

THESIS ON ECONOMICS H35

**Models of European Integration:
Georgia's Economic and
Political Transition**

ARCHIL CHOCHIA

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TALLINN UNIVERSITY OF TECHNOLOGY
Tallinn School of Economics and Business Administration
Department of International Relations and European Studies

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Supervisors: Associate Professor David Ramiro Troitino, PhD
Tallinn School of Economics and Business Administration,
Tallinn University of Technology, Estonia.

Professor Tanel Kerikmäe, PhD
Tallinn Law School,
Tallinn University of Technology, Estonia

Opponents: Professor Tibor Palankai, PhD
Faculty of Economics
Corvinus University Budapest, Hungary

Assistant Professor Ioannis Papageorgiou, PhD
School of Political Science
Aristotle University of Thessaloniki, Greece

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Declaration:

Hereby I declare that this doctoral thesis, my original investigation and achievement, submitted for the doctoral degree at Tallinn University of Technology has not been submitted for any academic degree.

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MAJANDUS H35

**Euroopa lõimumise mudelid:
Gruusia majanduslik ja
poliitiline üleminek**

ARCHIL CHOCHIA

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INTRODUCTION

The European Union's enlargement process is an important global political development that does not only influence economic and political systems in the EU, but also beyond its borders. European building process has a long history with diverse phases of development and throughout this history, several countries have aimed to become the members of the European Communities. Some of these countries have been successful in their efforts and have become the member-states, however for some countries the process has taken a longer and more complex route, as well as for some the process is just starting. Analyzing European integration process and the details of European enlargement, as well as the transformation countries have gone through before in order to join the organization, is key not only in understanding the European building process and its possible future scenario, but is also vital for the countries who are aiming to join the European Union, in order to plan and conduct their pre-accession economic and political transformation process better and in more successful manner.

Georgia is one of the countries that are aiming to join the European Union and see the membership as the best way for the successful future of the country. Even though, government of the country has changed few times during its independence from the Soviet Union, the goal to join the European Union and NATO has always been a priority one declared by each and every political party in power. Since 2004 country has established the Office of State Minister on European and Euro-Atlantic Integration, being responsible for coordinating the EU and NATO assistance programmes, coordination information centers and reporting on country's progress. On the same year, Georgia's European Union Integration Commission was created, chaired by the Prime Minister of Georgia and composed by all ministers of the country, commission facilitates the process of the EU and Euro-Atlantic integration and prepares the recommendations and proposals for the government. Country's association with the European Union has become closer during this period, mainly through the Black Sea Synergy, the Eastern Partnership and the European Neighborhood Policy. However, Georgia has no, publicly available, clear strategy concerning the model country has been following in its Europeanization process, based on the information available the country has chosen more dogmatic way, taking into account mostly the EU policies.

The aim of this doctoral thesis is to create a research-based opinion on composing Georgia's pre-accession strategy, defining three different

models country can base its Europeanization transformation on, being: 1) One specific country based example, 2) Region, group of countries, based example and 3) Model based directly on European Union policy; and suggesting which model is more suitable for Georgia, by analyzing country's specific characteristics, as well as European Union enlargement processes through the theories of Europeanization process. The author is not intending to say which model is the best, but to show what are Georgia's perspectives following each model, pointing out negative and positive aspects of each model. At the same time the thesis analyzes main theories of Europeanization process, as such evaluation makes the European building process more understandable as whole. Europeanization of the countries and the EU enlargement process have become a complex set of interrelated economic, political, social and legal processes, therefore this thesis is an interdisciplinary research, covering aspects of all these fields. **The hypothesis of the thesis** is that state transition in the light of Europeanization cannot be seen as an independent process and Georgia should compose its pre-accession strategy based on the evaluation of different models.

The thesis is based on five independent research articles that are connected to the theme of **European enlargement process and Georgia's perspectives**. Research articles represent different case studies, as well as general analyzes and focus on five aspects of European integration: 1) **Single country based model of Europeanization**, 2) **Region, group of countries, based model**, 3) **Model based directly on European Union policy**, 4) **The Common Agricultural Policy of the European Union and its role in European integration process**, and 5) **European enlargement process, its specifics and limits**.

The first research paper is devoted to the **single country based model**, examining case of Estonia, as a member of the European Union and as a former Soviet Union republic, and its role in the Europeanization of Georgia. The purpose of the research is to analyze the impact of Estonia as a model for Georgia on latter's way of transformation, and show how important the model based on Estonia's experience can be for Georgia's European ambitions. The paper attempts to show why especially Estonia is important for Georgia as a model, why their historical links can play significant role. By analyzing cooperation between two countries, as well as Estonian experience of Europeanization, research tries to show how possible it is for Georgia to follow the example of Estonia and how successful such role model can be for the country.

The second aspect of the thesis focuses on **region, group of countries, based model** of transformation for Georgia. The research paper explains the importance of Mediterranean identity inside the European Union

(concentrating on three member-states, Greece, Italy and Spain), its importance on European enlargement process and its possible importance for Georgia's Europeanization due to country's economic and cultural links with those of Mediterranean Greece, Italy and Spain. By examining the history of European integration process, before and after membership, of these three Mediterranean countries, research paper shows the role played by their Mediterranean identity and agricultural production. Paper is applying such analyzes to the case of Georgia, showing the possibilities for the country to use its Mediterranean links in its Europeanization process.

The third aspect of the thesis concentrates on **model based directly on European Union policy**. The research paper explains the possible reasons for the European Union's interest in South Caucasus and the specifics of its cooperation with three countries of the region, Armenia, Azerbaijan and Georgia. The purpose of the research is to show how successful each country has been in implementing the policies of the European Union, through its foreign policy instruments, such as European Neighborhood Policy. The idea of the paper is not only to show how successful cooperation has been with each country, but also to explain what are the possible interests of the European Union in the region and what are the perspectives of such cooperation, also regarding the possible enlargement to the countries of the region.

The fourth article of the thesis is focusing on **the Common Agricultural Policy of the European Union and its role in European integration process**. The purpose of the research is to show the important role the Common Agricultural Policy has played throughout the history of the European Communities, as in its development as whole, as well as in its enlargement process. The paper analyzes the state of Georgia's agricultural sector, its historical importance for the economy of Georgia and future possibilities, showing what can be and should be done in order to bring country's agricultural sector closer to the standards of the CAP and how important such transformation could be in Georgia's possible EU membership. The article points out the importance of developing Mediterranean agricultural production in Georgia, specifically concentrating on the hazelnut production as possible successful production field in addition to those regularly discussed productions, such as for example wine and spirits.

The fifth aspect of the thesis is dedicated to **European enlargement process, its specifics and limits**. The research paper devoted to this aspect analyzes the process of European enlargement and attempts to explain its specifics, as well as the limits of the process and the organization in general. Article examines historical characteristics of the

process and the changes in its specifics, showing what have been the ideas behind different enlargement phases and what are the limits of the organization. The research paper explains the argument that, besides generally known conditions, the decision on a certain country's membership also depends on the member-states' observation and analyzes of the possible effects this particular membership could have on the EU and the decision-making process in the organization. Specifically for Georgia, article attempts to show what could be the obstacles of enlargement process to the country, due to its regional circumstances.

The research is pursued with the use of comparative methods. The main theoretical framework is based on constructivism, which holds that all knowledge possessed by human and all meaningful reality as such is based on human practices, being constructed in and out of interaction between human beings and their world, and developed and constructed within essentially social context. Ontologically therefore, the research is anti – foundationalist, but with interpretist epistemological position. Answering the question of “how?”, focusing on the understanding of social phenomena, is the methodological basis of this research. Furthermore, methods mostly used for this research are analysis of different sorts of documents and discourses.

The contribution of this doctoral thesis in theoretical and practical terms is following:

1. Even though each and every Georgian government, since country's independence after the collapse of Soviet Union, has identified the European integration as a priority goal, there is no clear strategy on country's Europeanization process. This thesis can be used when composing and evaluating such strategy.

2. The research is innovative in connecting different theoretical models, as well as creating three models for Georgia's transformation, being 1) One specific country based example, 2) Region, group of countries, based example and 3) Model based directly on European Union policy.

3. There is very little academic research devoted to the issue of Georgia's links with Mediterranean countries and how this links could be used in country's attempts to get close to the European Union.

The articles listed below have been **published** in the course of the research:

Chochia, A., Gabelaia, D., Kerikmäe, T., Nyman-Metcalf, K. (2013) Cooperation of Post Soviets with the Aim of Not Being “Post” and

“Soviets”. Šišková, N. (ed.). From Eastern Partnership to the Association. The Legal and Political Analysis. Cambridge Scholars Publishing [forthcoming].

Chochia, A., Ramiro Troitino, D. (2012) Georgia and the European Union from the Mediterranean Perspective. *Baltic Journal of European Studies*, Vol. 2, No. 1 (11), pp. 81-102.

Chochia, A. (2012) The European Union and its Policy Towards the Neighbors from South Caucasus. *L'Europe unie/United Europe*, No. 6/2012, pp. 27-35.

Chochia, A., Ramiro Troitino, D. (2013) The Common Agricultural Policy, its role in European integration and influence on the enlargements of the organization (case study: Georgia). *International and Comparative Law Review*, Vol. 13, No. 1 [forthcoming].

Chochia, A., Ramiro Troitino, D. (2012) Future Enlargements of the EU and limits of the organization. *L'Europe unie/United Europe*, No. 6/2012, pp. 2-26.

Author's contribution

Paper 1. Based on the reports and other documentation available, the author of this thesis made a summary of Estonian-Georgian cooperation in different fields, evaluating how successful such cooperation has been. As well as, the author contributed to composition of the concluding remarks.

Paper 2. The author of this thesis was responsible for investigating Georgian cultural and historical links with the three Mediterranean countries. Furthermore, the author examined the possibilities of Mediterranean production in agricultural sector of Georgia.

Paper 4. The author of this thesis analyzed the state of Georgia's agricultural sector, its historical importance for the economy of Georgia and future possibilities. Furthermore, based on the examples how CAP influenced member states, the author described the positive possible aspects of developing Mediterranean agricultural production in Georgia.

Paper 5. Based on the theoretical literature, the author of this thesis explained specifics of the European integration process and accession negotiations. Moreover, the author analyzed the regional circumstances for Georgia and their importance for Georgia's membership perspectives.

Abbreviations

CAP – Common Agricultural Policy

EaP – Eastern Partnership programme

EEC – European Economic Community

ENP – European Neighborhood Policy

EU – European Union

FAO – Food and Agriculture Organization of the United Nations

FAOSTAT – Food and Agriculture Organization statistical database

GDP – Gross Domestic Product

GEOSTAT – National Statistic Office of Georgia

IMF – International Monetary Fund

INOGATE – Interstate Oil and Gas Transportation to Europe
programme

MA – Master of Arts

NATO – North Atlantic Treaty Organization

TRACECA – Transport Corridor Europe-Caucasus-Asia programme

VAT – Value added tax

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1. THEORETICAL OVERVIEW AND CONCEPTUAL FRAMEWORK

1.1. Theories of Europeanization

Theory of Europeanization is the foundation to this research. The process of building the Europe is not only main political process in Europe itself, but is also a globally important development. Understanding of this process is the complex but key in evaluating it and shaping the strategy for potential members of this process. There are different understanding of such so-called Europeanization process and each of such ways have their own theoretical framework to back and support its claims and the vision and even back in 1971, Haas argued that different theories of Europeanization process had different dependent variables and therefore, were not opposing each other, but rather completing and even overlapping (Haas 1971, p. 26). Even though, the ultimate goal remains the same, building Europe, creation of European entity, the reasoning for such creating and unity has been changing throughout time. Currently the goal can be identified as having a strong union that would also be able to compete, at least on equal term, with other powers of the world and raise the European Union's role as one of the world leaders.

Europeanization process affects various aspects of the statehood, even if, as initially conceived, the creation and functioning of the European Community was going to lay down the foundations and the structure for economic cooperation and integration. The process involves not only economic, but different political, social, legal and cultural systems member-states possess (Kiraly 2011; Ahearne et al. 2006). Process of building Europe is a complex process and has a long history of development, starting from being "set in a train by single guiding idea" by, now famous, Jean Monnet and his English friend Arthur Salter, developing and reshaping throughout the years until now (Booker and North 2005).

These different theories and different ways of understanding this building process is just different ideas about Europeanization process and how should it be done. Knowing and understanding these theories, approaches, as well as the ideas of the scholars is not only important in building process within the EU itself, but also important for the potential members of the union (Rodriguez-Pose 2002, pp. 155-161), the countries that would like and are planning to join the EU in the future.

As Bulmer (2008) explains, the most important aspects of so-called Europeanization is the “central penetration of national systems of governance [...] exporting forms of political organization”, therefore seeing Europeanization as the process of such transformation. Within such transformation, member states of the EU are exporting and sharing their values among each other, while the EU itself coordinates the whole process. Such sharing and transferring means passing on the Europeanized ideas and beliefs of the member states, transferring of their rules and norms (Bulmer 2008, p. 47).

Such Europeanization process, certain new way of globalization, emphasizes community as a significant factor in the process. Social system should be designed in such a way that has major support and is seen as a fair system, accepted model and this acceptance itself gives the possibility to establish a productive dialogue between two levels in the union, national level, namely a member state, and supranational one, namely the EU (Gearey 2005, p. 91). Terms internalization, globalization, transnationalization, can be used substitutionally as being a paradigm for nation-state and international politics (Stern 2001, p. 247). Europeanization process is a form globalization that concerns the question of statehood, its context. The dilemmas of this process are straightly linked to the matter of the sovereignty of the state (Lefebvre 2003, pp. 84-100). Even though, Hay and Lister believe that “yet this is in no sense to pronounce the death of the state” (Hay and Lister 2006, p. 15).

Despite the fact that there is a growing level of bounding among the citizens of the EU, even without meditation from the states (Closa 2011), the disappointment with the European level resolutions is increasing, as does the gap between what citizens of the EU expect and what do they receive (Aragao 2008, p. 52). The EU institutions and their decisions-making systems are not working well, furthermore, all member-states have sometimes extremely different economic, political or social interests and needs, and finally the EU policies are not successful enough sometimes (Piris 2005). For Follesdal, accountability, openness, coherence, participation and effectiveness are the five main principles in establishing a system of good governance (Follesdal 2008, p. 22). There raises a danger of finding paradox in European governance and system of European building process.

The way out of such situation depends on the level of openness and readiness of a member state to act, employing deliberative arguments, as a mediator, link between two “players”, from one side the EU and from the other side – country’s citizens, its local society. “Do we really wish our officials, or citizens, blindly to follow what the perceive from the European Union?” (Martinico 2008, p. 28) or “do we simply trust to the

discretion of national bureaucracies to implement the European Union regulations with sufficient uniformity to be both fair and efficient...?” (Shapiro 1999, p. 33). These two rhetorical questions concern the practical social, economic, political and legal challenges of the process.

The EU carries a multilevel system of governance and such governance brings certain complications with the decision-making process. In order to maintain the legitimacy in such decision-making process, there should be a dialogue between the levels of governance, between two levels of decision-making bodies, national and European. Therefore, “as the distinction between interpretations and politics diminishes, the need for pluralism in interpretation increases” (Martinico 2008, p. 37). As Papisca (2009) explains, citizenship, democracy (be it national or transnational) and intercultural dialogue are interlinked. The tool of intercultural dialogue is very important in the reality of complex and multilevel relations, it can be used as solution to move from potentially conflicting situation in such multicultural and multilevel dialogue to a working process and dialogic phase of multiculturalism.

As Nicolaidis and Kleinfeld (2012) argue, there should be an approach of empowering the citizens of the EU, letting them take more actions and play more important role in the decision-making process. Authors think that tensions among the member-states regarding different issues will always remain, which is obstacle for further development of European integration and European building process. Furthermore, not only citizens should have more power in deciding inside issues of the EU, the civil society monitors should have a power to assess the sustainability of “Rule of Law” in member-states, as well as the future members, the candidates. In regards to the EU enlargement process, this would create a better link between assistance and assessment (Nicolaidis and Kleinfeld 2012).

The EU membership acts as a cause and a catalyst for the member-states in implementation of sets of reforms and reshaping their systems of governance, decision-making process, “many of the vital problems that society is trying to deal with are multidimensional, complex and to some extent, transnational – in their origin, their causes and the problem solving stage. All these three qualities represent substantial challenges to our present political and legal decision-making systems” (Sand 2004, pp. 61-63). Thus, becoming a member of the EU means transformation, process of reform and in a way reorganization of the state itself, the process that is not bounded and limited to one certain field, but covers different fields of statehood. McCormick (2007) argues that so-called European identity should be understood as an ongoing process rather than a final destination or outcome. This is the process of the EU that is not simply a supranational state or union, but it is more of a system and culture of

tackling the problems and challenges, system based on the values and principles. The EU is a mechanism of preserving and enriching the democratic accomplishments of this supranational union (McCormick 2007, pp.19-20). At the same time, this process is the prerogative and mission of the member-states themselves (Horvath 2007). Therefore, state joining the union should be ready and willing to contribute to the process, should be active part of the building process.

Europeanization is a process that is driven by many factors and fields of the statehood, such as economy, politics, society, legal system, etc. The process covers different aspects of state governance, state organization and influences them. Therefore, there is a risk of a situation when some member-states, more powerful ones, “lobby” their values and their vision more in creating a common structure and system, thus influencing less powerful states, or those that joined the union later, more and making them transform more. That is why the dialogue becomes so important in this process, dialogue in creating the common values and common structure mentioned above, so the system will be based on commonly accepted norms and values (Joerges 2004), which might be a hard process sometimes in an such a diverse cultural environment as in the EU.

Nevertheless, the Europeanization process and such state transformation should not be understood as a process of transforming all ideas into common system and understanding. There should be a balance between transformation and preservation of the national vision, therefore, possible differences between the member-states. There must be a dialogue that safeguards the equilibrium between the national interests and the ones of supranational union. It is vital for the Europeanization process that the European integration is not destroying the idea of numerous European identities, values, cultures, etc., diversity of European reality and keeping the balance between preserving this richness on one hand and transition of the member-states on the other (Kowalski 2006).

Complexity of the issue of Europeanization, the variety of difficult stages of European integration and in general the rich culture of the European reality creates possibility to have different theories of this process and even though, as seen above, “there is no single theory of European integration, or even a competition among several theories to achieve that status, but a number of different theories that are only in part mutually exclusive or competing with each other” (Jachtenfuchs 2005), the combination of these theories and approaches provides us with the understanding of the whole process better, therefore it is vital for creating possible models of Europeanization for the possible candidates.

In this variety of ideas regarding the European building process, five main theories could be identified, being:

- Federalism
- Functionalism
- Transactionalism
- Neofunctionalism
- Intergovernmentalism

Even though, the EU cannot be explained and understood only with one of these theories. Different scholars consider importance of each theory and its role in the process of Europeanization, differently. Nevertheless, these theories help us explain the integration and understand the process, also for those countries that want to join the EU and in case of Georgia, see what could be the complications for the country and its European aspiration within each theoretical framework.

1.1.1. Federalism

The idea of federalism in Europe can be traced to Kant and his perpetual peace (1795) and the European federation he proposed, “The civil constitution of every state should be republican”, “The law of nations shall be founded on a federation of free states” (Kant 2010). His idea was influenced by American model, a paradigm of modern society and democracy, an example for the European federalists. The main supporter of the federalist ideas in the European building process has been Altiero Spinelli, 1907-1986, his influence shaping the current EU was so important that he is considered as one of the “fathers of Europe”. After the World War II, federalists blamed national states for the war, tried to take away the political power from them and give it to European citizens (Bieber et al. 1985). The debate can be found much earlier in the times of French revolution and the ideas of Robespierre and the Jacobins. All citizens, all the members of a society should have the same rights and the same duties because they are the center of an organized society. On the other hand, nations are thought to be the artificial political entities that have usurped the political rights from the citizens. Therefore, according to this theory, federal Europe should be an authority closely linked with the people. The federal government should be in charge of the main policies of the state, as defense policy, economic policy and external relations.

Economic policy means a common economic area with the same rules and freedoms. The idea is also based on sharing, creating a big market to avoid economic confrontations between the member states. It will also bring economic development, as the market and the possibilities are bigger. Of course, the rules of the common market could not be in the

hands of the member states that could make legislation to protect their economical actors, so the federal government should be in charge of the economic matters. Federalists believe in the concept of subsidiarity, when the most effective level of decision-making should be in charge. Subsidiarity accepts multi-level governance as the best way to deal with the problems of the citizens and avoids the creation of central states, inefficient because of its big size (Corbett 2001). According to the federal ideas a constitution is basic for uniting Europe, a charter where the powers of the federal government and the member states, common rules, the rights of citizens of the federation (no longer of states) are clearly defined (Rosamond 2000, pp. 23-30).

