

## INTEGRATION WITH THE EU: PROSPECTS FOR FOREIGN TRADE OF EASTERN PARTNERSHIP COUNTRIES

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**Abstract.** *In the article, the author discusses the process of integration taking place in the Eastern neighborhood of the EU, namely the cooperation within the EU initiative Eastern Partnership. However, the issues of integration are discussed from the point of current economic globalization and political developments. The Author stipulates modern concepts of security and economic cooperation, which profoundly changed their meanings and lay down the basis of cooperation within Eastern Partnership. The main pillars of EaP are argued and the perspective offered by these cooperation, achieved progress, current challenges and future prospects are discussed. The article stresses the issues dealing with prospects of establishing the free trade area in the region. For this purpose the dynamics of foreign trade flows among EaP countries and with the EU are analyzed as well as agreements on Deep and Comprehensive Free Trade Area between the EU and 3 EaP partner countries, namely Georgia, Moldova and Ukraine, are stipulated. Wide spectra of data on foreign trade are presented and correlation between the development of cooperation within the EaP format and increased trade flows are studied. At the same time some data on changing pattern of foreign trade are considered.*

**Keywords:** *European integration; DCFTA; Eastern partnership; Georgia.*

### Introduction

In modern reality during the international division of labor, it is impossible to live on your own. Thus, nowadays the key words are the interdependence of nations and the imperatives that a global system imposes on national economies. The main problem is that majority of states are focused on national interests' strategies caused by country's social-economic needs. However, ignorance of globalization or not adequate recognition of its importance is likely to lead to missing the chance of participation via international relations in globalized economy and gain profits.

Globalization of the world economy often goes through regional integration, which used to be started with broader and deeper economic relations. Today the EU remains a "classic model" of successful regional integration, which positively influences the economic development of the member-states as well as neighboring countries. The primary objectives of regional policy are to reduce negative phenomena arising from natural conditions, geographical location or economic processes, and to create as favorable conditions as possible for closing the development gap and for encouraging innovative economic activity.

The new regionalism is quite different from the process taking place in the 50s-60s of the 20<sup>th</sup> century. Contemporary regionalism includes economic, political, social and cultural aspects, and goes far beyond the free trade. All EaP partner countries are actively involved in this process.

EaP countries are in dual transition towards the development and enhancement of democracy and establishment of a market economy to create a basis for self-sustained economic and social growth.

### The political economy of integration in Europe

The process of integration European nations begun in the beginning of 20<sup>th</sup> century and went through several legislative agreements and by the beginning of the 21<sup>st</sup> century turn into one of the major

player of the global system, which dictates further development and trends of evolution of surrounding area (Sepashvili, 2013, p.109). Because towards the end of the 20<sup>th</sup> century the process of globalization has gained the new stage of development, the EU took additional steps and in 2004 enlargement of the EU occurred.

The questions that one may ask hearing about European Union enlargement are: *why did this enlargement happen? Or what are the consequences for this extension?*

Over the history of its existence the EU went through *Deepening* the integration from Free Trade up to Single Market and Common currency (EURO) and five stages of *Enlargement* beginning with 6 states and ending so far with 28 states.

Despite the crisis of 2008 and skepticism arising in the EU on its further expansion, economic pragmatism does dictate that expansion of the EU is to be continued. Number of Politicians from member states argues that best reaction to the crisis is to pursue further and deeper economic integration (Cameron, 2010, p.2). The EU actively tries to establish harmonized space on its borders for long-term goal of expansion. The policy tends to transform partner countries through its foreign political instrument: intergovernmental agreements, common strategies and joint actions. Recently, European Commission issued joint consultation paper "Toward a new European Neighborhood Policy" (European Commission, 2015) debating the lessons learned and prospects for further advancement of more tailored cooperation to cope with raised challenges and move forward.

