members were not yet ready (mostly for economic reasons) for deep integration processes. The solution was found in August 2006 and formalized on 6 October 2007, when the EurAsEC members agreed to pursue multi-level and multi-speed integration, which implied that the three advanced members (Belarus, Kazakhstan and Russia) would create a trilateral CU, while the rest of the members would take steps to liberalize their trade regimes and subsequently, when possible, join the CU.

In November 2009 the Three signed a package of documents (the most important among them being the common Customs Code), which came into force on 1 January 2010 and established common external tariffs with respect to third countries. Six months later customs controls at the internal customs borders were eliminated and the process of creating the CU was effectively completed. Yet the formation of a CU was always regarded as merely the first step towards the establishment of a SES. In fact, already on 19 December 2009 (on the eve of launching the CU), the Three adopted an Action Plan for 2010-2011 to create a SES within the next two years. As a result, on 1 January 2012 the

⁹ For more details on the CU of that time see *Richard Sakwa/Mark Webber*, The Commonwealth of Independent States 1991-1998: Stagnation and Survival, *Europe-Asia Studies* 51|1999, p. 379.

¹⁰ See Agreement on Customs Union and Single Economic Space, Feb. 26, 1999.

¹¹ See Treaty establishing the Eurasian Economic Community, Oct. 10, 2000.

establishment of the SES was officially proclaimed. In March 2011 the Three adopted an Action Plan for 2012-2015, which foresees the adoption of a number of technical regulations aiming at elimination of all restrictions on the freedom of labor, establishment, services and capital. Furthermore, in December 2011 the presidents of Belarus, Kazakhstan and Russia decided to reorganize the EurAsEC into the Eurasian Economic Union (EEU) by 1 January 2015. To be noted is also that Kyrgyzstan and Tajikistan (the remaining EurAsEC members) had officially announced their plans to obtain membership in the SES. In addition, the Three encouraged Armenia, Moldova and Ukraine (which are currently EurAsEC observers) to begin the process of joining the emerging EEU.¹²

III. European Neighborhood Policy

1. Generally

The ENP is a foreign policy instrument of the EU directed towards the EU's neighboring countries and offering them a deeper political relationship and increased economic integration, including closer association in EU policies. It was sketched out in the Commission's Communication on Wider Europe on 11 March 2003 and subsequently elaborated in the Commission's Strategy Paper on the European Neighborhood Policy on 12 May 2004.¹³ Taking advantage of the momentum arising from the expansion of EU borders following the 2004 "big bang" enlargement, the ENP aims to avoid drawing new dividing lines between the enlarged EU and its immediate neighbors by land or sea and to promote stability and prosperity within and beyond the new borders of the EU. Currently the ENP applies to the following Mediterranean (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, the Occupied Palestinian Territory, Syria and Tunisia) and the post-Soviet countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine).¹⁴

The EU offers its neighbors a privileged relationship, building upon commitment to democracy and human rights, rule of law, good governance, market economy principles and sustainable development.¹⁵ However, the ENP remains distinct from the enlargement processes and does not provide for any possibility of the EU membership.¹⁶ Instead, the EU aims "to develop a zone of prosperity and a friendly neighborhood – a 'ring of friends' – with whom the EU enjoys close peaceful and cooperative relations".¹⁷ In doing

¹² For an overview of recent integration developments see also *Christoph Schewel/Azar Aliyev*, The Customs Union and the Common Economic Space of the Eurasian Economic Community, GYIL 54|2011, p. 565.

¹³ On the ENP see also *Marise Cremona*, The European Neighbourhood Policy: More than a Partnership?, in: *Marise Cremona* (ed.), *Developments in EU External Relations Law*, Oxford/New York 2008, p. 244.

¹⁴ Although Russia is also indicated as an "immediate neighbour" of the EU, relations are developed in the format of a Strategic Partnership with a view to creating in the long term four "common spaces" (a common economic space, a common space of freedom, security and justice, a space of cooperation in the field of external security, as well as a space of research and education, including cultural aspects).

¹⁵ In this regard it should be noted that the EU's dedication to exporting those values is not altruistic as they facilitate convergence with EU norms and provide for a common basis for comprehensive cooperation in matters of economic development, energy, transport, environment, health sectors, visas and border controls, regional conflict prevention and the fight against organized crime and terrorism.

¹⁶ Thus, the ENP does not apply to the EU's relations with the remaining non-EU Balkan countries and Turkey. As one of the leading European politicians explained: "The ENP is not about enlargement, but it is about mutual interest in supporting reforms and modernisation. Each country has its own agreed action plan that reflects its needs and priorities". See *Fraser Cameron/Rosa Balfour*, The European Neighbourhood Policy as a conflict prevention tool, EPC Issue Paper No. 47, June 2006.