The European federalists face a problem of the identification of the people of Europe with their own national states, consequence of a long period of time where the nation has been accepted as something natural, how to change the loyalty of the people, the center of the federation, from the national states to the federal government is the main obstacle. The creation of the European parliament and especially the first democratic elections in 1979 were the main hope for the federalists as a democratic body representing all European citizens. This institution should be the center of the EU in order to achieve the federal state. Currently its role is growing and even if role of the European Council and the European Commission are still very important, if the progression follows this pattern, the European Parliament will be the central institution of the EU (McKay 2000). Even if Federalism was important force shaping the current EU, especially in the topic of the European Parliament, as well as providing many ideas on the way that the integration should follow, it has never been the leading force of the integration (Rosamond 2000, pp. 42-47).

For Georgia complications within this theory first of all lie in the fact that the theory and such EU approach is simply not ready yet. Furthermore, underlined above identification of the people of Europe can play a negative role. Even though, majority of the population in Georgia considers themselves as European, and even higher number supports the EU membership, having higher Euro-enthusiasm than its neighbors Armenia and Azerbaijan, or any other state in the Eastern Partnership (Whate et al. 2008; Svensson, Hon 2010). As Müller (2011) explains, public opinion in Georgia towards the EU is very positive and people identifying themselves as Europeans is also supported by religion views, religion that has been playing more important role in the country after its independence from the Soviet Union. However, the obstacle of changing the loyalty from national government to a supranational one remains in Georgia as well. Moreover, there is a problem within the EU, among its

citizens, with the acceptance of a new state that has less historical and identity links with the current society and considering people of Georgia as the same and equal members of the common European society.

1.1.2. Functionalism

Functionalism is a liberal tradition based on a positive approach where humans are rational and want a peaceful progress. The main leader of the theory is David Mitrany. His work “Working Peace System” shows us central aspects of functionalism, claiming that the main target is ending the conflicts of the world through international organizations. The shape of the organization, its name or other symbols, are not important. The priority of the organization should be the welfare of its people. It is a technocratic vision, where people are in charge of what they are capable of doing the best. On the other hand, functionalists do not trust politicians, believing they might even harm community in order to be re-elected. Mitrany was sure that transnational organizations were more effective than national entities, as they were more efficient, could solve peoples’ problems better and this efficiency would transfer the loyalty of the people from the national level to the international one, ending wars and conflicts (Mitrany 1966).

Functionalism lacks any scientific rigor and it has a poor record of prediction. Its main contribution to the European building process has been its influence on other theories, for example neofunctionalism (Rosamond 2000, pp. 31-41).

Functionalism is too technocratic, it is mainly based in professionals doing the job, with a minimum involvement of other important actors, such as politicians, diplomats and mainly citizens, and this could be an obstacle for Georgia, as country is simply not ready for such reality, it lacks enough skilful people, enough technocrats and environment supporting the idea of such professional “elite groups” ruling the country. Throughout its post-Soviet history, country has always had a strong political ruling party (Fairbanks, Gugushvili 2013). The idea of building a community without counting on the people is very close to a dictatorship of an elite, even if their intentions are good. This goes in contrast with the idea of “citizen’s Europe” that has, besides economic benefits, played a big role in pro-European motivation of Georgian people (Müller 2011). Functionalism also has too much faith in humans and in their capacity to act rationally in different situations, again in an ideal world it could work,

but reality shows us how humans behave, and feelings play an important role in these behaviors.

1.1.3. Transactionalism

The theory is based on the security of communities involved in a formal merge of separate units into a larger unit, the union of states in a bigger community. The way to create this community is presented as some sort of institutional merger or the creation of a supreme overarching authority (Corbett 2001). Three conditions are needed to achieve such union: compatibility of major values; capacity for political relevant groups to respond to each other stimuli without violence; and mutual predictability of each other main intentions.

The first condition is based on cultural, economic and political aspects. We can just build a community based on what we share, not on what we want. So, the peace system can just work as far as we share common values. The second condition is based on communication between politicians who can understand each other because they share common values and their different states are already integrated in different fields, such as economy. So, a war between them is unlikely to happen. The third condition is also based on common values, because the mutual predictability is just possible if we understand each other, knowing what reaction would be and plan accordingly the contra action.

However, the theory lacks clarity, and seems to be created on purpose for the cold war and to explain the good relations between the USA and Western Europe (Rosamond 2000, pp. 42-48). Theory is too “elite group” oriented, these elite groups being represented this time by the governments. History of Georgia shows how change of government, even if having similar foreign policy strategy, in reality changes the relations with the governments of different European states, which might be devastating according to this theory. Georgia clearly lacks the history of cooperation within the local political parties, history of having strong opposition and constructive dialogue among the political parties (Jones 2012; Rayfield 2012).

1.1.4. Neofunctionalism

Neofunctionalism is a theory of social modernization, relying on social, economic and political elements as the main actors in the Europeanization

process (Jachtenfuchs 2005). This theory is one of the most important in the current European Union and can be used to explain many aspects of the working systems of the EU institutions and decision-making process. The main scholar developing this theory has been Ernst B. Haas (1964) and as he explains Neofunctionalism wants to replace power of politics with a new supranational style following a clear strategy. First, areas of low politics should be integrated, but ensuring that these are key strategic economic sectors, as coal and steel, the first sector to be integrated in the European building sector with the Treaty of the European Coal and Steel Community. The importance is not the high politics but economic areas that have to connect needs and expectations, leaving aside the big issues, such as culture and defense. Economy here plays an important role because as closer economies of the countries are, easier will be to have a common state, because the interests of economic actors will be same and they will look for common decisions that just a common authority could deliver. Neofunctionalism is also focused on institutional issues because it promotes the creation of a high authority to oversee the integration acting as a neutral actor between the disputes of the member states, looking after the common wealth over the national interests (Corbett 2001).

Next point is based on the so-called Spill Over effect, integrating particular sectors will provide benefits for the society, but at the same time will create new problems that can just be solved with deeper integration. As an example of the Spill Over effect we see the European Coal and Steel Community that established a common market for these products. Spill Over effect can create Europe step by step, without conflicts with the society or the politicians (Rosamond 2000, pp. 50-73).

According to Neofunctionalism, deeper integration will come because of social interests, because the benefits are going to be important and society will want to have more benefits, therefore in Georgian case this aspect can play very important positive role, due to opinion of the Georgian people concerning possible EU membership (Müller 2011). The transfer of loyalty from the national states to the union will be a consequence of the search of the most effective route for the fulfillment of the material interest of the social groups. It accepts that politics are just a group based activity, a competition between different groups to influence the decision making, and the member states will be under pressure to fulfill the demands of these groups, deeper integration (Rodriguez-Pose 2002, pp. 41-53). As the integration becomes deeper, the center of the decision-making process will change from the governments of the member states towards the European institutions, where the decisions of the common policies are taken.

The social and economic groups will try to influence the union, changing their interests from the national to the supranational actors, changing swiftly their loyalty from the national level to the community one. Here, Georgian business sector and agricultural sector can play positive role, as interest groups will push for deeper transformation and integration due to benefits of EU membership (see research paper IV). According to this theory, as the integration becomes deeper, more policies, more actors, more sectors are involved, and new institutions in the European level are needed. It means that political integration is a side effect of economic integration (Follesdal and Koslowski 2010).

However, Neofunctionalism does not provide any empirical evidence to support its claims, and forgets about key values such as liberty and justice that are mainly protected nowadays by the national states. It also forgets about feelings, people of Europe will not just transfer their loyalty from the national governments to the European level just because they will get bigger economic benefits, and even though in Georgian case such process should have less opposition from the people (Müller 2011), the tradition of political rule suggests complexity of such power transition from the national level to supranational one (Jones 2012; Rayfield 2012). In general, the theory itself is too idealistic, as well as it cannot explain the different periods of stagnation in the European building process. The different crisis of the European Communities, and the periods when integration halted completely cannot be clarified by the spillover effect.

1.1.5. Intergovernmentalism

This theory underlines the effect of unifying the process modernization has, it is based on agreements between the states. It supports coordination as the way to solve conflicts between the members of the organization, because the states are seen as the last recipient of the sovereignty. According to this idea, the leaders of the state do not have the right to give up the power of their citizens to an “artificial” organization. It also links the emotional loyalty of the citizens as something unique, which could not be transferred to any other political institution (Hoffmann 1966).

Moravcsik (1998) believes that cooperation between states is just possible when they share some common interest or common values, therefore, just states that have things in common, can collaborate and coordinate their policies. As the state is the political power, any institution of any international community should act just as civil servant, without

any independence or without holding any political power by its own. It is clear that European cooperation should be based on the member-states, and not on European people, or European institutions, or other agents. The basis should be agreements between the states and good faith in their relations. The common institutions should be just common forums where to negotiate and solve the different problems. However, the voting system of majority is not accepted, as unanimity is the only way where all the states can defend their own positions and keep the control over the process (Rosamond 2000, pp. 130-156; Follesdal and Koslowski 2010).

This theory is clearly too state-centric, neglecting the day-to-day policy-making and many other important factors involved in the process are forgotten. Nevertheless, it has had importance in the European integration, as for example, the central role of the Council of the European Union. It is the EU's main decision-making body and it represents the member-states. However, the Council is sharing more importance and power with the European Parliament after each treaty, as the system of common decision-making process expands (Corbett 2001).

For Georgia, the theory is suitable due to the history of its cooperation with the EU and some member-states (Müller 2011). If we divide the process of European integration into two stages, first being before the membership and second – while already being a member-state, the positive aspects of the theory can be seen especially in first stage. Georgia has signed several above-mentioned agreements and has been mostly successful in implementation of such agreements (see research paper III), therefore country needs to try and establish closer dialogue with the EU, as well as with the separate member-states, which will help its transformation and bring it closer to the EU.

1.2. Models of pre-accession strategy

All these theories are different, but at the same time concentrating on different issues and sometimes not only overlapping, but completing one another. Understanding these theories makes understanding of the European integration and the EU enlargement possible and that is essential for the potential member-states in order to shape their pre-accession strategy. Even though diverse, proposing different understanding of Europeanization process, these theories have common key factors in successful Europeanization for the states, those being identified as:

- Democracy based on political system that is able to transfer part of its sovereignty to a higher level, to supranational institutions
- Empowerment of the citizens, their high involvement in decision-making process
- Market economy where different fields of economy are correlated and interdependent, allowing Spill Over effect
- Cultural links with other member-states
- Existence of the lobby groups capable of influencing the government, pushing for deeper integration
- Political links and experience of good partnership and cooperation with other member-states

Sustainability of such factors in the country plays the vital role in its successful development in the Europeanization process, be it accession for non-members, or be it integration within the EU for the member-states, therefore these theories play important role in the European enlargement process (Ramiro Troitino 2013).

The EU membership and even the pre-accession strategy is an impulse for the countries to rethink and restructure their system of governance. It initiates an implementation of different reforms on the way of transformation the country, bringing it closer to the membership, or in case of the member-states, integrating the country deeper. The membership of the EU introduces the different, new level of multilevel governance, which itself bring the new system of the decision-making process. Many oppose such new political reality, this idea of passing the power to supranational level, to the EU and therefore giving up part of state's sovereignty, however such state transformation and reformation is still part of the EU membership (Kerikmäe 2011).

EU's one of the most essential principles is the idea of maintaining what has been achieved and accomplished and candidates of membership should consider this, understanding that whatever has been accomplished and unified, on EU's way of integrated model, should be accepted and copied by every candidate country (Papava 2008). As Neal (2007, p. 20) explains: "while trying to be innovative in order to avoid the tragedies of Europe's past, the architects of the EU have insisted on maintaining as long as possible each program that has been developed, simply adding new ones to the existing panoply of competences as needed".

Therefore, countries aiming to join the European Union, besides having ability to conduct necessary reforms and transform the state, should demonstrate their readiness to be a part of European building process. Complexity of such "preparation" is in changing European

Union and changing reality and consequences of further enlargement of it (Ramiro Troitino 2013). So-called “Enlargement theory” is not clear enough, as it is also affected by changing reality of the whole process. The EU integration was mainly oriented on trade and agriculture before and since has evolved to a higher level of cooperation, when new member-states should join the single market, further reform the institutional structures, take on the legal provisions, etc. (Nello 2010).

Thus, the theory needs further analysis, as its elements have important implications for future European Union enlargement process in order to help future candidates to shape their pre-accession strategies. As Nello explains: “enlargement theory is eclectic and it is difficult to define its boundaries. There is frequent overlap with more general integration theory so at times it is difficult to distinguish the two. Moreover there seems little connection between the theoretical literature and the Copenhagen criteria, which allegedly were designed to select which countries were ready and able to join the EU. While the political accession criteria played some role in the selection process, this was not really the case for the economic criteria”.

The aspects of such theory are vital for Georgia in its EU membership aspirations and drafting its pre-accession strategy. Berend (2009) explains the situation with other former Soviet republics and their transition from Soviet to European model, arguing that “transformation shocks” did not only include economy or politics, but meant further changes in education, welfare institutions, demography, etc. The process was conducted along SLIP agenda, being stabilization, liberalization, institution building and privatization, and each and every part was dealt differently and with different success. Analysis of such transformation, the consequences of the process and experience of other states, is vital for Georgia and its European goals.

There is no perfect theory of Europeanization, they reflect the aspirations of the EU ideologists. And as it is hard to talk about clear enlargement theory, it is very important for Georgia to define the models it can follow in its Europeanization process and state transition, based on empirical-historical approach. Analysis of experience and transformation of other states and regions and using such analysis as the models for country’s pre-accession strategy can be done by outlining three different types of models, being:

- One specific country based example
- Region, group of countries, based example
- European Union based model

Therefore, in the first model, Georgia can choose one member-state it has a close link with and try to replicate its transition model. In the second model, Georgia can choose a specific region, groups of member-states, as an example, using their experience and comparing own transition possibilities to those of these countries and act accordingly. And finally, in the third model, Georgia can use the EU as a model, its Neighborhood Policy, having direct communication with the EU, trying to sign as many agreements as possible, following the guidelines given directly by the EU.

Each such model in case of Georgia can have positive and negative aspects:

1.2.1. One specific country based example

In this model positive aspects for Georgia could be, in economic field, the development of its domestic market, conducting necessary reforms and deepening them in order to achieve a more competitive economy able to stand the European economical agents. If the country focuses on its own economic necessities it could reach a higher level of development, that itself could make easier its enlargement to the EU. On the other hand, Georgian economy needs important reforms and if the country opts for this model, it would have to implement needed reforms on its own and accept the sole responsibility of their negative effect on Georgian public and their negative opinion. Other states that needed such reforms before joining the EU, for example Spain, used a system based on a EU model, where the reforms were presented as a requirement of the EU institutions and essential point for the enlargement. Therefore, the public accepted the painful economic reforms, which in short term resulted in higher unemployment and the end of important national industries, without important social unrest because the target of joining the EU was more important.

In political terms, one specific country approach could be positive for Georgia in the sense of higher level of independence from the EU and thus the country could follow its own rhythm changing the whole political structure and the whole society to a modern democracy. As a negative aspect, Georgia could not use the firming effect on democracy of the EU. Establishment and preservation of sustainable democratic system is one of the most important achievements of the union, as it has been proved in the cases of Spain, Portugal, Greece or most of Central and East European countries, that were coming from undemocratic regimes and the enlargement process helped them to strengthen their young democracies.

1.2.2. Region, group of countries, based example

In this model positive aspects for Georgia could be the leadership of the South Caucasus region, including in the process other two neighbors, Armenia and Azerbaijan. The development of a strong regional collaboration with these countries could increase the economic and political power of Georgia paving its way to the EU. Currently collaboration between Azerbaijan and Armenia is impossible, due to unsolved Nagorno-Karabakh conflict. Armenia needs geographical options given by Georgia, as its relations with Turkey is not on good partnership level due to the same conflict and close relations of Turkey with Azerbaijan. Azerbaijan needs Georgia for selling its gas and oil to the west (Wisniewski 2011; Kottari and Wisniewski 2011). Georgia could use these circumstances to become the regional leader of South Caucasus region in economic terms, having benefits from the production of both neighbors, Armenia and Azerbaijan. As a negative aspect, the Georgian economy will need to adapt to Armenian and Azerbaijani standards, possibly moving away from European ones and therefore, making the enlargement more difficult. In this sense, Georgia could have larger economic benefits, however its EU membership might require more time than in other options, as the enlargement in this case will also depend on the progress of the whole region, not just on Georgia's success.

In political terms, the regional approach could help the European aspirations of Georgia, as it will be an enlargement presented as the last border of Europe in this part of the continent, taking the three states together inside the EU and ending with the possibilities of instability or endless debate about the borders of the EU. As a negative political aspect, Georgia will highly depend on the political progress of its two neighbors from South Caucasus and their will to join the EU.

1.2.3. European Union based model

In this model positive aspects for Georgia are the use of the European funds in order to develop its economy, having access to the financial capacity of the union in order to reform different sectors of Georgian economy. It will include the European standards at once in the country, forcing the economical agents to a fast adaptation to the market economy. Moreover, European funds could help Georgia to decrease the negative social consequences of reforming its economy with high speed, helping the Georgian citizens to accept the changes without major opposition and

negative attitude towards the transformation. On the other hand, the EU based model would mean free entrance of European companies into Georgian market. Such development would lead to a collapse of those Georgian companies that would be unable to compete with European ones, as could be seen with the Greek example (Ramiro Troitino 2013).

In political context, the EU policy based model will provide with higher level of respectability to the Georgian government, because its actions will be supported by the EU and thus will create less internal problems as the majority of Georgians support the EU membership (Müller 2011; Svensson and Hon 2010). Therefore, they will be willing to accept bigger sacrifices in order to achieve a bigger goal, the EU membership. As a negative consequence, the Georgian government will lose a high level of autonomy due to following the European guidance. This could harm the whole process, as it will not be able to fully take into account the real necessities of Georgia and its own political needs.

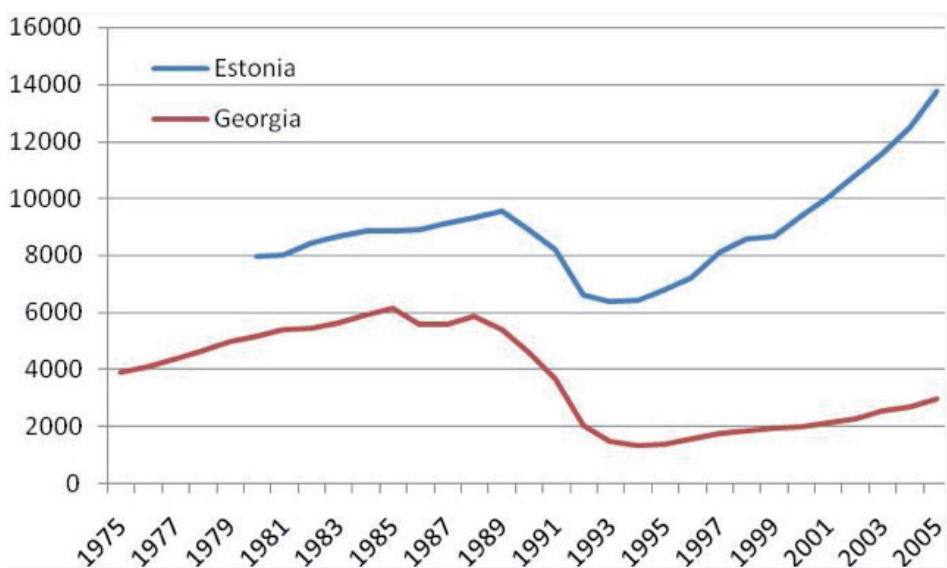
1.3. Analysis of Georgian economic transformation

Economic factors play fundamental role in EU membership, as economic factors have key role in overall development of the union and its future (Neal 2007, pp. 186-198). The EU enlargement eastwards is economically, strategically and politically complicated process (Hill 2000). Mattli and Plümper (2005) argue that transformation from rigid command economies and communism, in case of the EU's eastern neighbors, towards a democratic system with market economy is a complex and hard process, with uncertain results and the failure of such process questions the progress of the EU as whole. Application for membership is an expression of the ability to reform further and satisfy all membership requirements and it should be supported by the applicant's domestic success in transition and transformation. Failure of such transformation presents the EU with the risk of instability and obstacle in future development (Sedelmeier 2005). Wallace (2005) explains that the EU should and will pay more attention to the economic factors in accession negotiations, examining all factors. Therefore, in order to consider the possibility of applying for the membership, Georgia should proof its ability for conducting necessary reforms, also economic ones.