Theoretically, implementation of the intergovernmental agreements, that the EU offers, might enable any country to achieve such level of development that it would be enough to become the member of the EU. In early 90th number of so-called European agreements were signed with central and Eastern European countries. The articles of these agreements proved the EU aspiration to prepare these countries for membership. 2004 year was marked by great enlargement when 10 CEE countries became the member of the EU, and later in the beginning of 2007 two more countries joined the big family of Europe, and just recently in July, 28<sup>th</sup>, 2014 one more member was joined the Union. Nowadays, the process has been weakened but not stopped: The EU actively continues working on more cooperation and deeper integration with surrounded neighborhood, which appeared to be divided by two clusters of countries, Mediterranean and Eastern regions.

*What are the pragmatics that lays down the foundation of the aspiration of nations to join the EU and willingness of the EU member states to tolerate emerging countries wishing to accept complicated and rather difficult EU rules and regulations?*

In the beginning of the 21<sup>st</sup> century, some of traditional concepts are needed to be revised due to the new solid arguments that enable the concepts to gain a new, contemporary meaning. I'd like to draw the attention to two concepts which profoundly changed their meaning and that I think, explains above mentioned question and is determining the goals of development the EU Neighbor countries (including Georgia) and their international relations. There are the following:

- The new concept of security;
- The new concept of economic cooperation.

A new concept of security suggests us to use such a structure of economic cooperation, which is based on the balance of interests of the states, and secures the most stable political climate in the region instead of measuring the security by the quantity of arms and ammunitions (Sepashvili, 2013, p.112).

As for the new concept of economic cooperation, it is no longer treated as "hostage" of political tension. Just the vice-versa, it is through active economic cooperation that various political conflicts can be solved. Even if the solutions are not easy to reach, the proper atmosphere for it is being created, which earlier or later, would inevitably bring the expected results.

These two new concepts of security and economic cooperation define the basic philosophy of the development and evolution of the new economic and political links and relations among the states.

Georgia is still in period of a great political and economic transformation. The country faces numerous sources of challenges and uncertainties. Thus, to rely on above-mentioned new paradigm some sort of cooperation among challenging sides has become necessary to utilize the economic opportunities. In this regard Georgia's integration into the huge region of Europe is very important. Sides should try to find common interests and thus, gain maximum profit from the cooperation.

So far, expansion process of EU seems to be continued despite the weak vivid evidences. The EU actively tries to establish harmonized space on borders for long-term goal of extension. The policy tends to transform partner countries through its foreign political instrument: intergovernmental agreements, common strategies and joint actions (Cameron, 2010, p.3).

This short overview shows that the Eastern Partnership region countries: Azerbaijan, Armenia, Belarus, Moldova, Georgia and Ukraine have to become the part of global society. Nowadays major players of the world focus rather on regions than single countries. After the gaining of independence, all these six countries began to build new political and economic relations with each other and surrounding world, becoming the members of various international or regional organizations. In this context, the moving of the region towards the Europe seems quite natural. All six countries took similar steps to get closer to the EU.

### **Eastern Partnership partner countries relations with the EU**

In 1999 all six countries (The European Union has concluded nine partnership and cooperation agreements with countries of Eastern Europe and Central Asia) sign PCA<sup>vi</sup>, which represented the basis for relations with the EU and separate countries. The other and stronger instrument for creation fertile environment around the EU for enlargement (though in long term future) is European Neighborhood Policy (ENP), that the EU offers its neighbor countries. ENP covers 16 countries, which as it was mentioned above were separated into two big regions: Mediterranean and Eastern in order to better tailor approaches and face the challenges of differentiation.

This format of cooperation for Eastern Region countries was reinforced in 2009, when the EU's new Initiative - Eastern Partnership<sup>1</sup> - was launched by adopting Joint Declaration at the Prague Summit on May 7. Initiative represents eastern dimension of the ENP, where six eastern European neighbors of the EU – Armenia, Azerbaijan, Belarus, Moldova, Georgia and Ukraine – are participating. This new partnership is intended to turn into an effective mechanism bringing Eastern European countries to functional arrangements with the EU in all directions based on tailor-made approaches and ensuring the possible highest degree of integration with the EU.

The main principles and perspectives offered by the initiative for Georgia, which are reflected in the Commission Communication on Eastern Partnership (of December 3, 2008) and EaP Joint Declaration (of May 7, 2009) as well as Warsaw Joint Declaration in 2011 and Vilnius Summit Joint Declaration are mainly not only in line with Georgia's priorities but with other partners needs and goals.