¹⁷ Commission's Communication on Wider Europe, Mar. 11, 2003.

so, the EU makes clear that the level of the relationship's ambition will depend on the extent to which common values are effectively shared. In return for concrete progress demonstrating these values and effective implementation of political, economic and institutional reforms, including in aligning legislation with the *acquis communautaire*, the EU's neighbors are supposed to benefit from the prospect of closer economic integration with the EU.

To be noted is also that the ENP does not supersede but complements the existing links between the EU and the neighboring countries, such as the Euro-Mediterranean Agreements and the Partnership and Cooperation Agreements (PCAs). It operates through Action Plans, which are based on prior country reports prepared by the Commission with the contribution of the High Representative, and drafted in collaboration with the partner States. The Action Plans identify key actions in a limited number of fields which need to be addressed as a particularly high priority, and they set up a clear time horizon for addressing these different priorities. They are approved by the respective Association or Cooperation Councils, but they do not have legally binding effect, thus remaining essentially a soft law instrument.¹⁸

2. Post-Soviet Countries Covered by the ENP

The legal framework for the political, economic and trade relations between the EU and (the most of) the post-Soviet countries is currently constituted by PCAs, which were negotiated in the middle of 1990s.¹⁹ The contents of the PCAs slightly varies but they all contain the classical components of the EU's relations with third countries including: providing a framework for political dialogue, supporting efforts to consolidate democracy; promoting trade and investment on the basis of the WTO principles; creating the conditions for the future establishment of an FTA; and establishing cooperation in economic, social, financial, technological and cultural fields. The PCAs were concluded for an initial period of 10 years and supposed to automatically renew year-by-year.

The PCA with Ukraine, a priority partner country within the ENP, was concluded in June 1994 and went into force in March 1998. Despite European aspirations of Ukraine, which were proclaimed shortly after independence in 1991 and significantly intensified after the "Orange Revolution" in 2004/2005, already in January 2005 the European Commission clearly stated that there is no perspective for Ukraine to join the EU in the nearest future.²⁰ Instead, the PCA with Ukraine was supplemented by a joint EU-Ukraine Action Plan (endorsed by the European Council in February 2005), which aimed at supporting Ukraine's objective of "further integration into European economic and social structure" by creating an EU-Ukraine Free Trade Area following Ukraine's accession to the WTO. In September 2008, after the expiration of the PCA's initial period of 10 years,

¹⁸ It has been argued that while not legally binding, Action Plans make it clear that the deepening of the existing relationship depends on the respective country's fulfilment of its commitments set out in its Action Plan. See *Marise Cremona/Christophe Hillion*, *L'Union fait la force? Potential and Limitations of the European Neighbourhood Policy as an Integrated EU Foreign and Security Policy*, EUI Working Paper 2006/39.

¹⁹ At present among the post-Soviet countries covered by the ENP only the PCA with Belarus did not take effect as its ratification has been frozen by the EU since 1997 in response to the political situation in the country (characterized by the EU as typified by election irregularities, crackdown on civil society, political opposition and independent media). The only other post-Soviet country, whose PCA with the EU has not yet been ratified is Turkmenistan.

²⁰ See *Roman Petrov*, *Legal and political expectations of neighboring countries from the ENP*, EIU Working Papers, Law 2007/21, pp. 17-18.

at the Paris Summit an agreement was reached to start negotiations on a successor agreement to the PCA that should be given the title of Association Agreement and should facilitate the deepening of relations in all areas. Also, following the formal accession of Ukraine the WTO (May 2008), the EU and Ukraine launched negotiations on a Deep and Comprehensive Free Trade Area (DCFTA), as a core element of the Association Agreement. Since then a number of negotiating rounds both on the Association Agreement and the DCFTA have been conducted, alternately in Brussels and Kiev. In November 2009, the Cooperation Council adopted the EU-Ukraine Association Agenda,²¹ which replaced the 2005 Action Plan and pursues preparing for and facilitating the entry into force of the Association Agreement. In particular, the Association Agenda provided that the establishment of a DCFTA between the EU and Ukraine will lead to gradual and ever deeper integration of Ukraine with the internal market in parallel with the implementation of relevant elements of the *acquis communautaire*.

As with respect to the most recent events, at the 15th Ukraine-EU Summit in December 2011, the leaders of the EU and Ukraine noted that a common understanding on the text of the Association Agreement was reached. However, in December 2012, the EU Foreign Affairs Council adopted a document entitled Council Conclusions on Ukraine, which called upon Ukraine to take determined action to improve the deteriorating business and investment climate, and to launch inclusive reforms through constructive engagement between Government, parliamentary opposition and civil society. Also, the EU affirmed its commitment to signing the AA (and the DCFTA) as soon as there is tangible progress by Ukraine on the benchmarks contained in the Conclusions, possibly by the time of the Eastern Partnership Summit in Vilnius in November 2013.