According to Jandieri, Soviet Georgia was one of the richest in the Soviet Union, producing 98% of citrus fruits consumed by the USSR, 90% of tea, 60% of wine, etc. being typical colonial economy and having production directed only to Soviet Union market. Therefore, Georgia's

economy suffered one of the most during and after the collapse of the Soviet Union, as the country was devastated by the civil wars, losing control over the large part of its territory, having more than 300000 Internally Displaced Persons, privatization corruption, almost 30% of the population fled the country, no necessary institutional and economic reforms were conducted and the country fast became nearly failed state (Jandieri 2009). Georgia's GDP per capita dropped by almost 80% during the period of 1988-1994, compare to Estonia's – 33% (1989-93) (table 1).

Table 1. GDP per capita, 1975-2005. Source: World Bank.



In 1995, first constitution was adopted and new currency Lari was introduced, some necessary reforms were introduced, with help of International Monetary Fund (IMF) economy slowly started to recover. Georgia introduced new tax code in 1997, however, as Becker argued, IMF's dictated high taxes were forcing economy into shadow (Becker 1998). The reform did not succeed, as entrepreneurs could not cope with new taxation and started hiding the revenues. The same time bureaucracy became huge obstacle for businesses and sources for corruption for the officials, as establishing a small business required a lot of time and documentation. Businesses started to be protected by the corrupt politicians through bribery.

Even 1997 bankruptcy law brought a huge damage to the economy by keeping the state factories (almost 1800, that never worked after the country's independence), as the law very much protected the

management, that was very much oriented on stealing what was left (Jandieri 2009). The similar problems with land or real estate ownership brought situation to the point when no one was sure if the property they were buying was not already sold to another party, this also led to the problems in agro-sector, as sector could not attract investments and finances due to unsolved ownership issues. Corruption started blooming again and soon totally covered the country and different fields, including education, healthcare, judiciary, business, etc. (Mamradze 2012).

Public expenditure largely was not transparent, the money usually was just stolen and regardless of international criticism, nothing was done to set up a real transparency and fiscal discipline. Majority of the private sector simply stopped paying taxes and instead started to bribe the officials. Of all economic activities in the country, 70-80% was shadow economy. At the same time, almost entire foreign financial aid, and Georgia was one of the highest receivers of such support in the world, was ineffectively spent or stolen, therefore officials were trying to get as high number of grants as possible (Freizer 2004). By 2003 above mentioned resulted in international donors losing any confidence in the country (Jandieri 2009). Prior to the “Rose Revolution” of 2003, World Bank described Georgia as close to collapsing (World Bank 2009).

On the wave of social chaos, “Mikheil Saakashvili and his guard of young reformers” came into power via so-called “Rose Revolution” in 2003, with clear pro-western and pro-European orientation (Müller 2011). One of the first things the new government started to do was implementation of tax reforms, for example:

- Number of taxes decreased from 22 to 7
- Income tax from reduced from 20% to 12%
- Social tax reduced from 31% to 20% and later eliminated
- Corporate tax reduced from 20% to 15%
- VAT decreased from 20% to 18%
- Online tax declarations introduced (from 2007)

Reforms resulted in huge and immediate raise in fiscal revenues (table 2) and economy started to grow, foreign investors started to invest in the country (Jandieri2009).

Table 2. Tax revenues after 2004 reforms. Source: Jandieri (2009).

	Year	2004	2005	Increase/ decrease
Personal income tax (PIT)	PIT rate	Progressive up to 20%	Flat 12%	-8%
	Revenues from PIT	268 649	290 690	+8%
	Tax base	1 343 245	2 422 417	+80%
Social insurance tax rate (SIT)	SIT rate	Flat 31%	Flat 20%	-11%
	Revenues from SIT	296 354	428 786	+45%
	Tax base	955 981	2 143 930	+124%
		1st half 2005	2nd half 2005	
Value added tax (VAT)	VAT rate	Flat 20%	Flat 18%	-2%
	Revenues from VAT	367 000	560 000	+53%
	Tax base	2 202 000	3 671 000	+67%

“Rose Revolution in 2003 inspired hopes for fundamental reforms and economic advance” (Gyllfason and Hochreiter 2008), in 2007 World bank named Georgia as number one economic reformer (World Bank 2007) and the country moved from 112th to 18th place in World Bank’s Ease of Doing Business Index (one position behind mentioned above Estonia). Georgia has had tremendous success in reforming its economy, however, due to very quick reform, there was no real possibility for democratic function of the institutions, information of the society was very low, government expenditures grew faster than economy, very centralized and powerful government, privatization process was dealt badly, as main attention was paid to fiscal aspect, revenues received by the government from the sale, therefore mostly selling for the higher bidder, while often monopolizing the market, giving extra benefits to the investors, the high price also did not allow investors to invest in modern technologies, that was not also enough controlled and demanded (Jandieri 2009).

According to Papava (2008), Georgia has no clear strategy for economic model, neither it has a clear vector of country’s economic development. There is a need in transforming Georgian economy into the European-type market economy, as economic factors will be one of the most important in its chances to ever join the EU. At the same time, it is hard to describe exact economic model of the European Union, as it is still in formation period (Fioretos 2003). The European Union member-states do not share unified economic model, the union has become a battlefield for two capitalism models, namely “Rhenish” (German-Japanese) and the Anglo-American and in many member-states two models are merged. Georgia understands the tension between two models, but the same time there is no clear strategy which way the country is heading (Papava 2008).

2. SINGLE COUNTRY BASED EUROPEANIZATION MODEL – ESTONIA

The first aspect of the thesis focuses on the single country based model of Europeanization for Georgia. Research paper I concentrates on Estonia's role, as the EU member-state but also one post-Soviet country, in the development of Georgia, another post-Soviet state, and its progress in Europeanization process. The research question of the article is: "What role Estonia and its model plays in the development and Europeanization of Georgia?". Paper explains why is the experience of Estonia, as a post-Soviet state and as a new member-state, vital for Georgia and its development, why could Georgia apply the model of Estonia easier than other models and why is Estonia particularly competent in being a role model for Georgia, offering its help and guidance.

2.1. Importance of historical links

Article points out the importance of the historic links between Estonia and Georgia, as have similar historical background, both being post-Soviet states and both having to transform from communist regime to a democratic system. Estonia, while being a former Soviet republic, managed to not only join NATO and the European Union, main goals of Georgia, but managed to establish itself as an integrated member-state with strong economy.

Racius (2006) shows that despite common Soviet past and common system of economic and political establishment, historic links are not that strong as it seems or is seen by public. However, in understanding of Georgian government and the people existing links have very important meaning.

As Nodia (2006) explains, even though the experience and model of the Western European countries is very important and has been considered so by the government of Georgia, still, the huge gap between these countries and Georgia has made "new Europeans" with similar background more attractive, realistic and confident choice for the role model for transformation, even if it has always been realized how important those Western European states are in European decision-making process.

Estonian success attracts Georgia's government to make it as a priority role model for the development. From being in a similar position with other post-Soviet states when the Soviet Union collapsed, Estonia

managed to transform itself very fast, establishing sustainable democratic system, strong economic progress, carrying out necessary reforms and finally achieving its main foreign policy goals, joining NATO and the EU (Galbreath and Lamoreaux 2006). Estonia is also an important example of fitting into the European value family for the post-Soviet state, therefore showing which values and can be shaped by the external EU pressure (Nyman-Metcalf 2006).

Estonian cooperation has shown its importance for Georgian Europeanization, in a sense that, as Nodia (2006) explains, country will learn from other one how to do things easier and better it anyway wants to do, but the same time, there is an element of encouragement, as in such cooperation process, one country encourages the second one to conduct other reforms it has conducted within the same stages of transformation.

Estonian progress makes it not only competent but also popular role model of the state and the public, also due to the fact that its success story is seen as something very realistic to Georgia itself due to the similarity of the route that lies between being Soviet republic and being a member of EU. Estonia seems more realistic choice than following the route of “rich western Europeans”, as conditions and environment for the development are seen to be too different. The phenomena of “if Estonia could do it, we can do it as well” is an important aspect of having Estonia as a role model, as wide public acceptance of such model, makes it easier for the government to conduct the reforms that are from “Estonian model”.

Furthermore, public opinion towards Estonia has been positive also due to Estonian position during the Georgia’s war with Russian in August 2008, when it had a very clear and strong supporting position towards Georgia, unlike many EU member-states. On the other hand, popularity of Georgian products in Estonia, which is not the case in other EU member-states, makes Estonia an attraction to business sector, even if limited market possibilities.

2.2. Experience of successful cooperation

Even though, the diplomatic relations existed since 1992, only after Rose Revolution of 2003 the rapid progress in cooperation started. From one side, new Georgian government was open for cooperation and support in conducting necessary reforms, and from another side, Estonia was responding by providing such help and making Georgia a priority partner country.

Estonia has provided assistance in different fields, including politics, economy, environmental sustainability, etc. however, the main areas of successful cooperation were education, good governance and developing democratic institutions. One of the most successful reforms in the field of education in Georgia has been the computerization of schools all over the country, within the frames of the project called “Dear Leap”, which was based on the experience of similar project called “Tiger Leap”, implemented in Estonia several years earlier.

In the same, education field, successful cooperation has resulted in Estonian government providing MA scholarships for Georgian students, as well as training of Georgian diplomats and civil servants in Estonian School of Diplomacy, including the seminars on the EU and NATO issues. Such cooperation not only means Georgia to have more skilful professionals, but also strong links with Estonian colleagues, which makes future cooperation easier and more possible.

Two countries have been successfully cooperating in the field of information and communication technologies. Estonia has provided support to Georgia during the cyber-attacks on Georgia when it had a war in Russian in summer 2008, Estonian support in threatening Georgia’s cyber defense has been successfully continuing. Furthermore, Georgia’s progress in implementing the aspects of e-governance and offering more e-services, including the modernization and capabilities of identity card (with electronic microchip), has been a result of close cooperation with Estonian colleagues and mainly implementing the reforms copies from Estonian model. Estonian colleagues continue to offer education to Georgian counterparts in modern information and communication technologies.

Such experience of successful cooperation influences the future partnership and the acceptance of Estonian model of reforms in Georgia, which paves a concrete role for the country in its Europeanization attempt. At the same time, deepening of such cooperation and ultimately Georgia joining the EU is important for Estonia itself, as Estonia is interested in bringing post-Soviet partner countries closer and possible into the EU, in order to increase its power and number of allies inside the union.

3. REGION BASES MODEL OF EUROPEANIZATION FOR GEORGIA

The second aspect of the thesis concentrates on the region, group of countries, based model of transformation for Georgia. Research paper II is dedicated to the topic and is describing the possibility of some Mediterranean countries inside the EU, namely, Greece, Italy and Spain, being a model for Georgia's reformation. The research questions of this article are: "How important is Mediterranean identity in the European integration process for both member-states and non-members? What are the economic, political and cultural possibilities for Georgia to follow the Mediterranean example of Europeanization?". The article explains the similarities between Georgia and this group of the countries, Georgia's links with Mediterranean identity. Furthermore, it examines natural resources and possibilities in agricultural sector of the country to follow the example of this group on its way to the EU, using their experience, comparing own transition possibilities to those of these countries and acting accordingly. The paper shows how similar economic, political and social aspects of Europeanization of these countries were due to their Mediterranean link, therefore making them a possible separate model for Georgia to follow.

3.1. Mediterranean aspect in economic integration

Due to the importance of the Common Agricultural Policy in the EU, state of Georgia's agricultural sector will play a significant role in its possible accession into the EU. Natural environment makes big part of Georgian agricultural production Mediterranean, therefore experience of Greece, Italy and Spain becomes useful for the country Europeanization process. Carello (1989) explains how important was the CAP in the development of Italy, giving it the benefits of freely accessing the European market. Huge support for agricultural sector meant a boost of the whole economy of the country and its stability, therefore the development of the country (Knudsen 2009). Different business groups were pushing Italy for European integration, as it meant economic development and stability for them (Fabrini and Piatonni 2007). Tsalicoglou (1995) describes how Greek economy benefited from Europeanization of its agricultural sector and access to European market. For Spain, where agriculture has a huge impact on the economy of the country, its modernization was very profitable, as by reforming the sector

Spain freely access European market, without competition from other non-member states with similar production. Agricultural sector remains highly important for the economies of all three countries and its dependence on EU membership, makes further integration of these countries very likely, therefore underlining the importance of Mediterranean production in European integration process.

Georgia can follow the same model, concentrating on modernization of its agricultural sector taking into account the experience of these three countries, as agricultural possibilities in Georgia make it potentially a huge drive for the sustainable development of country's economy. However, high level of corruption in the sector for all three states should be used as an experience and taken into account when conducting the reforms.

Experience of these countries can be useful also in developing the tourism sector, which has been identified as a priority field by Georgian government. Especially important experience is the one of Spain, as the sector, even though already developed before, hugely developed after joining the EU and therefore the benefits for the economy were very important (Martinez 2002).

3.2. Mediterranean aspect in political and social integration

After economic integration, political integration is vital in building EU. However, in order to achieve deeper political integration and therefore have a strong union and some kind of a supranational state, common European identity among the citizens of the EU is needed. Loyalty of people to European institutions, acceptance of deeper European integration and reforms on this way by public are the key factors in European building process.

Among the different levels of identity, Mediterranean identity is between national and European one, therefore being a link between to and allowing easier and more natural integration of people. Braudel (2002) calls it cultural highway for the Mediterranean people, this identity can play a role of the bridge between national identity of Mediterranean states and the European identity. Georgia has links with Mediterranean identity, especially due to the close cultural links with Greece, as connections between two nations goes back into ancient history. Important aspects are Orthodox religion shared by two peoples and big number of minority groups, Greeks living in Georgia and Georgian living in Greece. Such strong connections with the Mediterranean culture can play an important

role in positive public opinion towards using model of Mediterranean member-states, as well as can be important element in European integration of Georgia, as its people therefore are considered as part of culture and identity existing inside the EU.

Public opinion also plays important role in conducting the reforms, Georgia can use Spanish example when necessary and sometimes very painful reforms were continuously introduced as prerequisites to join the EU, therefore positive public opinion of the membership and expected benefits, made majority of the population accept the transformation easier. Public opinion in Georgia concerning the membership and expectations regarding the benefits are very high (Müller 2011), therefore country can adopt the model and follow the experience. When public opinion is positive about the EU membership, reforms understood as conducted for becoming a member of the union, are accepted more positively, therefore making Europeanization process easier (Staab 2011).

4. THE EUROPEAN UNION MODEL – GEORGIA AND THE EU POLICIES

The third aspect of the thesis covers direct, the European Union model of Europeanization for Georgia, explaining how successful this model can be, by showing Georgia's progress in having direct relations with the EU and in implementing its policies, comparing Georgia with its two neighbors from South Caucasus, Armenia and Azerbaijan. The research questions of the article III are: "What are the factors of European Neighborhood Policy? Why is the EU interested in cooperation with its neighbors from South Caucasus? How successful such of model of cooperation has been for Georgia?". Research paper examines the progress Georgia has made comparing to its neighbors, Armenia and Azerbaijan, in implementing the EU policies, by exploring European Neighborhood Policy towards these three post-Soviet countries. The paper shows the real results of Georgian direct cooperation with the EU, therefore using the directly EU policy based model for its Europeanization.

4.1. Cooperation based on European Union policies

After the collapse of the Soviet Union, all three countries of the South Caucasus region, being Georgia, Armenia and Azerbaijan engaged in bilateral and multilateral cooperation with the EU, as all countries, with different intensity though, have declared the Europe as a priority goal. However, success of such cooperation differs from country to country, as well as, in Georgian case, before the Rose Revolution and after it. The cooperation included the programmes such as Comprehensive Institutional Building Programme, INOGATE programme supporting energy policy, TRACECA programme promoting the development of regional transport dialogue and Euro-Asian transport connections, Partnership and Cooperation Agreement (from 1999), European Neighborhood Policy (ENP; from 2004) Eastern Partnership (EaP; from 2009). Each country's economic and political situation was studied in details and specific recommendations were given throughout the process of cooperation to each of them, yet main orientation being on sustainability of democratic institutions, functioning market economy, human rights.

In case of Georgia, comparing to its two neighbors, the progress of the cooperation has been more successful. Regional representation of the EU

opened in Georgia in 1995. After the Rose Revolution, on his inaugurations ceremony as a new Georgian president, Saakashvili (2004) proclaimed the EU as a main goal for the country and suggested the EU take further steps in cooperation. All three countries signed Action Plans (2006) with the EU, all parts taking obligations for deeper cooperation in the fields of economy, politics, justice, energy, transport, etc. However, the progress reports published by the EU show that even though all three countries had problems in implementation of the policies, Georgia had been more successful than its two neighbors, also in conducting economic reforms, improving investment environment, strengthening democracy. Georgia's success can also be explained by the clear pro-European orientation of the country, while its neighbors preferred to have more balanced relations with the west and Russian Federation. In addition, due to complicated relations with the Russia, Georgian government has been repeatedly confirming its pro-European aspiration, identifying the EU as an only solution for the country's future development.

Progress Reports of the European Commission explain in details the success, as well as complication, in implementing the reforms proposed by the policy. Therefore, in case of successful reformation of a certain working area, Georgia's efforts have been directly acknowledged by the EU, as well as in case of complications, problematic aspects were highlighted. This way of receiving direct feedback on its progress from the European institutions can be used positively by Georgia in order to implement policies rightly, as well as establish even closer cooperation with the EU and have its trust.

4.2. Interest of the European Union

The EU has been actively supporting Georgia throughout country's attempts to transform and modernize its institutions, economy, improve situation in general. Motivation for the EU in close cooperation with the countries of South Caucasus, according to former President of the European Commission Prodi (2002), lies in accelerating the process of economic, political and cultural transformation of these countries on the border of the EU and by doing so, bring them closer to the union.

As Di Puppò (2007) explains, the EU is definitely interested in becoming more active in the region and having an influence on the countries from there, due to strategic importance of the region and such strong interest sometimes resulted in good rapport despite visible domestic problems in those countries. The region is simply very important for not

only bringing peace and stability on EU's border and therefore preventing direct problems to the union, but also due to energy security issues. The Black Sea area and South Caucasus states are of interests of different international players, also due to their huge transit capacities including the sea routes, as well as the pipelines. Profitable partnership with the countries in the area could be a big step for the EU in order to achieve energy security, therefore diversify routes and sources by having alternative ones (Kottari and Wisniewski 2011). For such diversification, following characteristics could be identified: the EU could access energy resources of Central Asia, bypass pipeline system of Russia, process should lead to decreasing of the prices and finally, in general should increase influence of the EU on the countries in the region (Wisniewski 2011).

Article shows how such model of direct cooperation can be useful in a sense that the reforms conducted by Georgia would directly reflect the interests and suggestions of the EU, as well as establish direct links with the European institutions. However, it is important to mention that European Neighborhood Policy is dedicated to transform the countries, bring them closer to the standards and values of the EU, help them modernize and develop, but its aim is not a membership. Furthermore, process has been directed to promoting regional cooperation among Georgia, Armenia and Azerbaijan, therefore, in this case even if progressing, Georgia's real membership chances might be linked directly to those of its two neighbors.

5. COMMON AGRICULTURAL POLICY OF THE EUROPEAN UNION

The fourth aspect of the thesis focuses on the EU's Common Agricultural Policy and its role in enlargement process. Article IV is dedicated to the issue with the research questions as: "What is the role of the Common Agricultural Policy in the European integration? How important is the Common Agricultural Policy in enlargement process? What are the possibilities for Georgian agricultural sector to become a part of the Common Agricultural Policy?" Research paper examines the historical background of the Common Agricultural Policy, its increasing role in the European building and enlargement processes, as well as analysis the condition of Georgian agricultural sector and the role it can play in country's aspiration to join the EU in the future.