Eastern Partnership's bilateral format defines concrete goals for partner countries: conclusion of an Association Agreement, creation of a free trade area, gradual visa liberalization, energy security, economic and social convergence with the EU and etc. Meanwhile multilateral format of cooperation within EaP offers participant countries different mechanism, such as thematic platforms, panels, and different Flagship initiatives, to develop joint projects affecting regional development.

Despite the fact that over the past decades significant political and economic development take place in the region leading to more turbulences and instability, EaP managed to meet some of its goals: three countries (Moldova, Georgia and Ukraine) out of six signed Associate Agreements<sup>vii</sup> with the

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<sup>1</sup> Retrieved from [http://eeas.europa.eu/eastern/index\\_en.htm](http://eeas.europa.eu/eastern/index_en.htm).

EU and thus, created realistic prospects for free trade in the region; Mobility Partnerships with Georgia, Moldova, Armenia, Azerbaijan, Ukraine are in place alongside with visa free regime with Moldova and visa liberalization dialog with Georgia and Ukraine.

The civil society developed a tool to monitor the process of European integration for EaP countries - The European Integration Index for Eastern Partnership Countries (EaP Index). The index measures countries' track towards the EU integration. It contains on three main dimensions: 1. deep and sustainable democracy; 2. cross-sector picture of a country in a comparative manner and 3. independent analysis of country report. The Index 2013 shows the positive advancement of all six EaP countries towards the European Union, with a few exceptions. The countries rank did not change in 2013 and 2014 and were as follow: Moldova, Georgia, Ukraine, Armenia, Azerbaijan and Belarus.

### **EU Trade with Eastern Partnership Region Countries**

The one of significant indicators of changes in regional organization levels are statistical data on countries' export. Export indicators are fairly used to estimate regional organization level. They strongly reflect the reconstruction taking place among countries. Export indicators exactly show economic aspects of regional level changes (Ruggie, 1993, p.125). It is regarded, that how much more is the value of interregional export, the better relations are established among neighbour countries, and consequently, the level of organization is growing. The showings on EaP countries' trade data evidently confirm the changes and growing dynamics. The obvious increasing tendency of trade volumes predicts for further success in the future after the DC FTAs are enacted fully for some countries and/or other trade facilitation measures are utilized fully for others.

EU trade arrangements with the neighboring countries differ from the general framework of the EU regional trade agreements (RTAs) to the EU Free Trade Agreements (FTAs). However, in EaP region the EU negotiated new generation of trade agreements known as Deep and Comprehensive Free Trade agreements, but only with some countries, namely Ukraine, Moldova and Georgia. Growing benefits which are anticipated after DC FTAs will fully realized, are assessed and significant growth or GDP and welfare level is researched (Ecorys & CASE, 2012).

The trade policy impact though the ENP's action Plan implementation success differ country to country. Consequently, the EU trade with its immediate neighbors is notable by its non-homogeneous nature due to the fact that surrounded countries vary according their economic performance. As some author distinguishes, (Liargovas, 2013, p.4) the EU has four groups of neighboring countries:

- Developed countries (wealthier than the most EU member states – Norway, Switzerland, Iceland and Israel);
- Emerging upper middle income countries (with \$4 000 – \$10 000 GDP per capita – alongside with other countries this group includes Belarus and Ukraine, with \$6 202 and \$3 971 GDP per capita correspondently in 2012<sup>viii</sup>);
- Hydrocarbon countries (producers and exporters of Hydrocarbon group includes Azerbaijan together with Russia, Syria, Algeria, etc.);
- Lower middle (with income levels less than half of some EU member states - e.g., Bulgaria with \$14 234.572 in 2012<sup>ix</sup> ; the group includes Armenia, Georgia, and Moldova together with Egypt and Morocco).