The second-largest post-Soviet country covered by the ENP is Belarus. However, due to its authoritarian political regime, no Action Plan with that country is yet in place. Currently, the EU assistance to Belarus is limited to supporting civil society and democratization processes. EU relations with other post-Soviet ENP countries are governed (as in the case of Ukraine) by the respective PCAs, which entered into force for Moldova in July 1998, for Armenia, Azerbaijan and Georgia in July 1999. Following the enlargement of the European Union, all these countries became part of the ENP in 2004, the fact that has demonstrated the EU's willingness to move its cooperation with those countries beyond the terms of the PCA in the areas of political dialogue, trade, investment, economy, lawmaking and culture. The ENP Action Plans were negotiated and endorsed by the respective Cooperation Councils in 2005-2006. Also, on the basis of bilateral priorities, National Indicative Programs have been adopted (first for the period of 2007-2010 and then for 2011-2013) in agreement with the authorities of the respective country and in line with the funding instrument of the ENP, the European Neighborhood and Partnership Instrument. Currently negotiations are underway between the EU and Armenia, Azerbaijan, Georgia and Moldova to conclude Association Agreements, which will succeed the PCAs. It is also planned to start negotiations on DCFTAs with those countries as soon as they are deemed to be ready to sustain the impact of far-reaching liberalization of its trade with the EU.

²¹ The Association Agenda was updated in May 2011.

IV. Conclusion

Having examined the development of the regional integration processes in the post-Soviet area (led by Russia) and within the European Neighborhood Policy (supervised by the EU), we can clearly state that those processes are in principle of competitive character. Russia tries to create a Eurasian alliance consisting of former Soviet republics, while the EU attempts to establish a “zone of friendly neighborhood” encompassing inter alia a number of post-Soviet countries. Still whereas Russia pursues an objective of forming an economic union and a collective security system (i.e. an advanced form of a RIA), the EU is currently only willing and able to offer basic forms of cooperation (even if of deep and comprehensive character) to post-Soviet countries based on the principle of conditionality (meaning that the progress of cooperation will depend on political and economic reform and convergence with EU norms) with consequential economic benefits for the states, but without the prospect of membership in the foreseeable future.

Another major matter of fact is that most of the post-Soviet countries ENP (such as Azerbaijan, Georgia, Ukraine and Moldova) are not currently willing to participate in advanced integration projects led by Russia and consider European integration as their primary (or one of the main) foreign policy objective(s). Even though their EU membership is presently considered by the majority of EU member states as politically and economically out of the question, those countries are interested in step-by-step approximation to the EU political and economic structures. Therefore, the possibility of close cooperation with the EU (in particular) by the establishment of the DCFTA is appealing to these countries. At the same time, this type of interaction does not exclude the possibility of entering by post-Soviet ENP countries to basic forms of regional integration processes pursued by Russia, i.e. the CIS FTA. In fact, currently such countries as Armenia, Moldova and Ukraine (the same as Belarus, which is one of the active participants in advanced integration projects) are members of the CIS FTA. Should negotiations between the EU and the mentioned countries on creating the DCFTA be successfully completed, Armenia, Moldova and Ukraine (and potentially also other post-Soviet ENP countries) may be (fully in line with the existing international practice and the legal nature of an FTA) members of both the CIS FTA and the DCFTA. Consequently, we can argue that *basic* regional integration processes in Eurasia are compatible with the EU’s ENP as applied to post-Soviet countries, especially in view of the ongoing negotiations between the EU and Russia on a “common economic space” (as a part of four common spaces), which in principle means the creation of an FTA and which (if implemented) logically should spread to the entire emerging EEU.

However, the existing situation may change as the processes of regional integration fully reflect the perpetual transformation of the international system. As a result, the relationship between Eurasian and European integration will depend on the progress on the way to creating an effective EEU, on the ability of the EU to expand its membership (which in view of its current crisis is not a reasonable option even in long-term) and on internal political developments in the post-Soviet countries. In this regard it is important to note that (for example) the political processes in Ukraine are characterized by a constant swinging between the West and the East.

The potential expansion of the Eurasian integration grouping may seem to be incompatible with the objectives of the ENP. Yet examining the development of the envisioned EEU, one can easily notice a striking similarity with the process of European integration, which led to the creation of the today’s EU. It is obvious that the establishment of an Economic Union necessitates the creation of an effective supranational organization based on the principle of separation of powers between supranational bodies and its member states. Such separation requires a commitment to democracy and rule-of-law,

i.e. those values which underlie the EU. Also, it is to be noted that the democratization of the Eurasian integration grouping may significantly be facilitated, when it will be joined by the post-Soviet ENP countries (which generally achieved more progress on their way to becoming free democracies). As a result, the future Eurasian Union may be based on the same values and principles as the EU, and that may constitute a solid foundation for the cooperation between these two groupings in creating a common space of freedom, security and prosperity from Atlantic to Pacific for the benefit of all peoples living in it.