5.1. The role Common Agricultural Policy in European integration process

The Common Agricultural Policy (CAP) is one of the most important policies of the EU and even though it was not included in the first treaty establishing the European Coal and Steel Community, however already from the second treaty, establishing European Economic Community, it was part of the agreement and since then has played vital role in European building process and its enlargement (Garzon 2007). In budgetary terms, the policy is the most important, as it has the biggest share of it, while in the past reaching even 80% of the whole budget. As the policy is so expensive, it also plays, and has played, a key role in enlargement negotiations, including enlargement to the United Kingdom, when the latter had to change its Anglo-Saxon model in order to adapt to the policy regulations (Ramiro Troitino 2013).

In case of Spain, common market with common borders meant massive benefits due to free access to the market (Schmitt 1981). This was especially important for country's Mediterranean production, as none-members who could produce the same products earlier than Spain had restrictions accessing the European market, while Spain could do it freely. At the same time, research shows how problematic the accession of Central and Eastern European countries was due to the regulations of the CAP (Ruano 2003). However, once inside the EU and therefore within the CAP regulations, policy integrates the countries closer, due to

dependence of their agricultural sectors on the central policy, therefore CAP plays important role inside the EU, in its integration.

The CAP is also important in social terms, as it keeps rural areas of the EU populated, areas where agriculture is the main field of employment for the local population, remain populated and developing due to the protection of the policy. Without such protection and keeping the agricultural sector working in such areas, population exodus to the cities and more industrialized areas would have been impossible to avoid.

5.2. Common Agricultural Policy and enlargement to Georgia

The Common Agricultural Policy will be important issue in Georgia's possible accession negotiations. While for Georgia, agricultural sector historically has been an important part of its economy and was the key in country being one of the richest in Soviet Union, due to providing majority of the agricultural products consumed by the USSR (98% of citrus fruits, 90% of tea, 60% of wine, etc.), however being a typical colonial economy, orienting solely on Soviet market (Jandieri 2009). Therefore the sector is important for Georgia's economic, as well as its European aspirations.

Analysis of Georgian agricultural sector in context of its European perspectives highlights the negative aspects such as poor state of the sector, needs of modernization and raise of productivity, low level of its productions' competitiveness and finally the fact that main producers are farmers with small farms (Kharaishvili 2011). The priority of the CAP is to have medium and big size farms, as they ensure better sustainability, allow investment in modernization more useful and further rise of the productivity. Therefore, there is need for Georgia to try and reform the sector, bringing it closer to the standards of the CAP. Concerning the competitiveness, research shows that besides regularly discussed wine and mineral water products, Georgia should pay attention more to its hazelnut production, due to its productivity possibilities and competitiveness.

On contrary, there are several factors in Georgian agriculture that can help country in its Europeanization. Taking into account priorities of the CAP, Georgian agricultural sector has following advantages:

- Country's Mediterranean production possibilities mean it will compete less with the continental production that is

the priority of the CAP and will compete only with the Mediterranean producers within the EU.

- The EU still imports big part of the Mediterranean production from outside, this means Georgia will be able to provide such products and be stable supplier to the market.
- Small size of the country again means less competition to the European farmers.
- Big potential for agricultural production, means more people employed locally and therefore less probability for the exodus of the population from the region, which has been a big problem previously after the enlargement to Central and Eastern Europe.

Therefore, research shows how and what role the Common Agricultural Policy can play in Georgia's Europeanization process, importance of prioritizing the sector, especially orienting on Mediterranean production.

6. EUROPEAN ENLARGEMENT PROCESS

The fifth, and the last, aspect of the thesis is dedicated to general possibilities and limits of European enlargement process. Article V, devoted to the issues, is explaining the general situation concerning the enlargement of the EU, background, the possibilities of the process and the limits of the organization. The research question of the article is: “What are the limits and perspectives of EU enlargement process?” Research describes the historical background of the enlargement process, its specifics concerning different countries joining the union, as well as what is the concept of enlargement process and possibilities for potential member-states.

Different motives, as well as economic and political situation, were behind European enlargement process throughout its history, for both, European Communities and the countries joining them, be it effort to avoid war, need for economic cooperation and development, need for modernization, political stability, democracy, etc. Important role were also played by cultural and identity issues, religion, historical links (Urwin 1994; Chilcote et al. 1990). However, the enlargement process is experiencing fatigue, problems are related different aspects such as, geographic scope, identity issues, economic factors (and current economic crisis, as new member are net receivers of the European Union funds), decision-making process within the union, public opinion, as well as very important question of which way to go, further enlargement or deeper integration?

Plümper et al. (2006) explain that necessary democratic transformation and market reforms are only the first step in accession process. The decision on EU membership also depends on the union’s observation of “the reform process in applicant countries imposed by the *acquis communautaire* conditionality”. The EU members analyze the effects a certain candidate country joining the union and its impact on the decision-making process. Therefore, the evaluation process of applicant country’s accession becomes a mix of complex economic, political and social issues. Furthermore, the factors influencing the decision concerning the application to join the EU are not identical and depend on its evaluation of political system of applicant country and its policy preferences.

Potential membership of some countries also depends on regional development and membership of its neighbors. Georgia’s possible membership, besides its modernization and development, will depend on the process of Turkey’s membership. Besides positive aspects of Turkish membership, such as increase of the EU’s role as a world political actor,

strong economy, young population, Turkey's situation is also a complicated one, due to several factors, including issue of Cyprus, minority issues, secularism and level of democracy. However, one more important aspect is the size of the country, if becoming a member of the EU, Turkey will have a huge power in decision-making process due to the size of its population.

Furthermore, Russian factor is important in enlargement towards east, due to Russia's views on certain regions as part of its sphere of influence. Georgia's possible membership will also depend on Georgia's relations with Russia that sees its southern neighbor in the zone of its interests. The issues directly linked to the above mentioned evaluation process of the European member-states.

CONCLUDING REMARKS

This thesis explores **Georgia's economic and political transition in the light of European integration process**, concentrating on five different aspects of the process, being three different models for Georgia's transformation, importance of agricultural sector in the European integration and finally the specifics of European enlargement process. First aspect of the thesis is dedicated to the **single country based model of Europeanization** for Georgia, taking into account Estonian experience. The second aspect covers **region, group of countries, based model**, using experience of three Mediterranean member-states, Greece, Italy and Spain. The third aspect of the thesis is dedicated to the **model based directly on European Union policy**, exploring Georgia's cooperation directly with the EU through its foreign policy instruments. The fourth aspect of the thesis is about **the Common Agricultural Policy of the European Union and its role in European integration process**. The fifth aspect of the thesis is dedicated to **European enlargement process, its specifics and limits**.

Analysis of the **single country based model**, focusing on the experience of Estonia, showed that cooperation between Georgia and Estonia has been a success. Several key factors have been pointed out:

First of all, historic links between the countries, both being post-Soviet republics, and the same time Estonia's success story, as the country has managed in relatively short period of time to become an integrated member of the EU with strong economy, its point of departure has been a similar to the one of Georgia, which is not the case with the Western member-states, has made Estonia a priority choice for Georgian government as a cooperation partner;

Secondly, especially after so-called Rose Revolution, countries have been very eager to cooperate and such cooperation has been a huge success: project "Dear Leap" computerizing Georgian schools was based on Estonian experience of project "Tiger Leap" and has been one of the most successful projects in Georgian education field; cooperation in the field of educating and training Georgian students, diplomats and civil servants, including the seminars related to the EU and NATO issues, has established close links between the country officials and has helped Georgia to prepare more skillful professionals; Estonia, with its experience of suffering from cyber-attacks in April 2007, has helped Georgia when the latter was a subject of cyber-attacks during its war with Russia in 2008, in the same field, Estonia has been providing support to

Georgia in implementing the elements of e-governance and offering more e-services;

And thirdly, public opinion in Georgia towards Estonia has been very positive, Estonia seen as country with similar background and at the same time a success story on taking the same route Georgia is trying to take. Furthermore, positive impact on public opinion had the supported Estonia offered during Georgia's war with Russia in 2008.

Therefore, research has shown that taking into account Estonian experience has had positive results, as well as such choice made by the government is also likely to be supported by public and therefore necessary reforms, promoted as those of Estonian model, are likely to have more support from the public.

Analyzing the second aspect of the thesis, **region, group of countries, based model**, showed that how useful can such model be for Georgia, due its links with Mediterranean agricultural production and Mediterranean identity. The article bases the model on three Mediterranean member-states, Greece, Italy and Spain and explains important similarities between Georgia and this group of the countries.

The research showed how important Mediterranean agricultural production can be in European integration process, as it is not a continental production, priority of the Common Agricultural Policy, therefore, it does not compete with most of the beneficiaries of the policy and accordingly has less opposition from other member-states. At the same time, the EU still imports such products from outside, thus there is a demand for Mediterranean agricultural production. This gives a real possibility to Georgia to concentrate on such production and use it in its European integration process. Furthermore, in development of tourism sector, priority for Georgian government, country can follow Spanish example that showed how sector developed after country became the member of the EU.

One more important issue shown by the research is the links Georgia has with Mediterranean identity in general, as well as historic and social links with Greece. The article showed that being a bridge between national identity and supranational, European one, Mediterranean identity plays important role in European integration process. Georgia can emphasize such links and its connection to Mediterranean identity, therefore having more connections with European culture and European identity.

However, article also showed that there is no significant cooperation on governmental level between Georgia and these countries, which was the case in previous article, talking about cooperation between Estonia and Georgia.

The analysis of third aspect, **model based directly on European Union policy**, showed that Georgia has been more successful than its two neighbors from South Caucasus, Armenian and Azerbaijan, in implementing the EU policies, conducting economic reforms, improving investment environment, strengthening democracy, etc. One of the reasons behind such difference is the clear pro-European orientation of Georgian government, especially after the Rose Revolution, while two of its neighbors have tried to balance their relations with the EU and Russian Federation.

The article explains the reasons behind the EU's interests in cooperation with the countries from this region. First of all, region is important for the EU for energy security reasons, as the organization is trying to have alternative route and suppliers. And secondly, the EU is interested in bring the peace and stability to its borders, therefore avoiding problems that directly affect the EU itself.

However, the research shows that even though the EU is interested in close cooperation with Georgia and the region as whole, and its foreign policy instruments, including the European Neighborhood Policy and the Easter Partnership, are meant to bring these countries closer to the EU and its standards, they the aim of these instruments are not the EU membership.

Fourth aspect of the thesis is focusing on **the Common Agricultural Policy of the European Union and its role in European integration process**. The study showed that as one of the most important policies of the EU, the Common Agricultural Policy plays important role in enlargement negotiations, therefore having agricultural sector reformed according to the standards of the CAP is very important for Georgia. The study explained that there is a historic tradition of agricultural sector in Georgia and natural possibilities to develop it.

Furthermore, the research explained the difference between Mediterranean production and the continental one and how problematic was the accession of Central and Eastern European countries also due to their continental agricultural production. In Georgia's case, study showed that possibilities to develop Mediterranean agricultural production are high, natural resources within the country and market possibilities in the EU, and developing such production will have a positive impact on country's Europeanization process. Finally, the article showed the importance of the CAP in keeping population in the rural areas by keeping them employed in agricultural sector. Which will be a positive aspect in Georgia's case, as if country develops its agricultural production, there will be less risks to expect exodus of the population to the west in case of membership.

However, the study showed that in Georgia the main producers are the farmers with small size farms, which is not a priority for the CAP, due to modernization and sustainability issues.

Fifth article of the thesis concentrated on **European enlargement process, its specifics and limits**. The research showed that enlargement process is experiencing fatigue, due to the problems related to current economic crisis, identity issues, public opinion, complicated decision-making process, etc. Furthermore, research showed that in addition to general criteria, member-states' decision on candidate's membership also depends on the evaluation of the effect this country will have on the decision-making process inside the EU.

The general conclusion of the thesis is that the road to the EU can be easy or more difficult depending on the choices made by the government of a possible candidate country, their knowledge about the EU, and the capacity of the state and its citizens to enjoy fully the benefits of the EU membership, decrease the risk of negative effects, also due to not fully understanding the European building process and therefore planning pre-accession strategy not in the best way possible. The UK case can be used as a clear example, as the enlargement was done in a rush by the British government without taking into consideration the impact of the Common Agricultural Policy on the British net contribution to the organization. It generated many problems and huge arguments between London and Brussels. Therefore, understanding of the Europeanization process and European enlargement is key for Georgia to be successful.

All these three models of Europeanization, Georgia can base its pre-accession strategy on, have positive and negative aspects for the country, as well as none of them are perfect due the new realities of the European enlargement process. Before it was clearer what was the scenario and criteria of the enlargement, however now the process is more complicated and it has also been influenced by economic crisis. The states have had complications due to choosing dogmatic approach and replying solely on one model, mostly being model directly based on the EU policies. Therefore, it is vital for Georgia to combine the models according to the field and the phases of its Europeanization, in order to be faster and more successful in this process.

With this work, the author explained the specifics of European integration process and Georgia's perspectives of becoming the EU member-state considering those specifics. The research explained what are the aspects Georgia should pay attention to and what are the models it could follow in its transformation. Even though, as research showed, the perspectives of using the three models differ, these models do not exclude each other and can be used in combination.

In the future, analyzing different fields where the transformation takes place and which model would be better to use in certain fields could continue the research further; as well as identifying other examples for first two models of European integration.

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Appendix 1. “Cooperation of Post Soviets with the Aim of Not Being “Post” and “Soviets””

Cooperation of Post Soviets with the Aim of Not Being “Post” and “Soviets”

Authors:

Professor Tanel Kerikmäe

Tallinn Law School

Tallinn University of Technology

Professor Katrin Nyman-Metcalf

Tallinn Law School

Tallinn University of Technology

Dali Gabelaia

Tallinn Law School

Tallinn University of Technology

Archil Chochia

Tallinn Law School

Tallinn University of Technology

Keywords: European Union, Estonia, Georgia, EU membership, European integration.

Abstract: The article concentrates on a particular representative of new European countries: Estonia and the role it plays in the development of Georgia. The aim is not to analyse the development of Georgia and the reforms undertaken there so far, but rather to understand what role Estonia plays in helping Georgia to achieve its main foreign policy goals and what the preconditions are for this. The experience of countries that have recently joined the European family is even more valuable than that of countries with a long democratic history as such experience can more easily be applied to Georgia. The similar background – being a post-Soviet country - is often named as a best explanation for the value of the example of certain states. Estonia is particularly competent to offer aid to Georgia, demonstrating that ongoing endeavours together with external support can help to stabilize the economy and strengthen Georgia’s status as a potential member of the EU.

1. Introduction

Two decades have passed after Georgia gained independence. During its democracy building, the country has had to overcome serious obstacles: apart from difficulties caused by the transition from a communist regime to democracy through reforms, Georgia had to cope with destabilization caused in 1991-1993 by civil wars, wars in South Ossetia and Abkhazia and later in 2008 by war with Russia. Additional difficulties hindered the development process, but strong adherence to the main goal – becoming a European country - has not changed. In this regard, experience and help provided by European countries was and remains helpful. The experience of countries that have recently joined the European family is even more valuable than that of countries with a long democratic history as such experience can more easily be applied to Georgia. The similar background – being a post-Soviet country - is often named as a best explanation for the value of the example of certain states. This can be true, to some extent, but it should by no means be regarded as sufficient for success of cooperation between certain states.

This article concentrates on a particular representative of new European countries: Estonia and the role it plays in the development of Georgia. The aim is not to analyse the development of Georgia and the reforms undertaken there so far, but rather to understand what role Estonia plays in helping Georgia to achieve its main foreign policy goals and what the preconditions are for this. The inclusion of Georgia in the European Neighbourhood policy in 2004 and more specifically, the launching of the Eastern Partnership five years later emphasize the EU's intention not only to gradually strengthen relations between the EU and Georgia, but also to start the integration with possible enlargement in the near future [European Union, delegation to Georgia]. Nevertheless, the internal instability and continuous fear of conflicts as well as fragile relations with Russia reduce Georgia's appeal to the EU. Naturally, Estonia, together with some other former Soviet states now belonging to the EU, has experienced the same; yet it still managed not only to join the EU but to be regarded as a Member State with an exceptionally booming economy [Estonia 2012]. Therefore, Estonia is particularly competent to offer aid to Georgia, demonstrating that ongoing endeavours together with external support can help to stabilize the economy and strengthen Georgia's status as a potential member of the EU.

2. Georgian independence and the goals of the country

Georgia proclaimed independence by adopting the Independence Restoration Act on 9th of April 1991,¹ however, it was not until December of 1991 that Georgia was recognized as an independent country. Country had to deal with a number of political, social and economic problems after the dissolution of the Soviet Union. Difficult political situation and incompetence of the ruling elite of the time resulted in a false start of democracy and state building in Georgia [Nodia 2007]. Instead of uniting around the liberalization idea, the national movement was split, ethnic conflict in South Ossetia, civil war and overthrowing the government, devastating war in Abkhazia and losing control over approximately one fifth of its territory made country almost a failed state. Georgia did not manage to follow the path of the Baltic States, whose national liberation movement was gradually developing into a success story. Rather, Georgia's resources were spent on establishing the most basic order and democratic reforms, so necessary for the country, were forgotten for more than a decade [Nodia 2006: 138]. With the new government, from 1994 country slowly started to implement needed reforms and managed to achieve some results worth mentioning.

During the transition period, the EU assisted Georgia in its endeavours in many ways: in 1995, the European Commission opened its Delegation to Georgia in Tbilisi; a year later a Partnership and Cooperation Agreement (PCA) was concluded between Georgia and the EU [European Union, delegation to Georgia]. Therefore, it was in that period that Georgia's orientation towards the West emerged, though this was still not very obvious. The interests of the West in the region were strengthened at this time due to the project known as Baku-Tbilisi-Ceyhan. This project aimed to build a pipeline through the Caucasian countries, which would transfer oil from the Caspian Sea to the Mediterranean and from there, ship it to Europe [Cornell, Tsereteli, Socor 2005: 19]. Thus, many expectations were based on the actual completion of the pipeline, which finally happened in 2005. In addition, Georgia's will to join the North Atlantic Treaty Organisation (NATO) was announced in that period (formal institutional cooperation started in 1994 when Georgia became a participant in the Partnership for Peace programme). The above mentioned PCA triggered Georgia towards West from the very beginning; by laying out its objectives in Article 1 of the Agreement [European Union, EUR-Lex], EU had a thriving effect on Georgia, which became a member of the Council of Europe² and the World Trade Organisation (WTO) in 1999 and 2000 respectively. However, it was

¹ On 31 March of 1991 a referendum was held in Georgia: the question to answer was whether people wanted to restore Georgia's independence on the basis of the Independence Act issued on 26 May of 1918. 90.3 per cent of population took part in the referendum and 98.9 per cent of participants answered positively to the question.

² Georgia applied for membership of the Council of Europe in July of 1996 during the presidency of Estonia.

only after the Rose Revolution in 2003, that joining NATO and the EU were declared as the main goals for the country and necessary consistent reforms were undertaken.

3. The main factors of inspiration for Georgia

As for several other ex-Soviet countries the main aim for Georgia became joining Western institutions. Being well aware of scarcity of domestic resources (finances, knowledge), Georgian government both needed Western support and received it. In this regard, the experience of Western European countries was helpful; however, due to the great difference between Georgia and such countries, the experience of “new Europeans” became even more valuable. This was despite the fact that the “old Europeans” (Western European countries) remain the main deciders when it comes to the most important issues defining Georgia’s future [Nodia 2006: 144]. There are several reasons for this situation, the main explanation for which examples are the most valuable to follow is the great gap that exists between Georgia and Western European countries, while the countries of Central and Eastern Europe have more in common with Georgia and can serve as better examples. Georgia may realistically follow a similar route of development and accession as the one of those countries.

However, common history argument is not that strong. Indeed, in one glance, it may seem that all former Soviet countries have a very similar background, as they all were governed in more or less similar fashion by Central Committees of the Communist Party with Moscow as the main decision-maker in all important issues (local government was simply following an indicated course). At a closer look, things are different and countries appear to have a lot less in common than it is believed [Racius 2006: 123-125]. Nevertheless, cooperation between the countries exists and seems to have been getting more fruitful during the past years.

Discussing the relationship between all post-Soviet countries would take us beyond the scope of this article, so it will concentrate on Estonia and more specifically: the relationship between Estonia and Georgia and the impact this relationship has on the development of the latter. An additional factor explaining the willingness for cooperation (rather than its success) which partly derives from the previous reason – common background - is “greater sympathy towards the travails of a country struggling to secure its statehood in Russia’s shadow” [Nodia 2006: 144], in other words, we are referring to the Russian factor. Post-Soviet countries, including Estonia, can be presumed to have an interest in weakening Russia’s influence in its neighbouring countries.