And therefore, there is substantial difference between economic indicators of EaP countries. The factors and motives which comprise the basis of regional unification have vivid political character. But this doesn't mean that affords of states, that are now based on political consideration, will have no results. The classic scheme, that B. Balassa had been suggested (Balassa, 1961), distinguishes between cooperation and integration. Thus, EaP region process can be determined as the process of integration and not the state of integration.

**Table 1. Some Trade Related Data on EaP Partner Countries**

Country	GDP per capita	Average annual GDP growth	Average applied tariff		Total number of services with GATS commitments in WTO
			Agriculture	Manufacturing	
Belarus	6,202.0 (current USD 2012)	7.0 (% 2000-2012)	15.2 (2011)	9.0 (2011)	N/A
Ukraine	3,971.2 (current USD 2012)	4.7 (% 2000-2012)	9.5 (2011)	3.8 (2011)	137
Azerbaijan	7,226.6 (current USD 2011)	12.5 (% 2000-2012)	14.1 (2011)	8.2 (2011)	N/A
Armenia	3,135.0 (current USD 2011)	7.80 (% 2000-2010)	6.8 (2010)	2.2 (2010)	106
Georgia	3,513.6 current USD 2011)	6.40 (% 2000-2010)	7.2 (2010)	0.7 (2010)	125
Moldova	2,135.9 current USD 2011)	5.10 (% 2000-2010)	10.5 (2010)	3.7 (2010)	147

The table above indicates quite varied picture of the countries.

Belarus and Ukraine have higher average import tariffs on both manufactured goods and agricultural products. Belarus service sector is less open than that of the EU's. Ukraine will have free trade of service as the Associate agreement will fully enters into force, as the Deep and Comprehensive free trade area agreement is the part of it. However, dues to the Russia's claims, Ukraine have postponed this process until January 1, 2016.

The trade liberalization between EU and *Belarus* is not foreseen as the Belarus became the member of Russian-leading Eurasian Custom Union making impossible for the country to be engaged in trade liberalization talks with the EU or other EaP countries (Ukraine, Moldova, Georgia) which have the DC FTA with the EU. Moreover, in June 2007 the EU removed the Generalised System of Preferences (GSP) system of trade dues to the negligence of core principles of the International Labor Organization by Belarus. Since 2010, Belarus was charged unilateral import quotas on textile and clothing products. However, one third of Belarus trade turnover comes on trade with the EU. Meanwhile, Russia represents the most importuned trade partner for Belarus. Belarus' exports to the EU includes mainly mineral fuels alongside with chemicals, chemicals, agricultural products, machinery and textiles, which have much lower volume. The main items of the EU's export to Belarus are mainly machinery, transport equipment and chemicals to Belarus (European Commission, Trade policy.)

**Table 2. Trade Dynamics of Belarus**

year	Belarus			
	Imports (mln €)	Exports (mln €)	Total Trade (mln €)	EU Trade with Belarus (mln €)
2004	13,141	11,055	24,196	5,344
2005	13,430	12,842	26,271	6,687
2006	17,793	15,711	33,504	8,891
2007	20,936	17,713	38,649	9,254
2008	26,775	22,145	48,920	11,114
2009	20,479	15,258	35,737	7,591
2010	26,314	19,072	45,386	9,303

2011	32,873	29,755	62,628	11,566
2012	36,118	35,825	71,943	12,465
2013	32,990	28,474	61,464	12,012
2014				10,893

Source: *Statistics of Countries and Regions; European Commission. Retrieved from <http://ec.europa.eu/trade/policy/countries-and-regions/statistics/>*

Ukraine's trade, like Belarus, with the EU comprises about one third of its total trade. Ukraine exports iron, steel, mining products, agricultural products, and machinery to the EU. The country's trade is liberalized due to the GSP, which was granted by the EU since 1993. Ukraine has the highest level of efficiency usage of the GSP among EaP countries which enjoy the same trade regime.