In general, in the early 1990s, it looked like all post-Soviet states appeared to be in a more or less similar situation, however, each found (some are still looking for) an own way for democratization. Estonia in this regard was one of the most successful examples of speedy democratization among post-Soviet states; it managed to carry out reforms serving consistent general policy in such a way that by 1996 it was put on the short-list for EU membership (a year prior to Latvia and Lithuania) [Galbreath, Lamoreaux 2006: 106] and in 2004 Estonia achieved two key foreign policy goals by joining NATO and EU [Dobrovoljec, Nyman-Metcalf 2001]. This gives Estonia a unique opportunity to support the democratization processes in other post-Soviet countries.

Preparing for EU membership is not only a process of undertaking various economic and other reforms, but strengthening or building up systems of trust between states is an essential feature of the process for EU membership. The success of Estonia as a EU member indicates that it fitted well into the value family. For Georgia or any other potential new members the extension, potential or actual, of this value family is a criterion for how far EU may expand but also for what other kind of relations the EU may create with certain states. There is also a question of the extent to which values can be shaped by external influences such as EU assistance and pressure for reform and to what extent they are given by cultural circumstances [Nyman-Metcalf 2006: 110-111].

In the framework of previously mentioned Eastern Partnership, the aim is to involve those countries, including Georgia, in stronger socio-political relations with the EU [European Union, delegation to Georgia]. Moreover, the negotiations for an EU – Georgia Association Agreement, the aim of which is far-reaching economical integration of Eastern Partnership countries, as well as certain “deep free trade agreements” [European Union, delegation to Georgia] were launched by Catherine Ashton already in 2010. In September 2012 a “Joint statement by High Representative/Vice-President Catherine Ashton and Commissioner Štefan Füle, on EU-Georgia relations and the upcoming elections” [European Union 2012] was published. This statement reaffirms the importance of Georgia as a partner of the EU, stresses the importance of completion of negotiations of the Association Agreement and refers to relatively new idea called the Visa Liberalization Action Plan. However, taking into account the values of the EU, the intensity of the future relations between the EU and Georgia crucially rely on the latter’s “consolidation of democracy,” especially as regards to Georgia’s upcoming (October 2012) parliamentary elections [ibid].

Before talking about Estonia's intentional support or impact of its expertise (one country learns from another how to better do things it wants to do anyway), the impact of the encouragement Estonia provided (one country in some way encourages the other to do things that it might not otherwise dare to) should be referred to [Nodia 2006: 134]. The first example of Estonia's influence is traced back to the times of the Soviet Union. The liberation movement, which started in Estonia showed to others that there was indeed an opportunity to change the existing regime, which influenced democratic encouragement, was unfortunately not completely followed by Georgians. Apart from several achievements mentioned above, the semi-authoritarian regime existing in Georgia in the aftermath of the civil war there did not provide any further opportunities for the country, although aid from the West always existed at least on some level. During this period, between the end of the 1980s until the early 2000s, there was no active cooperation between Estonia and Georgia.

4. Georgia after the Rose Revolution: The Western orientation

The situation changed in 2003 after the Rose Revolution in Georgia. It can be said that after the revolution Georgia returned to the same point of departure and started a new path on the same road that Estonia had already successfully travelled since 1991 [Lucas 2008: 173]. Prior to revolution, As World Bank report puts it: "By 2003, reform momentum sputtered to a halt, and Georgia was a near failed state. Political power was increasingly fragmented, corruption and crime were rampant, there were massive arrears in pension payments and teachers' salaries, and infrastructure was in a state of near collapse" [World Bank 2009: 1]. After the revolution, with the new Georgian government, which had strongly defined Western preferences, a new wave of reforms (this time more fruitful) began. Western orientation was chosen not only by the political elite of the country, but had strong support among the population as well. According to surveys that were held in 2009 and 2011, a vast majority of the population would vote for joining the EU if asked about this in a referendum. This attitude towards integration has remained unchanged for years (79% of respondents supported the idea in 2009 and 80% in 2011) [Caucasus Research Resource Centre 2011].

Pro-Western orientation, which strives toward achieving membership of Euro-Atlantic organizations, requires from Georgia that she accepts Western values, indeed becomes Western herself. Historically, however, Georgia's contact with the West has always been minimal. During the Medieval Ages, Georgia had close ties with Byzantium, which later changed to relations with the Ottoman Empire and Persia. Georgia started socializing with Western countries in the early nineteenth century, but after becoming part of the Russian Empire, Georgia could share only the

Russian version of modernity and gained direct access to the 'real thing' only after becoming independent in 1991 [Coppieters, Legvold 2005: 69]. That explains why there is no definite European country the model of which can be used as an example. In this regard Estonia that achieved visible results in its development, can serve as an orienteer. Unlike previous periods when Georgia did not have a well-defined Western orientation and seemed to be unmotivated to receive Western help - although it was essential for the country and was also provided - the post-revolution government is well aware of the scarce resources of the country (not only financial ones but also competent human resources, absolutely necessary to ensure building of democratic institutions) and values cooperation with European countries, especially post-Soviet countries [Nodia 2006: 143].

Discussing general issues concerning the relationship between Georgia and the Euro-Atlantic community would again lead us beyond the specific topic of this article, but nevertheless this topic has to be mentioned briefly in order to understand what role Estonia can play in this relationship. In this regard, it must be noted that the potential role of Estonia is not determined only by its own will, but also by the policy the EU plans to carry out regarding Georgia. Relations with EU started long before the Rose Revolution. An Agreement on Partnership and Cooperation was signed in 1996 and came into force in 1999.³ Closer cooperation began after Georgia became involved in the European Neighbourhood Policy (ENP), the latter provides "privileged relationship, building upon a mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy principles and sustainable development),"⁴ but not more and by no means can be regarded as a guarantee for accessing EU. By offering ENP, the EU did not deprive Georgia of the hope of eventual accession, but showed that it was unwilling to extend its borders further to the East, at least in the nearest future. Consequently EU membership can be seen as a very distant perspective for Georgia. From the EU's viewpoint, accession of Georgia is undesirable because of the unstable situation, which still exists in the country [Coppieters, Legvold 2005: 52]. Added to this is a general enlargement fatigue in the EU, quite apart from the question of how far to the East any future enlargement may reach.

Even if assuming that the Georgian government successfully carries out reforms and builds a democratic country in order to achieve "stability of institutions guaranteeing democracy, the rule of

³ Partnership and Cooperation Agreement between the European Communities and their Member States, of the one part, and Georgia, of the other part - Protocol on mutual assistance between authorities in customs matters - Final Act - Joint Declarations - Exchange of Letters in relation to the establishment of companies - Declaration of the French Government. Document was signed on 22 April of 1996 and entered into force on 01 July of 1999.

⁴ Council Regulation 1638/2006, OJ 2006 L 310/1.

law, human rights and respect for and protection of minorities" (Copenhagen criteria) [European Council 1993], the EU enlargement to the East is still questionable. Some members are sceptical about the general idea of enlargement due to the problems it may bring for the EU. According to their logic, EU needs to stop accepting new members and focus on development of already existing ones. Those who are in favour of enlargement only slightly outweigh those who are against. Opposition is stronger in old member states Germany, France and the United Kingdom [Mayhew, 2007: 10]. However, despite this view, the enlargement process still continues. Croatia has signed an accession agreement in December of 2011 and is expected to become the 28 member of EU in 2013 and there is still talk about further enlargement. Enlargement of the EU to the East will inevitably cause strains in the relationship with Russia (which Brussels tries to avoid). With regard to Georgia the problem is even worse than for some other potential further enlargements, as due to its geopolitical position its extraction from what is perceived by Russia as its 'near abroad, is likely to cause an even more severe reaction than that experienced regarding for example the Baltic states [Galbreath, Lamoreaux 2006: 99-102].

Despite all the negative connotations with the Eastern Countries, the European External Action Service (EEAS) regards the Eastern Partnership as a particularly important aspect of European Foreign Policy. The EEAS claims that events in countries such as Georgia affect the EU, especially due to their wish to come closer to EU [European Union, delegation to Georgia]. Therefore, in order to enhance the cooperation and actualize possible further integration, domestic reforms need to be made to effectuate local democracy since without internal harmonization and unanimous aspirations by all layers of the society to jointly follow the objectives of the EU the fragmented society may prevent quality integration.

5. The aftermath of the Russian-Georgian war of 2008

It is inevitable that what can be called the Russian factor plays a significant role in determining Georgia's development process, by influencing the decision making process not only of Georgian politicians but most importantly of European ones. Russian powers have always tried, if not to strengthen, at least not to lose their influence in the post-Soviet countries that gained independence after the collapse of the Soviet Union (which was always dominated by Russia) [Lucas 2008]. Thus, the Western orientation of Georgia has been an annoying factor for Russia. Escalation of tension between the countries grew into the Georgian-Russian war in August of 2008 [Kerikmäe, Nyman-

Metcalf, Pöder 2010] over a tiny separatist republic of South Ossetia that had declared its independence from Georgia in 1991. After the war the diplomatic relationship between the countries has been broken off. Since the Russian government refuses to talk directly to Saakashvili's government under any circumstances [United Press International 2012], there are at the moment no chances of changing the situation; logically there is no other way for Georgia but to concentrate all forces on approaching the West. Any chances – even the most illusory ones – of improving the tense relationship with Russia vanished after the war.

Two sets of problems, which emerged in the after-war period, hindered the development process of the country once again. On the one hand, there were inner problems. Georgia's economy was seriously threatened; control over territories was lost (as after the war, the Georgian government controls less territories of Georgia than it did before August 2008); thousands of Georgians were forced to leave their homes; protests organized by opposition leaders lasted for months in Tbilisi and created additional basis for destabilization.

On the other hand, there was the reaction of the West to the war. Although its assistance was sufficient to play a key role at the end of the war, the assistance could still be characterized as weak and inconsistent. Such reaction was caused by the absence of a common opinion on what the response to Russia's actions should be. Russia's actions could be regarded as aggression against NATO and the West. In this case severe measures were required. However, applying strict measures against Russia would mean returning to a hostile relationship with that country – something the West tried to avoid, in order not to destroy existing international consensus [Nodia 2008]. As a result no dramatic sanctions were used against Russia. From Georgia's perspective, this gave rise to doubts that Georgia was left alone vis-à-vis its powerful northern neighbour. Indeed, the EU – Georgian relations cooled significantly on publication of the Tagliavini Report [Meister 2010]. Although dividing blame for the conflict between both sides (Russia was blamed for provoking Georgians for years, also for number of violations of international law) [Civil Georgia 2010], in its report the Independent International Fact-Finding Mission on the Conflict in Georgia (IIFFMCG)⁵ came up with the conclusion, that it was Georgia that triggered off the war [Civil Georgia 2010] by attacking Russian peacekeepers deployed in Georgia. This action, according to the commission,

⁵ The Independent International Fact-Finding Mission on the Conflict in Georgia was mandated by the Council of the European Union with Heidi Tagliavini as the head of the mission. The aim of the initiative was to investigate the origins and the course of the conflict in Georgia, including with regard to international law, humanitarian law and human rights, and the accusations made in that context. See <http://www.ceiig.ch/Index.html>

equalled an attack on Russian territory and created a lawful basis for the latter to take actions of self-defence [Independent International Fact-Finding Mission on the Conflict in Georgia 2009: 265].

However, some steps taken by EU in the after-war period, such as financial support, sending a monitoring mission to Georgia (the EUMM⁶), active involvement on behalf of the EU in order to deescalate the conflict between the opposition and government of Georgia, proved that Georgia was not 'abandoned'. The EUMM has proved to be effective; for instance, after the war, certain EU-mediated agreements were made between Moscow and Tbilisi, and since they are now monitored by the EUMM, there have not been any critical signs of arising conflicts. In addition to surveillance, the EUMM's mandate is also the "stabilisation, normalisation and confidence building" in Georgia, so as to "contribute to the future EU engagement in the region". In addition, the EU demonstrated its support despite of fragile relations with Russia, by continuing its diplomatic mission - Delegation of the European Union to Georgia [European Union, delegation to Georgia]. In the framework of the latter, financial support has been granted to Georgia several times, for instance in order to mitigate the effects of war, as well as to "support democratic development, rule of law, good governance; trade and investment, regulatory alignment and reform; regional development, sustainable economic and social development, poverty reduction as well as peaceful settlement of conflicts" [EU Monitoring Mission in Georgia]. What is more, the launch of the previously discussed Eastern Partnership in 2009 also indicates a will of the EU to upgrade relations with Georgia, but as has become obvious over the previous years, EU still has no common strategy regarding Georgia.

6. Estonian –Georgian relations

While the EU could not reach consensus regarding its position in the Georgian-Russian conflict, Estonia openly expressed its solidarity with Georgia. The joint declaration by Estonia, Latvia, Lithuania and Poland issued on 9 August 2008 is one of such expressions of support in which the presidents of the abovementioned countries urge that "The EU and NATO must take the initiative and stand-up against the spread of imperialist and revisionist policy in the East of Europe" [Estonia 2008]. An active role of the EU in conflict solving was stressed by the Estonian president Toomas Hendrik Ilves in a telephone conversation with Javier Solana: "War has broken out in Europe, a European nation has fallen victim to the aggression of its neighbour, and the European Union, as the bearer of European values, cannot remain a helpless bystander" [Estonia 2008]. On 12 August 2008,

⁶ Please see <http://www.eumm.eu/en/>

president Ilves visited Tbilisi together with other leaders of former Eastern Bloc states (Ukraine, Poland, Lithuania, and Latvia) to show their support and become acquainted with the situation on the ground. Apart from showing solidarity, Estonia additionally provided humanitarian aid during the period after the war as well as sent specialists to Georgia to give advice regarding cyber-attacks. Today, Georgia continues to receive support in relieving the problems of war. Within the framework of different projects, Estonia is building children friendly spaces; organizing vacations for refugee children in summer camps in Estonia and providing first aid and psychological assistance in city of Gali, in Abkhazia [Estonia 2011].

Officially, the relations between Georgia and Estonia were established in 1992 and though at some level aid was provided for Georgia from the beginning of the 2000s (in 2000 to relieve famine as a result of a drought in Georgia and later to support civil society projects), active cooperation did not start until after the Rose Revolution in 2003. This was caused on the one hand by the fact that only with the coming of a new government, had Georgia once and for all announced its adherence to the Western orientation in foreign policy and had started actively seeking for cooperation with countries, which were able to share their experience and provide support for reforms. On the other hand, by that time Estonia had been rather successful in rebuilding a democratic state and society and was very close to EU membership, which enabled it to share its experience and knowledge with others. In other words, by that time from aid receiver Estonia had turned into aid provider. According to the Estonian development co-operation strategy for 2006-2010, Georgia was one of the four priority partner countries for Estonia and Georgia is once more listed among priority partner countries in the “Strategy of Estonian Development Co-operation and Humanitarian Aid 2011-2015” [Estonia 2011].

Since 2003 an active and consistent cooperation developed between the countries and there are no signs of changing of relations so far. Although Estonia provides assistance to Georgia in various fields (for instance: economic development, environmental sustainability), the main fields of cooperation are education, good governance and democracy building [Estonia 2011].

As a concrete example of the kind of assistance Estonia offers to Georgia, first the area of educational support will be mentioned. Estonia played an important role and is still very active in helping the Georgian government to successfully carry out reforms in the education system. The first steps in order to change the education system rooting in the Soviet legacy (aimed to be used in a different era with different ideology) were made in 1995, but due to their irregular character, they

were not effective. In 1999, by bringing to life the “Education System Realignment and Strengthening Program Project for Georgia” [World Bank 1999] financed by the World Bank, some useful changes were made. However, reforms continued with greater commitment after 2003.

According to the studies held during the first years of reforms, more than 80% of students hired private tutors (as passing entrance exams relying only on knowledge provided by schools was very difficult) during the final phase of study. The research made obvious that knowledge provided by schools was not of sufficient quality and thus the situation created serious social inequality [The International Institute for Education Policy, Planning and Management 2007].⁷ The main aim of the reforms was to create a high quality educational system, which could provide pupils/students with knowledge and skills necessary in the modern world and to ensure availability of education for all. To ensure this, a number of reforms were made, but since the sphere of our interest is limited by Estonia-Georgia relations, the part of the reforms where Estonia played a significant role will be touched upon – the project known as the “Deer Leap”.

The Deer Leap is a school computerization programme elaborated on the basis of a similar project in Estonia known as the Tiger Leap.⁸ An idea to equip all Estonian schools with computers was officially announced by the Estonian President Lennart Meri in 1996. The programme was launched in 1997 after raising necessary funds and accomplished its aims in 2000. After the successful accomplishment moving to the next stage of the program – providing IT competency to all teachers and students – became possible. Slowly the aims broadened and the programme focused on e-learning and various e-learning related content services development. As the project launched by Georgian ministers was created relying on the Estonian model and in cooperation with Estonian specialists, it was possible to establish its goals clearly and consistently. Starting in 2005 the programme is being carried out in several stages. The aim of the programme is to promote the modernization of Georgia’s education system. Launched initially for four years, the programme was supposed to end in 2009 and aimed to ensure availability of computers and internet access for every school, create educational computer programmes and related services, as well as to provide teachers and students with sufficient knowledge in the ICT field. As the programme was assessed as

⁷ Scale of private tutoring does not depend only on the poor quality of general school education. According to the studies provided by the International Institute for Education Policy, Planning and Management such factors as strict and high demands for entrance exams in to universities, low teachers’ salaries, low confidence in the school education in general also are of crucial importance.

⁸ Symbolizing the designed radical changes and technological leap the programme was named Tiger Leap as an allusion to the “East Asian Tigers”, the countries whose economy boomed, in part as a result of information technology use. Please see also <http://www.tiigrihype.ee/?op=body&id=45>

successful by experts, the second stage was launched introducing additional goals such as access to computer and internet to every pupil; ICT skills for all pupils, teachers and principals; collaboration between schools; digitally enriched learning environment with integration of ICT into the curriculum. The role Estonia plays in improving education standards was once again stressed by the Georgian Prime Minister during a 2012 meeting with the President of the Estonian Parliament (Riigikogu) by expressing hope that close cooperation in this field would continue [Georgia 2012].

Apart from that project, the Estonian government also provides MA scholarships for students from Georgia at Estonian universities, as well as offers places to young Georgian diplomats and civil servants at Estonian School of Diplomacy. The latter also arranges trainings and seminars on EU and NATO matters, to support Georgia's integration processes. In the beginning of 2011, Estonia took the task of development cooperation to the next level, by establishing the Estonian Center of Eastern Partnership (ECEAP). It was launched in cooperation between the Ministry of Foreign Affairs and the Estonian School of Diplomacy. What is more, the work is not conducted simply in theoretical ways; for instance in June 2012 a seminar on effective management of the EU assistance to Eastern Partnership countries was held in Tbilisi [Estonian Center of Eastern Partnership 2012]. Estonia regards the educational work of the organisation especially important, since it considers Georgia as a priority economic partner to have even closer cooperation within the near future and education is an area of specific attention.

As this brief example may highlight, a concrete element of the success of Estonia such as the introduction of modern information and communication technologies in education and other measures to reform and modernise the education system at all levels and getting rid of the Soviet legacy, is the kind of practical assistance that a country like Estonia is well placed to offer Georgia and Georgia has been able to assume quite successfully. Estonia possesses not just the experience of how to leave the Soviet legacy behind, but more importantly, has an educational system that in an international comparison and not just among post-Soviet states is very good and well regarded.

Estonia has also assisted in many spheres outside of that of education. For example, the previous Estonian Prime Minister Mr. Mart Laar worked via the United Nations Development Programme (UNDP) as an adviser to Georgian president in economic matters, especially on issues of taxation. It is telling of the above-mentioned perception of spheres of interest that Russia objected to this nomination [Lucas 2008: 179].

Estonia has proclaimed that it supports Georgia's integration with the EU and possible NATO membership. The Estonian Minister of Foreign Affairs has confirmed plans to change the cooperation between Estonia and Georgia into a more organized structure, to determine priorities in different spheres and to lay down long-term objectives [Estonia 2012]. The Ministry has moreover emphasized that the desire for collaboration indeed is twofold, since if on the one side, Georgia seeks for Estonia's expertise and experiences in free trade and agricultural spheres; then on the other side, Estonia is interested in marketing and selling Estonian goods in the Georgian market, developing transit-related cooperation as well as providing services and know-how. Estonian entrepreneurs are interested in investments in the Georgian market, such as buying real estate or marketing Georgian wine in Estonia [Estonia 2012]. Therefore, in order for the business relations and collaboration to be effective and prosperous, Estonia is interested in Georgia's integration with the EU, to ensure democracy building and steady economy as a basis of strong trade relations.

7. Conclusion

Estonia and Georgia provide examples of two quite different roads taken by post-Soviet states, but roads that in some ways have converged on similar goals. Still, the timing of steps taken to reform the countries and the consistency of such reforms have meant that now Estonia is in a position to assist its partner and such assistance has in many ways proven to be more consistent and effective than that of European and Euro-Atlantic organisations in general.

Estonia has been considered as not only a partner and a close friend, but also a strong supporter of reforms undertaken in Georgia [Georgia 2007]. The country has become very important for Estonian foreign policy and increasing number of activities with the cooperation between the countries proves this. Furthermore, the fact that cooperation with Georgia has been so far much closer than those with other two countries in South Caucasus, namely Armenia and Azerbaijan, shows that Estonia chooses reformer over just poor countries. Despite an unfavourable context, Georgia stays adherent to Westernization. At this point it means basing foreign policy on long-term objectives and planning and focusing on cooperation issues rather than aiming at membership of specific bodies. Estonia, which is interested in closing the gap between the West and other post-Soviet states [Galbreath, Lamoreaux 2006: 98], and thus acquire more allies in the enlarged Europe, continues its cooperation with Georgia. Although membership of Georgia in Euro-Atlantic institutions seems to lie in a very distant future, by sharing its experience in fields in which it succeeded and by reminding EU and NATO about the importance of Eastern partners, Estonia may turn into a bridge to Europe for

Georgia. Support from Estonia can also play a role to keep Georgia on the path to Westernization, not least through its influence on public opinion and efforts in the sphere of education. It is not possible to reliably predict how such influences would survive a changed political situation in Georgia, but they do have an effect on expectations of people in making political choices and what they expect from the governing structures.

Today, the concept of post-Soviet countries does not make sense anymore. Some successful examples, such as Estonia, have proven that being a post-Soviet does not prevent the blooming of the economy; Estonia has fulfilled the EU criteria of becoming a member, is a member of the Euro zone, belongs to the NATO and is perfectly capable of taking care of its own economic affairs. Nevertheless, international opinion including at the highest level among states of “Old Europe” and elsewhere groups countries together based only on the shared history. Due to this, the post-Soviets are striving for closer cooperation with each other in order to lose the negative connotations of being Eastern Europe countries that are too fragile in the economic sense to be in collaboration with. Two decades have passed since the collapse of the Soviet Union: it should now be high time to accept that those countries that have gained independence and proven to have thriving economies are worthy of being regarded as full members of the European family and indeed instrumental in assisting those yet not quite as far on the road to “Westernization”.

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Appendix 2. “Georgia and the European Union from the Mediterranean Perspective”

Georgia and the European Union from the Mediterranean Perspective

David Ramiro Troitiño

Department of International Relations,
Tallinn University of Technology,
Akadeemia tee 3,
Tallinn 12618, Estonia
e-mail: perdices57@yahoo.com

Archil Chochia

Tallinn Law School
Tallinn University of Technology
Akadeemia tee 3,
Tallinn 12618, Estonia
e-mail: Archil.Chochia@ttu.ee

Abstract: *The aim of the article is to highlight Mediterranean identity and its role in the European Union, as well as its importance in European integration for Member and non-Member States. The research is divided into two parts: (1) studying the issues of Mediterranean identity inside the European Union and (2) exploring the importance of this identity in Georgia's Europeanization.*

By analyzing the similarities between Georgia and Mediterranean countries, as well as evaluating the membership of these states in the EU, the article tries to draw perspectives for Georgia to become a Member State, possible negative and positive aspects of this membership for the country, as well as for the EU. What role Georgia's links to Mediterranean identity might play in this process and which are the most important elements of such progression.

Keywords: *EU membership, European integration, European Union, Georgia, Mediterranean identity.*

1. Introduction

The following paper is about *Mediterranean identity* and its role in the European Union, as well as its importance in European integration for Member and non-Member States. The research is divided into two parts: (1) studying the issues of Mediterranean identity inside the European Union and (2) exploring the importance of this identity in Georgia's Europeanization.

The first part is about Spain, Italy and Greece inside the EU, starting with an overview of the history of these countries since they applied to join the Union until they joined. Especially in the cases of Greece and Spain this part of the paper describes in detail the enlargement process, the main problems and the main benefits for both sides. Later, the study follows with analyzing the role of these countries since they joined the EU, their main contributions to the EU building process and the main problems created by them inside the Union. Then the study focuses on the importance of the Mediterranean countries as a whole for the society, analyzing the history, politics, geography and economy, with an emphasis on their Mediterranean character. Also it analyzes the Mediterranean identity as a bigger identity than the national one, but smaller than the European identity—a bridge between the two. The importance of this Mediterranean identity in the context of the European integration is about the identification of the people of Europe with the European building process. As the authors believe in the idea of a future development of the organization in a more federal way, combining different strategies from intergovernmentalism, neofunctionalism and federalism, the problem of the identity of the people of Europe is very important. The result of the integration process anyway would be some kind of a European state, with the main need to transfer loyalty of the European people from the national level to the European one. Hence, the enlargements of the Union should take into consideration not just the political or economic points, but also the social affinity of the people. This paper intends to analyze the Mediterranean identity as part of the European identity and hence receiver of European loyalty. The methodology of this part of the paper is based on the comparison of the situation in the three countries, describing and analyzing the different situations presenting a common approach.

The second part of the paper continues the discussion of Mediterranean identity and how important a role it could play in the EU, with its possible importance for Georgia. It tries to show the power of this identity in Georgia, previously a part of the Soviet Union and therefore influenced by the post-Soviet identity. The paper tries to figure out if Georgia can be included in the Mediterranean identity or the

post-Soviet identity, or both of them. The post-Soviet identity could be also used as a way to integrate Georgian people into Europe, creating another identity above the national level but under the European identity, sharing it with other European people such as Estonians, Latvians or Lithuanians. This part discusses the history of Georgia—EU relations, the state position of Georgia towards the Union and recent developments in this way—trying to show the perspectives of the EU—Georgia’s cooperation, the possible negative and positive sides of Georgia joining the Union, and the importance of Georgian identity, being close to Mediterranean one, for this process. Mediterranean identity being ‘middle-level identity’, thus above national identity and below the European one, can become a significant aspect of a country’s adaptation and its integration into the European community, making its way smoother.

2. Mediterranean states inside the European Union: Italy, Greece and Spain

Italy was a founder member of the European Communities since the creation of the European Coal and Steel Community (ECSC) in 1951. France and Germany mainly led the first Community; the other members had little influence in the negotiations. The Benelux countries depended on France and Germany in their economies, so they could not afford to be out of a process of integration. Italy, on the other hand, was a country divided between the north and the south. The north was more developed than the south, more Central European than Mediterranean, it was heavily industrialized and was interested in the integration process as a way to integrate with the main economies of Europe, as a way to reach the markets of the main economies of Europe (Fabbrini & Piattoni, 2007, p. 97). Nevertheless, the whole Italy won stability in its political system, supporting democracy versus different attempts of some Italian political actors, something seen also in the other Mediterranean Member States (EU, 2011a; c).

The next step in the European integration meant the establishment of the European Communities, especially the Common Market. It allowed people’s movement from Italy to other Member States without discrimination, helping to solve the long-term unemployment problem. Furthermore, European funds helped Italy to try to close the enormous economic gap between the north and the south. The European Communities were acting as a mirror of modernity for the Italians, being a model to imitate, a reference for the modernization of the country. The Italian miracle after the World War II, especially in the

northern part of the country, can not be understood without the influence of the European Communities, the Common Market, the exchange of the ideas and goods, being nowadays the seventh economy of the world and the fourth largest of Europe. Another important fact, especially for southern Italy, was the Common Agricultural Policy (Carello, 1989, p. 98). This European policy is still organized in different sectors and provides different levels of protection depending on the kind of production, as direct payments, minimum prices, import tariffs and quotas from outside the Union. The benefits for Italy and especially for the Mediterranean production were huge, because it gave free access to the European market to sell its production, and preference over other Mediterranean producers from both sides of the sea (Knudsen, 2009, p. 76). It meant a privileged position in the market similar to a monopoly with all its benefits for the Mediterranean agriculture of Italy (EC, 2008/2009).

Greece was the next Mediterranean state to become a member of the European Communities in 1981. Joining the Communities meant a step forward, blocking possible regression to previous situations or potential Communist domination. The Greek agriculture obtained similar benefits as the Italian one. The European Communities also helped the modernization of Greece, starting an amazing period of stability and economic growth for the country; once again, Europe was the image to follow (Tsalicoglou, 1995, p. 91). The case of Greece is important in the sense that it was the first member of the Community that could be considered relatively poor and put an end to the idea of the Community being a club of rich states (EU, 2011b).

Spain joined the Communities in 1986; the country came from under a long dictatorship of Franco and still there was a threat of going back to another military government. The European Communities supported the democracy of Spain against reactionary forces (Preston, 1996, pp. 25–34). The idea was simple: Spain needed to join the Communities in order to develop and this could only happen by being a democratic state. Agriculture, an important sector in Spain, also obtained benefits such as free access to the European market. Due to different climate areas in Spain, there are also different agricultural productions, including continental productions. Thus, Spain also got direct payments to its agricultural sector helping the country to maintain the sector, which was suffering from international competition. It was also important to keep the population in rural areas and decrease migration from the countryside to the cities.

The modernization of Spain was huge and a wave of reforms shook the country. The sacrifices were accepted by the society, being the requirements to join the Communities, the paradigm of progress and development wished by the

Spanish. The industrial restructuring meant an important step to modernize the country; the previous political regime led by Franco promoted the creation of large industries as a measure of economic autarky because of the isolation of Spain from the world politics. This system could just work having a monopoly over the Spanish market, but once in the European Communities, these big industries could not compete with their European partners and thus disappeared. The social cost of this reform was huge but affordable, as Brussels was asking for it (Elorza, 1990, pp. 254–263). Finally, tourism in the country boosted after the enlargement. Already before it was an important economic sector, but it grew faster, year after year, following the enlargement, bringing numerous economic benefits (Martinez, 2002, pp. 56–79). Even now, it still is, with 57 million tourists in 2011, the main economic sector of Spain, acting as the motor of the economy during the current crisis (EU, 2011d).

3. Positive effects of the Mediterranean countries on the European integration

The positive effects of the Mediterranean countries when they joined the Communities, since its creation until 1986, were numerous: first of all, supplying with cheap labour for the main European economies, first with emigration and later moving the production to the Mediterranean countries with lower labour costs in production (Martin & Ross, 1999, p. 40). Their membership also meant a support to the European integration, before it mainly focused on the Western Europe and rich countries. The enlargement to Greece and Spain showed that relatively poor European states could also join the organization, thus the organization was open to any European country as long as it fulfilled the requirements.

Furthermore, Mediterranean countries gave a bigger dimension to the European Communities increasing its area of influence and providing it with wider borders; the enlargement gave a huge new frontier to the Union, the north shore of the Mediterranean Sea and the geopolitical sphere of influence of the Communities became more important, strengthening the international role of the organization, which had previously focused on the Franco-German axis (Kavakas, 2001, p. 90). Italy, Greece and Spain were important markets for European companies, especially in Germany, whose economy had mainly been focusing on exports. Here, it is important to mention the principle of solidarity, as otherwise the EU would be just a free trade area with benefits for stronger states and losses for

the poorer ones. The funds of solidarity come from the Union's own resources that are calculated according to the economic activity of its members. Germany provides more funds because its economic activity is higher, but in return it is higher because Germany has access to the European market (McGee, 1998, pp. 12–27).

In terms of integration, the inclusion of Mediterranean countries into the European integration process meant more supporters of the European dream. As these countries were less developed, the idea of Europe was the paradigm of society and the support to the European integration was stronger with a more idealistic approach, with bigger acceptance to further integration. There are many examples of such support of the Mediterranean states to the European integration—such as the founding father of the federalist movement in Europe, the Italian Spinelli, or the support of the Italian government to the European Defence Community and the European Political Community in the 1950s, or the role of the Italian Foreign Minister Emilio Colombo in the Genscher-Colombo report, or the role of the former Prime Minister of Spain Felipe González Márquez in the creation of the European citizenship, or the outstanding supporters of the European building process such as the Spanish philosopher José Ortega y Gasset, or the humanist Salvador de Madariaga, founder of the College of Europe, or the wide support to the new Treaties are all examples of the Mediterranean contribution to the European integration (Brown Wells, 2007, p. 34).

4. Negative effects of the Mediterranean countries on the European integration

The Mediterranean states are known in Europe as more corrupted, at least before the last enlargements of the organization to Central and Eastern Europe. The corruption related with European funds was notorious in different fields, such as agriculture, plus bad implementation by the Mediterranean governments of European legislation in order to favour their economic actors (for example, the Bresciani case in Italy, Greece with the case of the tourist guides, or Spain with the environmental legislation). In terms of Italy, it is influenced by different criminal organizations and in terms of Greece—the state often being a main actor in the “wrongdoings” (Della Porta, 1997, pp. 35–45; Vannucci, 1997, pp. 50–60).

In economic terms, the Mediterranean countries, after a significant development and economic growth, currently have bad economic performances, being

a threat to the stability of the eurozone. However, their importance to other economies of Europe makes unlikely a bigger crisis that could lead us to the end of the common currency. Greece could abandon the euro, but Spain and Italy are too big to fall and therefore are united with the fate of the euro. As their economic performances were not sufficient and the governments did not follow the common rules, more and more people are now supporting the creation of a common economic government in Europe—thus, deeper European integration—to avoid this situation in the future.

Additionally, the social system of Mediterranean countries are a threat to their economic stability and thus to European stability. At the moment we can find four social models inside the EU: the Scandinavian model, the Continental model, the Anglo-Saxon model and the Mediterranean one; being unsustainable, the Mediterranean model is currently held by Italy, Spain and Greece. The reform of these models could result in the adoption of the Anglo-Saxon model in the Mediterranean countries in a long term, but the more active social actors in those states will make the transition difficult unless it is done with a big social pact between the main social powers, the government, business associations and trade unions (ETUC, n.d.; Bosch, Lehndorff & Rubery, 2009, p. 69).

5. Mediterranean identity

Construction of Europe needs the integration of its people. After years of economic integration, the political integration should be the next step in the process. In order to achieve a deeper political integration, the people of Europe should share a common identity respecting the national identities of the Member States at the same time. It is not the people against the state, rather it is more of creating a new political organization on the European level, where the political power of the citizens will come from being Europeans, not from belonging to any European nation. As it has been pointed out by most scholars involved in the European integration after the World War II, such as Altiero Spinelli, Salvador de Madariaga, Jean Monnet or Robert Schuman, the nations were the source of the conflict because it was a confrontation of nations against each other. The idea of national state and belonging to a society just as a member of the nation implies the concept of the nation as the last and sole entity holding the sovereignty of the people. It is an idea against the humanistic ideas of the French Revolution, the *Social Contract* of Rousseau, the ‘perpetual peace’ of Kant and those of many other European philosophers. The European integration does not

necessarily mean destroying in any way European nations, but it will take away the political power, the sovereignty from a nation, giving it to a new political organization based on citizenship rather than nationality.

There are different levels of integration, such as family, town, county, region, nation and state. The Mediterranean identity is between the state identity and the European identity and thus it could help integrating the people of Europe. The Mediterranean identity is wider than the national identity of the Member States, because it also includes different areas of other states, such as southern Portugal or southern France, plus other Member States such as Cyprus or Malta. The Mediterranean level of identity could act as a bridge between the state identity and the European identity, making the process of political integration in Europe easier. People all over the northern shore of the Mediterranean feel what Fernand Braudel (2002) defined as a cultural highway in his book *Memory and the Mediterranean*.

Mediterranean identity is based on different aspects, such as social behaviour, family, the role of mothers, food, religion, language originating in Latin or using the phonetic characteristics of Greek language, sports with a predominance of football and some ethnical traces, even though the Mediterranean are a mix of many different folks and people. These are trivial facts treated individually, but if combined they create a strong identity in the Mediterranean. The Mediterranean identity has been barely expressed in political terms inside the Union or in the Mediterranean countries, but we see very similar models of social policies in all Mediterranean countries whose roots are based on a common identity.

In the EU, we find some common issues for the Mediterranean states, such as immigration. It is the consequence of the geographical position of the Mediterranean Member States of the Union forming the Union's southern border. The Mediterranean states are willing to increase cooperation in this topic and normally act as a whole, inside the Community (Caldwell, 2010, p. 89). But these are rarely exceptions to their approach to the European Union issues, where we do not see often any common position from the Mediterranean states, acting as a bloc. It leads us to see the Mediterranean identity as a bridge between people, not between the states, and that is important step in the creation of the European identity (Lonni, 2003).

6. Georgia and the European Union

Georgia is a relatively small country in the Caucasus region of the Far East Europe, country with a long and “colourful” history. Being on the border of Europe and Asia meant that for Georgian society and a country as whole, the question whether to belong to Europe or not was always very topical. But integration to Europe and developing towards Europe has always been a priority (Müller, 2011). Georgia is thought to be a key geographical point in human migrations to Europe and hence it played a major role in the colonization of the European continent. For example, genetic analyses have suggested that most probably the original inhabitants of Spain, the Iberians, came from the region of Abkhazia in Georgia (Valera, 2007, p. 54). The Caucasian ethnic group is the majority of the continent nowadays and link somehow common the ethnic roots to Georgians and the rest of the Europeans (Baum, 2008, p. 87).

In 1918, the head of Georgian government Noe Zhordania used political unrest caused by the Bolshevik revolution in Russia to declare the country independent. The priority for the Georgian government was integration to the European political world in a way to reassure the country’s recent independence. He started establishing closer cooperation with European states. Later on, Zhordania explained: “Soviet Russia offered us [a] military alliance, which we rejected. We have taken different paths, they are heading for the East and we, for the West.” (Kirchick, 2010) Georgia’s independence lasted for three years and the country regained its independence only after the collapse of the Soviet Union in 1991, thus Tbilisi’s European plans had to be postponed until this time. The Soviet influence played a major role in the Georgian society: first of all, changing the link with religion, it closed the area to the other Mediterranean countries in a physical way, making almost impossible any cultural exchange, destroying the Mediterranean link established during centuries of constant cultural and economic exchange (Mamaladze, 1981, pp. 98–120). The influence of the Soviet Union increased after the World War II and it meant the imposition of Bolshevik standards in an area more influenced by Mensheviks and small plots of private property. The Bolsheviks’ idea—the necessity to destroy the society in order to build a new one—had an important cultural influence over many territories and nations under the Soviet Union and created some kind of a common identity, destroying previous links.

Soon after achieving independence, Georgia faced a series of huge problems, including wars in its breakaway regions of South Ossetia and Abkhazia, civil war and heavy corruption.

By 2003, the reform momentum sputtered to a halt, and Georgia was a near failed state. Political power was increasingly fragmented, corruption and crime were rampant, there were massive arrears in pension payments and teachers' salaries, and infrastructure was in a state of near collapse... (World Bank, 2009, p. 1).

It can be said that during this period, the stronger identity of Georgia was united with the post-Soviet identity. The example of other post-Soviet states, such as Estonia, cannot be applied in the case of Georgia—first of all, because the Russian influence during the occupation was stronger in Georgia than in Estonia, because of the German influence over the Baltic region. Also Estonia used its independence between the two world wars to get closer with its European partners. Finally, because of geographical reasons: Estonia is located very close to European areas such as Finland, and the Baltic Sea worked as a communication channel. The Black Sea and the Mediterranean did not exert similar effects on Georgia and the geographical isolation of the country in European terms did not help to improve the situation.

The difficult situation in the country described above led to the Rose Revolution in November 2003, when young Mikheil Saakashvili and his political partners overthrew President Eduard Shevardnadze, former USSR Minister of Foreign Affairs (Coppieters & Legvold, 2005, pp. 274–290). Revolution meant a great deal for Georgia, it brought to the country a young and pro-Western government, which, with a new style of politics, managed to pass very painful but long-needed reforms, significantly reduce corruption, establish a very business-friendly environment, etc. The trust and support of Western partners returned, investments started to flow in and the country's economic situation started to improve tremendously (Coppieters & Legvold, 2005, pp. 274–290). One of the tasks of the new Georgian government was also to shift the identity of Georgia from post-Soviet to European, following the example of other former socialist states.