**Table 3. Trade Dynamics of Ukraine**

year	Ukraine			
	Imports (mln €)	Exports (mln €)	Total Trade (mln €)	EU Trade with Ukraine (mln €)
2004	23,310	26,235	49,545	19,105
2005	29,060	27,303	56,362	22,018
2006	35,809	30,358	66,167	28,235
2007	43,833	35,934	79,768	34,915
2008	58,154	45,474	103,628	39,801
2009	32,595	28,552	61,147	21,934
2010	45,817	38,797	84,614	28,959
2011	59,344	49,146	108,490	36,435
2012	65,892	53,557	119,449	38,507
2013	59,017	48,546	107,562	37,782
2014				30,903

Source: *Statistics of Countries and Regions; European Commission. Retrieved from <http://ec.europa.eu/trade/policy/countries-and-regions/statistics/>*

The trade between the EU and Azerbaijan mainly includes oil and gas directed to the EU, and manufactured goods and agricultural products directed from the EU. This trade is closely connected with political and security of supplies problems. Azerbaijan has relatively high average import tariffs on manufactured goods and significant level of protectionism in the services sector. The high level of corruption significantly harms country.

99.5% of total exports of Azerbaijan to the EU consist of oil and gas. EU's main export items to Azerbaijan are machinery and transport equipment (47.6%), miscellaneous manufactured articles (20.1%) and manufactured goods (14%). Azerbaijan benefits from the EU's GSP+ trade regime since 1 January 2009.

**Table 4. Trade Dynamics of Azerbaijan**

year	Azerbaijan			
	Imports (mln €)	Exports (mln €)	Total Trade (mln €)	EU Trade with Azerbaijan (mln €)
2004	2,827	2,904	5,731	2,538
2005	3,385	3,494	6,879	4,003
2006	4,195	5,075	9,270	7,404
2007	4,169	4,420	8,589	8,944
2008	4,875	32,469	37,344	12,724
2009	4,390	10,540	14,930	9,148
2010	4,979	16,112	21,091	12,394
2011	7,009	19,088	26,097	18,344
2012	7,513	18,608	26,121	17,282
2013	8,214	18,385	26,598	18,099
2014				16,641

Source: *Statistics of Countries and Regions; European Commission. Retrieved from <http://ec.europa.eu/trade/policy/countries-and-regions/statistics/>*

Moldova, Georgia and Armenia are countries with very small economies. The main exports of these countries to the EU are agricultural products, while import from the EU includes industrial goods and agricultural products. Armenia, Georgia and Moldova due to their size are not under key trade interest for the EU. Their trade policies are liberalized and they have low tariffs. Their services trade regime is as open as the EU's. According to Messerlin et al. (2012), Georgia is fully open to FDI and recognizes the technical standards of the EU and of other trading partners. The EU offers these countries trade preferences under the GSP+. Moreover, last year, Association Agreements with Moldova and Georgia was signed on 27 June, and the DC FTA, which is the part of this agreement, went into force.

The EU is *Moldova's* main trading partner, trade turnover with the EU stand more than 40% of Moldova's total trade. The followed by biggest trading partners are Russia and Ukraine. However, overall trade with Moldova as well as with Georgia, accounts for only 0.1% of EU's overall trade. EU exports to Moldova mainly machinery, transport equipment, chemicals, fuels, mining products and agricultural products. EU imports from Moldova mainly agricultural products, clothing, textiles and machinery.

**Table 5. Trade Dynamics of Moldova**

year	Moldova			
	Imports (mln €)	Exports (mln €)	Total Trade (mln €)	EU Trade with Moldova (mln €)
2004	1,422	792	2,213	1,445
2005	1,843	876	2,719	1,521
2006	2,142	834	2,976	1,705
2007	2,689	973	3,662	2,228
2008	3,325	1,074	4,399	2,469
2009	2,346	917	3,263	1,765
2010	2,908	1,163	4,071	2,148
2011	3,722	1,590	5,312	2,709
2012	4,047	1,680	5,727	2,982
2013	4,199	1,861	6,059	3,242
2014				3,514

Source: *Statistics of Countries and Regions; European Commission. Retrieved from <http://ec.europa.eu/trade/policy/countries-and-regions/statistics/>*

The *EU-Armenia* bilateral trade relations are currently regulated by a Partnership and Cooperation Agreement, which is in force since 1999. The negotiations on Association Agreement were launched in July 2010, which also included trade part - Deep and Comprehensive Free Trade Agreement – but was interrupted as Armenia expressed its willingness to join Eurasian Customs Union. About one third of Armenia's trade comes on the EU. Armenia imports machinery and transport equipment, miscellaneous manufactured articles, chemicals and foods; and exports manufactured goods; crude materials and transport equipment.