When it comes to fighting corruption, the country's success has been also acknowledged by the civil society organization Transparency International. The organization reported that after the Rose Revolution, the new government engaged in "large-scale reform, resulting in an almost complete eradication of petty bribery" and even though "its actions at times have been drastic—take, for example, the decision to disband the entire traffic police force—but the results are impressive" (Transparency International, 2011). In the organization's Corruption Perceptions Index, Georgia ranked 124th back in 2003 scoring 1.8 on a scale of 10 to 0, while in the following years the country's results have been improving and in 2011 Georgia ranked 64th scoring 4.1 (Transparency

International, CPI, n.d.). In contrast to its neighbours, Azerbaijan and Armenia who are constantly trying to keep the balance between their relations with the EU and Russia, in Georgia, not only the government and the ruling party but also the opposition are united behind the pro-European way of the country (Cornell & Nilsson, 2009). The EU itself becomes more concerned in the region of South Caucasus, engaging in different cooperation programmes to support necessary reforms (Chochia, 2012). Since the first day after coming into the power, Mr. Saakashvili and his government have been pointing out that the main goal of the country is to join the European community and develop towards the West (Georgiev, 2008, pp. 34–51). As a symbolic fact, European Union flags were introduced, and still are raised, on every government building and main state institutions. The new government also started to work on the new Georgian identity by changing the understanding of the Soviet past of the country and underlining its disastrous effect on the Georgian nation. Soon after Saakashvili came to power, the Soviet occupation museum was opened in the capital Tbilisi, and many similarities could be drawn with other former Soviet states who went through similar process of re-defining the past.

English became the main foreign language in the country's educational system instead of Russian, and obtaining a degree from European or American universities was widely promoted (Rubdy & Saraceni, 2006, p. 64). All this led to a change in the country to focus on European matters, free from the influence of Russia. Cooperation with the European Union deepened and improved (EU, 2006) and the process has been actively promoted by the government in the media, thus the Georgian society became more aware of the European Union, its way of development, its values (Müller, 2011). But the Georgian government focused more on the leading states of the Union, such as France and Germany, as the mirror for Georgia.

Georgia has faced serious problems during recent years, including a heavy defeat in the war of summer 2008 against Russia over Georgia's small break-away republic of South Ossetia, as Russia tried to keep control in the region, which it considers to be within its sphere of interests (Chochia, 2009). The war almost destroyed the country's economy, and even though the situation was saved by a huge post-conflict aid package of 4.5 billion USD from the Western countries, the effect of a global economic crisis was very heavy on Georgia, as all its economic indexes went significantly down (World Bank, 2009). There were demonstrations against the government and many thought Saakashvili would not be able to hold power; however, he remained in power, mainly due to the opposition's disunity and incompetence, and started to make reforms to improve the country's situation. But the situation in the country remains quite

difficult as unemployment and inflation is very high (World Bank, 2009; World Bank Indicators, n.d.), and poverty rate has increased (UNDAF, 2011). The much promoted European orientation of the country suffered a setback in terms of politics, but still the population is focused on the Europe as the mirror of progress and as a social model for the Georgian society. Nevertheless, the focus was again on economic terms, mainly the modernization of the country, and not much effort was made in terms of culture. Many things have changed in Georgia during last decade, but one thing has certainly not changed—the Georgian society's and the whole country's preferences to develop and move towards the West and particularly towards Europe (Müller, 2011). On the other hand, the European Union itself shows support to Georgia and the recent developments have confirmed this fact.

7. Negative and positive aspects of Georgia joining the European Union

Georgian government has clearly defined pro-European ideas; it clearly sees the European Union as a main partner and future destination for the country (Piris, 2010, pp. 301–314). Cooperation with the EU is a priority and Tbilisi is trying to show its commitment to the cooperation. Georgia understands that the EU would mean a huge modernization for the country, development in such fields as human rights protection, social mobility, environmental protection and domestic politics. The government advertises among the people the idea that being closer to the EU, or in the best-case scenario, joining the Union, would mean a huge development for the country and would stand for its absolute and total modernization. Many reforms are taken with the reasoning that these steps would bring the country closer to the EU and the idea is very much accepted by the people (Staab, 2011, pp. 64–67). This shows that the government will be able to introduce and implement sometimes painful reforms which will be required by the EU.

Georgia clearly sees the European Union and belonging to a genuine pluralistic security community and its value system as a guarantee for the security and stable development, country's international leverage (Staab, 2011). On the other hand, the EU High Representative for Foreign Affairs and Security Policy and Vice President of the European Commission, Catherine Ashton once more underlined EU's full support and its "strong commitment to strengthening relationship with Georgia", when she visited the country in July 2010 for Association Agreement

negotiations. Baroness Ashton called the European Neighbourhood as a top priority and Georgia an important partner, as she said:

Today, we are building on already strong foundations to bring Georgia closer to the EU. We remain fully committed to supporting stability, democratic development and economic development in Georgia... stability and prosperity here enhances stability and prosperity in the European Union (EU, 2010).

The political stability in Georgia is a very important fact in this regard. One of the issues Saakashvili's government has been criticized for was the constitution and the switch of power to president after the revolution. Tbilisi, which tries to improve its relationship with Europe after it has been damaged due to the 2008 war, started the constitutional reform in order to change the political system and shift more power from the presidency towards the parliament and the government. Tbilisi even invited the Venice Commission to review the reform, which mostly had a positive feedback on the amendments, even though criticizing the aspect of the difficulty of removing the Prime Minister. The stability of institutions guaranteeing democracy is a core political element when the country joins the European Union, thus Saakashvili's such a strong personal position (of course, if he, by a stroke of luck, is to become Prime Minister) will surely be a problem. Saakashvili does not jail his opposition, like some other leaders in the post-Soviet area, but conditions of the opposition and freedom of the media stay as points to be concerned and worried about (Cecire, 2011). Furthermore, the system of elections in Georgia remains poor, as voters are mostly not offered a clear ideas about the policies, thus the candidates are identified whether being on one side of a political frontline or another. The EU is used as a paradigm of political standards, while Europe acts as the catalyst for the democratization of Georgia, as it did in the case of Greece and Spain, when both countries after their respective dictatorships became democracies, and supported the political reforms on European standards.

A true democratization of Georgia is and will be a challenge for the European Union and Georgia. It should do all it can do ensure that reforms in Georgia will continue (Mitchell, 2008, p. 89). As a chairperson of one of the leading Georgian NGOs, Georgian Young Lawyers Association, explained:

For us, EU integration means democratization, economic standards and security, but on the democracy side, the EU is not utilizing all its leverage the way it could. For instance, the huge economic assistance after the war should have been used to ask for democratic reforms. The EU is focusing on free trade agreements, economic

harmonization, but there are no benchmarks on the rule of law and the respect for human rights. (Pop, 2011)

Another important field is the existence of a functional market economy and the capacity to cope with competitive pressure and market forces. And when it comes to Georgia, it should be mentioned that the country's economy is struggling. In a successful scenario, Georgia might be a new, stable and profitable market, which EU is probably always looking for, but for this to be the case, there is still a very long way to go and definitely more actions and efforts are required from the both sides. Economy also means a change in the mentality of the people, changing the economic model from a post-Soviet situation where the market is a jungle to a social market, where there is freedom, but also the rule of law and social policies decreasing the negative effects of pure capitalism. In this case, we do not see any similarity with the Mediterranean states, which are very generous in their public social subsidies, and Georgia is closer to the Anglo-Saxon model. It can be compared to other ex-Soviet Republics, such as Estonia, where the social model is also similar to the Anglo-Saxon, with the state acting as a supervisor of the free market, against the Mediterranean style of controlling the market. Thus, we can affirm that the identity of Georgia in this field is more linked with its Soviet past than with its Mediterranean identity (Mikhalev, 2003, pp. 107–123).

Agricultural sector, one of the main sectors of the EU cooperation, is extremely weak in Georgia. Saakashvili's government put the sector high on the agenda, but the actions remain very questionable. As a senior fellow at the country's leading think tank, Dr. Vladimir Papava said:

When the Minister of Agriculture talks about developing agriculture through the export of frog legs, developing crocodile farms in west Georgia, and bringing South African farmers to the country, a few simple questions comes to mind—has he got any idea about agriculture? (Papava, 2010)

When talking about the Mediterranean context, Georgia's agriculture can be considered as so-called Mediterranean agriculture, thus the experience that the Mediterranean countries had in this field will be very useful (Iglesias *et al.*, 2009, pp. 267–290). The European Union will definitely bring a huge positive impact on Georgia's agriculture, allowing it to modernize its production, which is very much needed in the country. As a post-Soviet country, Georgia's agriculture very much needed a modernization after the collapse of the Soviet model of farming, but due to continuing wars and destabilization in the country, as well as a high level of corruption, especially before the Rose Revolution, the country practically never managed to modernize its agriculture in the way that

it would be competitive. Georgia's agriculture is able to grow various produce, including wheat, vegetables and fruits, but still due to the lack of modern production systems, the country needs to import agricultural products from the neighbouring countries, mainly Turkey. Furthermore, special attention should be paid to Georgian wine and the country is still struggling after its wine production was banned from Russian markets. Since then Georgian government has tried to improve the production, as well as to advertise it more in order to be able to sell it elsewhere and of course in the EU, as wine still remains the country's main product. Having more possibility to sell wine in the EU would solve the problems in the field. Therefore, the EU would definitely bring improvement in the sector, by modernizing it and of course allowing the country to have free access to European markets and sell its production in the EU with import barriers, such as quotas, taxes, etc. The Mediterranean agricultural production of Georgia is strongly linked with those of Greece, Spain and Italy, and it has a cultural expression in many folk traditions linked with harvest, food, dietary habits, etc. Georgia could become a competitor to the Mediterranean states of the Union, as its production is similar, and thus it could raise some suspicion among the farmers of these states. As the Common Agricultural Policy supports mainly the continental production and gives preferential access to the Mediterranean products, the impact in terms of money will not be huge in Georgia, but it will open a market full of consumers for the Georgian production and therefore it will push for a better use of the current economic system in agricultural terms (Fennell, 1980, pp. 149–190).

The social system is also a very important field, as in Georgia it is quite unstable and will definitely be a challenge for the EU. Georgian side, on the other hand, should also keep in mind the immigration issue, as the country might experience possible exodus of a very high percentage of its population, which was a case for previously accepted (to the EU) Eastern European countries (Pollard, Latorre & Sriskandarajah, 2008; see also Kelo & Wächter, 2004). Even though the Common Market would allow Georgia to lower its unemployment rate, which is one of the most problematic issues in the country and has been such since its restoration of independence. Georgia would mean cheap labour, making the situation similar as it was in case of Italy and Greece.

Another issue is European Union's energy policy. If it is in Europe's interests to reduce its energy dependence on Russia, then protecting peace and stability in Georgia, therefore, protecting oil and gas pipelines crossing through the country, should be a priority for the EU and reaching this goal will definitely turn into a huge success for the Union, its world position and its overall objectives. But here the issue of EU–Russian relations comes up and the Caucasus region is

a sensitive topic in those relations. Russia definitely sees the region as in its sphere of influence and has made attempts to rebuild it. It is under the post-Soviet influence of the Russian model of society, different from the European understanding of society (Duffield & Birchfield, 2011, pp. 169–186). However, when it comes to the Mediterranean issue in this case, it is important to underline Italy's friendly relations with Russia, which makes it very unlikely that it would fully support any alternative routes, excluding Russia.

The internal conflicts of Georgia are probably the most problematic and challenging issues when it comes to EU–Russian relations. After the August war of 2008 and recognition of two separatist regions by Russia, the EU Monitoring Mission is the only international monitoring body in the conflict zone, as soon after the war Russia vetoed the extension of UN and OSCE monitoring missions in the area. The EU was very slow to engage itself in the problem and devote more attention to these conflicts before the war and now it spends huge sums of money to keep the monitoring mission and try to control the situation in the conflict zone. The situation itself is risky and the tension between the countries remains very high, so the EU needs to stay engaged and try to keep the situation under control, using its diplomatic tools (Popescu & Wilson, 2009). The EU High Representative for Foreign Affairs and Security Policy and Vice President of the European Commission, Catherine Ashton has confirmed EU's position concerning the issues during her visit to Georgia in July 2010 and said that the European Union

welcome[s] Georgia's commitment to solving the conflict only through peaceful means and diplomatic efforts... The EU will remain fully engaged in conflict resolution efforts, using the variety of tools at our disposal. The EU Monitoring Mission remains an indispensable factor for stability. (EU, 2010)

The successful outcomes of close EU engagement will certainly benefit the Union and will increase its significance as a global political actor, however, the challenges of such close involvement are very clear. When it comes to the Mediterranean countries, Spain's internal problems mean its solidarity to Georgia in this case; as for Greece, expelling ethnic Georgian population from Abkhazia and South Ossetia, as well as mass deportation from Russia, draws parallels with the migration of ethnic Greeks after the conflict with Turkey.

8. Conclusion: Mediterranean identity vs. Georgian identity

Analyzing the similarities between Georgia and the Mediterranean states inside the EU, positive and negative effects of Georgia's possible integration into the EU can be found. Georgia could supply the EU with cheap labour, including the localization of European companies there to lower production costs. Georgia could also increase the EU's role on international level, as the country is located at a crossroads of civilizations (King, 2009, p. 86). But at the same time, it is also a disadvantage, because of the possible confrontation with Russia. Georgia itself, due to its size, cannot be as important in market terms for the EU as are Italy and Spain, but the possibilities of further opening of the markets of Central Asia and to some extent to the Middle East, could supply the EU with a robust presence in these markets with the consequent economic benefits (de Waal, 2010, p. 145). Finally, following the example of Greece, Italy and Spain, Georgia is a fervent believer of the European integration and would like to take part in it.

There are also parallel negative effects for the Union in case of Georgia's accession, similar to those of other Mediterranean countries. First of all, corruption that will increase the level of corruption in the EU and generate the same problems as in the Mediterranean Member States. Second, Georgia, as a less developed country, will generate economic tensions inside the EU. The problem could not be big, due to Georgia's size, but in the current economic conditions even that is important as it could mean further economic challenges. Finally, the Mediterranean identity is strong in Georgia and it could help in the European building process, contributing to deeper integration. As we have seen, in order to have any kind of state, even if it is a supranational state, the link of the people with the political structure is needed. There has to be some kind of identification and thus political loyalty of the people. The European identity above the national identity (never to be eliminated) is needed in order to establish stable political institutions on the European level and the Mediterranean identity could help serving as a bridge between these two levels of identification. In the case of Georgia's accession to the EU, the Mediterranean identity will be stronger, helping to develop the desperately needed European identity.

The implication of Georgia in the EU from a more domestic perspective shows that Saakashvili's government is driven more than ever by the ideology, the country's policy is very pro-United States and pro-European (Wheatley, 2010). The goal is to join the European Communities and NATO: this is seen as the best and may be even only way of development, protection and solving the problems (Jacoby, 2006, pp. 101–130). This ideology is widely shared by Georgian society

and there has not been a serious alternative in the minds of Georgians to the way towards joining the European family. Georgians consider themselves as Europeans, especially when it comes to identity—the Mediterranean identity is seen as something very similar to Georgian one. Connections are especially tight with Greece, sharing one religion (considering the fact that Georgians are very religious and the Orthodox Church is seen as a very influential body), many traditions, minority related connections (many Georgians living in Greece and a huge number of Greeks who have lived in Georgia for a very long time). And, of course, the history, starting from the legend that every Georgian is very proud of—the legend known primarily from Greek mythology about the Golden Fleece and Jason, together with Argonauts travelling from Greece to ancient Georgia to seize it from Colchis.

The main concern will be whether Georgia can or cannot join the organization or what kind of relations is it going to have with the EU. Its future in a way depends on the relations of Turkey and the EU, because of the obvious geographical reasons and here the Mediterranean identity plays a major role. Turkey as a Mediterranean state has been involved in the development of the cooperation in the Mediterranean area, acting as a key player, leading somehow the Muslim Mediterranean states in its relations with the EU, promoting a new Ottomanism and, at the same time, acting as a partner of the Union. The future of the enlargement to Turkey will define its ambiguous position—if the country joins the organization it should forget its imperialistic approach based on religion, if it does not, the relations of Turkey with the EU would be done via the Union for the Mediterranean. Currently this organization is empty and without any influence, but it could be the future vehicle of the relations between Turkey, the EU, the eastern and southern shores of the Mediterranean. Here, the Mediterranean identity of Georgia could play a key role in its relations with the EU, including the country in the association and thus developing stable relations with the European Union.

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David Ramiro Troitiño,
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Appendix 3. “The European Union and its Policy Towards the Neighbors from South Caucasus”

The European Union and its Policy Towards the Neighbours from South Caucasus

ARCHIL CHOCHIA

Tallinn Law School of Tallinn University of Technology

Abstract: This article explores European Neighborhood Policy towards three former Soviet states from South Caucasus, Armenia, Azerbaijan and Georgia. It investigates how successful these countries have been in implementing necessary reform. As for the European Union, paper tries to show why Europe is interested to be engaged in close cooperation with these republics and run various programmes to support their development. Article also talks about possible problems and difficulties the union wants to avoid facing by preventing their causes locally in the region.

Keywords: European Neighborhood Policy, South Caucasus and Europe, European integration

INTRODUCTION

The subject of my research is the relationships between the European Union and the countries of South Caucasus, Armenia, Azerbaijan and Georgia, precisely European Neighborhood Policy in South Caucasus until 2011, due to its importance to the EU from one side and these countries from another. The EU is very much interested in keeping and improving stability in the region and its direct cooperation with the countries from this region supports this idea. Therefore, the main question of this paper is why the EU is interested in cooperation with the countries of South Caucasus and what are the factors for this policy?

My hypothesis is that the EU became more concerned about the region and interested in closer cooperation with the countries there due to the fact that the union considers it as an important part of process aimed to solve the cross-border problems, such as drug traffic, illegal immigration, human trafficking, and terrorism.

The aim of this research is to prove that preventing the problems the EU fears to face in the region or due to the situation in South Caucasus is the main motivation for the union to be engaged locally as an active political actor and is starting reason for its policy. My work relies mainly on the researches of different academics working on the issue, the information available on the official website of the EU, including regular reports of the Commission dedicated to the detailed explanation of the plans of the organization in each country and the work progress, as well as the declarations of the European Parliament and the high officials of the EU.

In order to understand the issue fully, studying the policy of the EU is essential, what is the policy in details and why the union initiated the policy with its neighbors. This article will try to explain the matter using theory of neofunctionalism.

THE BEGGING OF THE COOPERATION WITH SOUTH CAUCASUS

After the collapse of the Soviet Union and re-gained independence, the countries of South Caucasus, Azerbaijan, Armenia and Georgia, actively engaged in the bilateral and multilateral programmes of the EU, including the national programmes supporting institutional reforms, Comprehensive Institutional Building Programme (CIB), INOGATE programme supporting energy policy cooperation between the EU and partner countries, TRACECA programme promoting the development of regional transport dialogue and Euro-Asian transport connections, macro-micro financial support, Partnership and Cooperation Agreement (PCA) starting from 1999. The EU has

also established a regional representation in Tbilisi, Georgia, dealing with the regional issues and last but not least, in 2009 Eastern Partnership Programme started working¹.

Describing the EU's cooperation with each country, in Georgian case this cooperation has been stably developing since the 90s. The EU regional representation opened in Tbilisi, the capital of Georgia, in 1995 and it has obviously been a huge factor in developing and improving cooperation with the country, between its government and the institutions of the EU. The representation holds the negotiations with Georgian government over the cooperation programmes, as well as in general it coordinates those programmes. The Partnership and Cooperation Agreement (PCA) that came into power in July 1st, 1999, being a legal and political basis for the cooperation, regulates the cooperation between the EU and Georgia². One more document within European Neighborhood Policy regulating the cooperation between the EU and the country is European Neighborhood Policy Action Plan, being a document that defines strategic goals of the bilateral cooperation for five years, with short-term and long-term priorities³. On the basis of the Action Plan, the EU and Georgia take obligation to deepen economic integration and develop political cooperation in the fields such are foreign policy, justice, energetic, transport, fighting poverty, freedom and safety, especially in fields of boarder control and migration, environment protection. The main priorities of the cooperation between the EU and Georgia are described in two documents: the Country Strategy Paper 2007-2013 and National Indicative Programme 2007-2010, each document includes priority fields for cooperation⁴. Furthermore, starting from the 90s, the EU is helping Georgia in solving internal conflicts with its breakaway regions, Abkhazia and South Ossetia, providing various programmes for economic and humanitarian rehabilitation, as well as trust and peace building process. Such programmes include projects on improving living conditions of Internally Displaced Persons (IDPs) and supporting them starting up their own small businesses⁵.