**Table 6. Trade Dynamics of Armenia**

year	Armenia			
	Imports (mln €)	Exports (mln €)	Total Trade (mln €)	EU Trade with Armenia (mln €)
2004	1,086	581	1,667	586
2005	1,448	783	2,231	934
2006	1,745	785	2,530	818
2007	2,384	841	3,225	960
2008	3,009	719	3,728	988
2009	2,369	500	2,869	696
2010	2,828	785	3,613	816
2011	2,977	959	3,936	967
2012	3,319	1,112	4,431	958
2013	3,433	1,135	4,568	978
2014				990

Source: Statistics of Countries and Regions; European Commission. Retrieved from <http://ec.europa.eu/trade/policy/countries-and-regions/statistics/>

Currently, Georgia has shown impressive progress in all directions: country signed an Association Agreement including Deep and Comprehensive Free Trade Area (DC FTA) (EPRC, 2014) which was ratified by Georgian Government last year and went into force since September 1, 2014. Upon its entry into force, the Association Agreement will replace the EU-Georgia PCA. Pending its entry into force, since September 1, 2014, approximately 80% of the Association Agreement is being applied on a provisional basis.

Over the past decade, Georgia's foreign trade has increased six times. Country's trade balance has constant deficit, but during few years this deficit has declined and in 2013 it constituted just 36% of total foreign trade. The European Union is the Georgia's biggest trade partner, which covers about 30% of total trade. So far Georgia was EU GSP+ beneficial country, but this is to be re-placed by DC FTA regime.

Currently, Georgia has the lowest import tariffs on the EU products (agricultural 5.57% - industrial 0.45). In 2012, Georgia's total foreign trade turnover grew by 10.5% compared to the previous year, exports grew by 8.6% and imports grew by 11%. Among the top 10 trade partner countries of Georgia there were three EU member states: Germany (5th place), Bulgaria (8th place) and Italy (10th place) in 2012.

**Table 7. Trade Dynamics of Georgia**

year	Georgia			
	Imports (mln €)	Exports (mln €)	Total Trade (mln €)	EU Trade with Georgia (mln €)
2004	1,485	518	2,004	926
2005	2,002	684	2,686	960
2006	2,925	775	3,700	1,404
2007	3,808	902	4,710	1,571
2008	4,286	1,017	5,304	1,996
2009	3,105	807	3,912	1,457
2010	3,966	1,265	5,231	1,795
2011	5,070	1,573	6,643	2,224
2012	6,104	1,850	7,954	2,653
2013	6,038	2,228	8,266	2,698
2014				2,569

Source: Statistics of Countries and Regions; European Commission, Retrieved from <http://ec.europa.eu/trade/policy/countries-and-regions/statistics/>

According different estimations (CASE 2012), the agreement will increase trade diversification and reach around 6,5% of GDP due to the considerable declining of trade barriers, both tariff and non-



tariff, and opening new opportunities for Georgian firms by giving free and simplified access to the 500 mln consumers EU market, the biggest market of the world, as well as creating favorable environment and attractive climate for foreign and domestic investments. predictions argue that in middle term period, over the next 5-6 years Georgia's' export will increase by 13,5% while in long term period this increase will reach about 12%; and import will rise by 7,5%. According to the study, chemicals, rubber and plastic output and export potential are to be increased by 60%. The predictions note also 60% growth of livestock and meat production and 20% growth for vegetables, fruits, nuts and oilseeds production.

Thus, overall realization of DC FTA will benefit improvement of welfare for the citizens of Georgia. Better access to high quality products on domestic markets, ensured food safety and potential of higher income generating from new business opportunities and economic growth are among main gains and benefits arising from deeper and broader European integration.

Alongside with the uncountable political meaning, Association Agreement has tremendous economic benefits for Georgia's economy. It is expected that the DCFTA, which is an integral part of AA, will open the EU's internal market, which is the biggest market of the world dues to its approximately 500 mln population with the highest purchasing power. As it was already shown, the Georgian export and import to and from the EU are characterized by growing dynamics, which is expected to continue increasing over the time, especially after DCFTA requirements are fully met. Georgia has implemented wide range of reforms to improve Food Safety and Consumer Protection. An important package of legislative changes aiming at harmonization of the national labor legislation with the international standards elaborated in close cooperation with the ILO experts and civil society has been adopted. Special attention is paid to effective anti-monopoly policy and harmonization of technical regulations. The Government's efforts are focused to ensure favorable business environment, with strong guarantees of private property rights (Sepashvili, 2014); all these actions facilitate Georgian companies to produce higher standard products that will lead to more competitiveness of Georgian producers<sup>2</sup>.

## **Conclusion**

Today the EU remains a "classic model" of successful regional integration which positively influences the economic development of the member-states as well as neighboring countries. Nowadays, we are witnessing dramatic changes occurring in the region, which gives start to the new developments closely connected with gradual integration of the EU's Eastern neighbors into European Economic space. The impact of integration on economic growth and the means and ways of implementation of integration assumes greater importance for EaP region countries over the development.

After almost the hundred years, the primary objectives of regional policy is still the same: to create as favorable conditions as possible for development, for achieving democracy, respect for human rights, rules of law, for encouraging innovative economic activities. As a whole, the success of integrated groups in significant degree depends on elaboration such motivating forms of political and economic relations, that most of all appropriates specific features of concrete region and nation. These aspect are the main basis for EaP regional integration process.

The short overview presented in the article showed that the Eastern Partnership region countries have to become the part of global society. EaP countries are in dual transition towards the development and enhancement of democracy and establishment of a market economy to create a basis for self-sustained economic and social growth. As trade data on EaP countries' showed, increased level of regionalization and integration in the EaP region has clear evidence.

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<sup>2</sup> For more information see reports at [www.eu-nato.gov.ge](http://www.eu-nato.gov.ge).

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<sup>i</sup> [http://geostat.ge/index.php?action=page&p\\_id=136&lang=geo](http://geostat.ge/index.php?action=page&p_id=136&lang=geo)

<sup>ii</sup> Mid-term Evaluation of the EU's Generalised System of Preferences, 2010, [http://trade.ec.europa.eu/doclib/docs/2010/may/tradoc\\_146195.pdf](http://trade.ec.europa.eu/doclib/docs/2010/may/tradoc_146195.pdf)

<sup>iii</sup> Georgia: Moving Towards DCFTA

[http://eeas.europa.eu/delegations/georgia/documents/eu\\_georgia/dcfta2012\\_01\\_en.pdf](http://eeas.europa.eu/delegations/georgia/documents/eu_georgia/dcfta2012_01_en.pdf)

<sup>iv</sup> CASE network. Studies and Analysis. EU-Ukraine DCFTA: the Model for Eastern Partnership Regional Trade Cooperation, 2012, [http://www.case-research.eu/sites/default/files/publications/CNSA\\_2012\\_445.pdf](http://www.case-research.eu/sites/default/files/publications/CNSA_2012_445.pdf)

<sup>v</sup> Food and Agriculture Organization of the United Nations. Eastern Europe and Central Asia Agro-Industry Development Brief, Georgia, 2012year

[http://www.fao.org/fileadmin/user\\_upload/Europe/documents/Publications/AI\\_briefs/AI\\_briefs2012/fao\\_georgia.pdf](http://www.fao.org/fileadmin/user_upload/Europe/documents/Publications/AI_briefs/AI_briefs2012/fao_georgia.pdf)

<sup>vi</sup> EU-Belarus PCA has been frozen in 2007 due to the political reasons.

<sup>vii</sup> The European Commission, Retrieved from: <http://eeas.europa.eu/association/>

<sup>viii</sup> Source: International Monetary fund, World Economic Outlook Database, October, 2012.

<sup>ix</sup> Source: International Monetary fund, World Economic Outlook Database, October, 2012.