For Armenia, the EU has prioritized three fields: strengthening of democratic structure of the government, regular reforms and building of administrative basis, fighting poverty. The EU also has an Action Plan with Armenia that defines the cooperation and the priorities of this cooperation with the country, managing various programmes supporting the development in above mentioned priority fields⁶.

The EU's cooperation with Azerbaijan has defined three priority directions being investments in country's infrastructure, economic integration and partnership in exporting the oil from Caspian Sea. Similarly to Armenia and Georgia, Azerbaijan also has an Action Plan with the EU, which defines the aspects of the cooperation between the country and the EU⁷.

It is important to mention that Neighborhood Policy is dedicated to integrate the partner countries with the EU, but not exactly to membership of them in the union. The policy first of all is devoted to help the partner countries to develop and strengthen their democratic institutions, as well as it provides these countries with privileged relations with the EU and somehow, at least permanently, is an alternative of membership. The cooperation promoted and regulated by this policy should be based on taking obligations on common values such rule of law, minority rights, good relations with neighbors, market economy and sustainable development. Thus, practically the main aim and objective of the policy is to functionally integrate partner countries with the European Union⁸.

¹ European Commission, "European Union External Action. European Neighborhood Policy – Overview", available at: http://ec.europa.eu/enp/index_en.htm (Accessed on 28.12.2011).

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ European Commission, "Europa – summaries of EU legislation. European Neighbourhood Policy: recommendations for Armenia, Azerbaijan and Georgia and for Egypt and Lebanon", available at: http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/eastern_europe_and_central_asia/r14103_en.htm (Accessed on 29.12.2011).

⁶ Ibid.

⁷ Ibid.

⁸ European Commission, "European Neighborhood Policy", available at: http://ec.europa.eu/world/enp/index_en.htm (Accessed on 29.12.2011).

Then president of the European Commission, Romano Prodi, stated concerning the Neighborhood Policy, that: in times of globalization, existence of transnational social society, foreign relations of the EU can not exist without taking into account direct neighbors of the union. That, instead of so-called “diving borders”, there should be a path of deeper integration between the EU and its neighbors, which itself will accelerate the political, economical and cultural process of bringing these countries closer to the union¹.

European Neighborhood Policy undoubtedly brings huge perspectives to the countries of South Caucasus. By political dialogue between the countries of the region and the EU, the spectrum of political cooperation between them will naturally be broadened, the conditions of deeper cooperation in the fields of foreign policy and safety will improve, economic and trade relations will progress, cooperation in environment protections and economic sectors will expand (which itself will play an important role in diversification of energy resources for the EU). Furthermore, the interest of the EU is also due to the conflicts in the region, which keeps the region remaining an unstable area very close to the borders of the EU.

EUROPEAN NEIGHBORHOOD POLICY

At the beginning, one may suggest that, there was a little interest in South Caucasus from the EU, or less than in some other regions, but the interest slowly grew and from 2003 the EU has its special representative in the region². When talking about the issues that might have contributed to increase of interests few them could be mentioned, such as so-called Rose Revolution in Georgia, which increased the possibilities in the country for democratic transformation and more cooperation with the west including the EU, as well as the a big role might have been played by the problem that arose between Russian Federation and Ukraine, that resulted in shortages of energy resources to several European countries and once more highlighted the need for diversification of energy resources and in this concern South Caucasus is an important alternative. The same energy resources related matters have also contributed to EU's more active involvement in conflict resolution processes in the region, of course together with the concerns of safety issues in general³.

Therefore, start-up of the Neighborhood Policy was a very important step, which more clearly defined and more importantly planned the policy towards the partner neighboring countries. In the cases of Armenia, Azerbaijan and Georgia, they all received individual recommendations even before the policy started operating and later report of the commission was based on the individual reports concerning those recommendations. The commission in details studied economic and political situation in each of these three countries, providing afterwards the recommendations to hold reforms, which differed for each country, however some key elements were common, such as recommendation to reform business environment in a country, public sector modernization, resolution of local conflicts only with peaceful ways and through negotiations, improving the situation with human rights. The main differences concerned the advices on how to fight the corruption, due to the fact that the level of corruption varied in each country, situation in Georgia being better, while in Azerbaijan being the worst out of three countries. Additionally, Azerbaijan was advised to take more active steps on its way to join the World Trade Organization, as the rest, Armenia and Georgia had already joined the organization by that time, Armenia joining in 2003 and Georgia in 2000⁴.

¹ Prodi, R. (2002) “A Wider Europe - A Proximity Policy as the Key to Stability”, Sixth ECSA-World Conference, “Peace, Security and Stability International Dialogue and the Role of the EU”.

² *** “Europa – EU Delegations. Delegation of the EU to Georgia”, available at: http://ceas.europa.eu/delegations/georgia/eu_georgia/political_relations/index_en.htm (Accessed on 28.12.2011).

³ European Parliament, “The South Caucasus (Armenia, Azerbaijan, Georgia)”, available at: http://circa.europa.eu/irc/opocefact_sheets/info/data/relations/relations/article_7242_en.htm (Accessed on 28.12.2011).

⁴ *** “World Trade Organization. Members and Observers”, available at: http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm (Accessed on 29.12.2011).

Similarly, Armenia got a specific recommendation regarding the modernization of the nuclear power plant Metsamor¹, which was built back in Soviet period, in 1970, and carried some concerns regarding its safety.

The big enlargement of 2004, when ten new members join the EU, meant some new members with Soviet past, as well as it brought the EU geographically closer to few other former Soviet states. And in that same year, it was decided that the European Neighborhood Policy would cover the countries of South Caucasus. The situation in the area for that period was quite problematic, due to lack of democracy and weakness of the democratic institutions in particular, unsolved local conflicts (Abkhazia, Nagorno-Karabakh, South Ossetia), generally high level of corruption, unstable political situation and similar difficulties. Therefore decision to engage more actively in the region in order to improve the situation was a necessary and useful decision, which allowed the EU to have a better understanding of the developments in the countries and possibility to promote needed reforms to overcome the problems. Such commitment would have a direct effect on bring peace and stability on Europe's borders and thus avoiding the problems caused by the instability in the region.

Three countries of South Caucasus became even closer to the EU geographically after two more new states, Bulgaria and Romania, joined the union. As a result, the problems such as drug traffic, human trafficking, illegal immigration, terrorism, etc. became more worrying to the EU and in order to prevent such issues the union turned to direct cooperation with these three countries. Moreover, geopolitical importance of the region was an additional motivation to the EU, as it opened its direct way to the Central Asia, including its energy resources, which gives the possibility to Europe to lower its dependence on Russian Federation by opening a new energy corridor, trans-Caspian trans-Black Sea. As when it come to energy, South Caucasus plays very important role in the issue, being a part of a the Black Sea region, which has been an important area when it comes to Europe's energy supply, "The Black Sea is a leading theatre in which the new dynamics of energy security are being played out, a theatre in which transit countries as much as producing countries are leading stakeholders"².

European Neighborhood Policy gives the possibility to the countries involved to take part in various programmes for deeper cooperation with the EU in the fields of politics, economics, safety, culture, etc. Such activities, which are based on democratic values, protection of human rights, principles of market economy and sustainable development, bring these countries closer to the union, while ultimate goal not necessarily being a membership³.

Within the Neighborhood Policy, the EU has an individual Action Plans with each state involved in the policy. In those Action Plans, the priorities of the cooperation are defined, priorities that are important specifically for particular country, therefore the plans differ from each other. The Action Plans are composed by involvement of both sides, the EU from one side and the country from another and these plans include issues such as political dialogue, economic cooperation, reforms in social field, creation of market economy, country's access to the European market, cooperation in a field of justice⁴. One part of European Neighborhood Policy is Eastern Partnership, which is devoted to strengthen European dimension of the policy, it sets additional goals to the countries for European integration, covering fields of democracy, stability, economic and political integration, energy safety, etc.⁵.

¹ Poviliunas, A. (2006), "South Caucasus in the Context of European Neighbourhood Policy", *Lithuanian foreign policy review*, available at: <http://www.lfpr.lt/uploads/File/2006/Poviliunas.pdf> (Accessed on 26.12.2011).

² Lesser, I. (2007) "Global Trends, Regional Consequences: Wider Strategic Influences on the Black Sea", *Xenophon Paper*, No 4. International Centre for Black Sea Studies publications, p 13.

³ ***"Civil Georgia. European Neighborhood Policy for the region". Available at: <http://www.civil.ge/geo/article.php?id=15653> (Accessed on 23.12.2011).

⁴ Ibid.

⁵ ***"Europa – Eastern Eastern Partnership Summit to strengthen EU links with Eastern Europe and South Caucasus". Available at:

August war of 2008, between Georgia and Russian Federation, has also contributed to more active cooperation within Eastern Partnership programme, admitted the President of the European Commission Jose Manuel Barroso. The same time underlining that it does not intent to draw new division lines, saying that stability in 21st century will be brought by economy, dialogue and partnership¹.

For Armenia, Azerbaijan and Georgia, involvement in Eastern Partnership is an important step forward in their cooperation and relations with the EU, being essential contribution in countries' development. It provides countries with real possibilities to carry on needed reforms and start cooperating with the EU on higher level.

Majority of the scholars working on the issues of European Neighborhood Policy admit that it is in a way Europe's answer and a reaction to newly arisen challenges and problems coming from the region of South Caucasus. Promoting democracy via implementing such policy towards these countries and stabilizing the situation on the EU's borders could be the best prevention measure that the EU could take.

Implementation of European Neighborhood Policy in this region was a result of the existing safety problems in this area, thinks Lilli Di Puppò, suggesting that the EU decided to promote European democratic values in the region in order to challenge unstable situation there. She believes that when in 2006 the President of Azerbaijan, Ilham Aliyev, was warmly received in Brussels despite the ongoing struggle with the situation of human rights in this former Soviet republic, was due to the fact that the country is a strategic partner of the EU because of its geopolitical status, being a direct neighbor of Iran, which, with its nuclear policy, remains to be seen as a threat to the EU's safety².

Sabine Fisher, researcher at the Paris-based Institut for Security Studies thinks that the EU has several interests in South Caucasus and only one of them is the energy resource of Azerbaijan. It is also in Europe's interests to bring economic progress, democracy and stability into this region, as it has a direct effect on the EU itself³.

The EU has fundamental interests in the region, first of all due to the importance of the safety and stability in the region to the safety and stability of the Europe in itself, supposes Elkhan Nuriyev. The matters for concern are extremism, separatism, terrorism, conflicts over territorial disputes, drug and human trafficking, as well as the rise of organized transnational crime⁴. Instability of South Caucasus, especially due to the local conflicts in Abkhazia, South Ossetia and Nagorno-Karabakh, might cause serious problems to the EU, by rise of illegal immigration, drug and arm traffic, increase of the organized crime⁵.

DYNAMICS OF THE ACTION PLANS' IMPLEMENTATION

It is interesting to follow the implementation process of the Action Plans, the dynamics of that implementation. And as the Action Plans different in case of each country, implementation process should also be review in each country separately.

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/700&format=HTML&aged=0&language=DE&guiLanguage=en> (Accessed on 28.12.2011).

¹ ***"Civil Georgia. EU Offers Close Partnership to its Six Neighbors". Available at: <http://www.civil.ge/eng/article.php?id=20070> (Accessed on 26.12.2011).

² Puppò, L. (2007), "The South Caucasus countries and the ENP: Three different paths to Europe?" Available at: <http://www.un-az.org/undp/bulnews45/caucasus.php> (Accessed on 27.12.2011).

³ *** "Energy not EU's only interest in South Caucasus", News.Az, available at: <http://www.news.az/articles/politics/3268> (Accessed on 26.12.2011).

⁴ Nuriyev, E. (2007), "The EU policy in South Caucasus: The Case of post-soviet Azerbaijan, New opportunities and future prospects". Available at: http://swp-berlin.org/fileadmin/contents/products/arbeitspapiere/SWP_RP_Nuriyev_ks.pdf (Accessed on 26.12.2011).

⁵ Tangiashvili, N., Kobaladze, M. (2006), "EU- Georgian Neighborhood Relations". Central European University, p 13.

The Progress Report 2009 by European Commission says that Georgian government has reached some important priorities within the Action Plan, particularly mentioning key reforms carried on in the fields of penitential system, fighting corruption, improving business environment in the country. But the report also reads that situation with fighting poverty, unemployment and social policy remains quite difficult and challenging.

Concerning democracy, Commission found important the following steps taken by the government: first of all modernization of election code, hold in a special working group where the members of the opposition parties were included, secondly working on a new constitution within the so-called "second wave of democracy" proclaimed by the President Mikheil Saakashvili, furthermore, important progress was achieved in fighting corruption and taking into account the recommendations from GRECO programme (Group of States against Corruption – Council of Europe).

In the filed of protecting human rights, the principal advancement was achieved by signing United Nation's Convention on the Rights of Persons with Disabilities in July 2009. However, extremely difficult situation remained with the rights of detained and prisoners, due to the fact that detention facilities continued to be overloaded. While regarding the minorities, the government adopted a new national strategy, however it did not fully corresponded with the Council of Europe's Convention for the Protection of National Minorities, as well as Georgia had not signed the European Charter for Regional or Minority Languages.

In other important fields, problematic matter for Georgia remained competition policy, where little has been done in order to improve the situation. Progress was achieved in border control, where the cooperation with other South Caucasus states has been advanced, the same has been done in regards to visa facilitation process, migration issues, fighting drug traffic and human trafficking. Improvements were made in transport system, including the safety of the goods coming from Caspian Basin through Georgia and to Europe¹.

Similarly to Georgia, the Progress Report has been released for Armenia as well concerning country's success in implementation of the Action Plan. Report underlined Armenia's achievements in the field of human rights, via political dialogue with the EU. Success has been made regarding overcoming internal crisis as well, which was due to problematic presidential elections in the country in 2008. Needed reforms were carried on also in the financial and competition policies.

However, problems remain in such sectors as economy, where the inflation stayed high and was lack of direct foreign investments, especially after the global financial crisis. Significant achievement in the field of regional cooperation was conducting the negotiations with Turkey to normalize the relations between two countries, including signing official protocol, but later the protocol was not ratified by Armenian side despite the position of the EU, which supported the signature of such document.

Armenia received principle recommendations for more implementation of the Action Plan, including proposal to compile a working group that would investigate the political crisis after the presidential election in 2008. Furthermore, recommendations concerned the need to improve the electoral environment in the country, freedom of press, judicial system, cooperation between the ruling political party and the opposition political groups, which is essential for country's democratic development.

Concerning country's fight against the corruption, even though its legal system provides quite good environment for improvements, not much has been done and the progress remained minor. Regarding the protection of human rights, even though the success has been achieved, the report suggests that more actions should be made, particularly in penitential system, as well as the reports that beating and torturing the journalists had place in various occasions.

¹ European Commission (2009), "Progress Report Georgia". Available at: http://ec.europa.eu/world/enp/pdf/progress2009/sec09_513_en.pdf (Accessed on 28.12.2011).

As for the situation with the conflict in Nagorno-Karabakh, in 2009 there were six meetings held within so-called Minsk group, but no significant progress has been made and the situation remains unstable, with time to time escalations and gun-fire on the frontline¹.

When it comes to the third country of the region, Azerbaijan, it has achieved an important progress in terms of reaching the goals set by the Action Plan, particularly in economic and social fields, as well as it managed to keep inflation rate low during the years following the global economic crisis of 2008. Considerable improvements have been reached in energy cooperation, where Azerbaijan has taken efforts for developing new energy corridor Nabucco – the EU initiated pipeline, which could link Europe not only with Azerbaijan, but could also allow European consumers to get direct access to gas and oil from other former Soviet republics, Kazakhstan and Turkmenistan, which itself would mean a huge step for Europe in diversification of its energy resources.

Meanwhile the problematic issues remain country's slow progress in joining the World Trade Organization, as Azerbaijan's steps in this direction have been rather dim. As for the protection of human rights in the country, the situation stayed very difficult, including the rights of detained, as well as the freedom of press, as various occasions of beating and torturing civilians and journalists were reported and the situation was called critical².

The situation described in these reports of the Commission, showed different picture in all three countries concerning the implementation of the Action Plans, some being more successful in certain fields than others. Better results in achieving progress in strengthening democracy in the country compare to other states from the region had Georgia, where country managed to carry one some necessary reforms, first of improving election environment in the country by reforming its election code. Armenia and Azerbaijan had quite good election legislation, however the progress in improving the environment has been rather disappointing, especially highlighted by the events after the presidential elections in Armenia in 2008, therefore the situation needs urgent measures to be taken.

When it comes to protection of human rights, countries' achievements have also been slightly different. Progress has been reported in each country, but still the situation needs to be significantly improved, in main problems differing from country to country, for example several kidnappings have been reported in Armenia that still need to be investigated, as well as the issues of torturing civilians and journalists in Azerbaijan and the situation in detention facilities in Georgia. Some differences were discovered in countries' achievements when fighting corruption.

Above-described differences could be the result of the diverse political situation in each country, especially concerning the position towards the EU in general. In this regards, Georgian government had a very clear pro-European policy, aiming for better and faster integration with the EU institutions. Armenia, while being involved in Neighborhood Policy and Eastern Partnership, still remains an ally of Russia and does not have very clear pro-Western and pro-European policy.

THEORETICAL EXPLANATION

The theory of neofunctionalism could well help to explain the matter and answer the question of this research. The theory well describes the issue of integration, when having common interests gives more possibility for integration. This theory pays more attention to regional matters rather than to global integration. Neofunctionalists argue that integration in one sector will promote integration in another via spillover effect, in their opinion, supranational institutions and organizations will play a

¹ European Commission (2009), "Progress Report Armenia". Available at: http://ec.europa.eu/world/enp/pdf/progress2009/sec09_511_en.pdf (Accessed on 28.12.2011).

² European Commission (2009), "Progress Report Azerbaijan". Available at: http://ec.europa.eu/world/enp/pdf/progress2009/sec09_512_en.pdf (Accessed on 28.12.2011).

main role in integration process¹, the EU is definitely one of such supranational organizations. Neofunctionalism suggests that as a result of integration, the role of national institutions will be lowered, as the power will be transferred to above-mentioned new supranational organizations. The theory argues that integration starts from “low politics” such as economics and will go to “upper politics” such as defense and foreign policies².

If we apply the theory of neofunctionalism to the cooperation between the EU and the states of South Caucasus, we may suggest that such closer cooperation and integration will benefit all parties involved and interest groups on both sides. As mentioned above, the EU does not want to draw a new division line, its programmes implemented in the region support such integration and deepening. As for involvement of different interest groups from these countries, important step could be the integration of local youth in different European programmes, where young people from Armenia, Azerbaijan and Georgia have a possibility to better understand European values, culture, ideas. The same time cooperation in some sectors of economy will have a spillover effect and should result in deeper cooperation and integration in economy in general, thus bringing the economies of these three states close to the EU economy and European standards.

CONCLUSION

The aim for this research was to analyze European Neighborhood Policy towards South Caucasus states, namely Armenia, Azerbaijan and Georgia, and try to find out what might be reasons for the EU to engage in such close cooperation with these countries and to have such a policy towards them. This work describes the history of the cooperation between the EU and three former Soviet republics, its development, geopolitical importance of the region in general and for the EU in particular, how did the chances of these countries increased for more integration with the EU after their involvement in the policy actions and what are the main obstacles on this way.

The research shows that preventing possible problems coming from the region, or caused by instability there, definitely is a motivation for the EU to have a special, more close relationship with the region, having special policy towards it and putting in the efforts to reform and modernize the countries there. These possible problems, such as drug traffic, illegal immigration, human trafficking, terrorism, might have a direct effect on the EU itself and therefore becomes a threat to its safety. That is why the EU is very much interested to be more active in the region, being able to monitor the situation very closely, having the possibilities to influence the countries more on their way to modernization and democratization, carrying on necessary reforms, in order to built more successful states, with strong democratic institutions, stable market economy, with the values that are common to Europe and in general, safe and stable, developing country. Stability in the region would mean stability and safety on EU borders in general.

The theory of neofunctionalism was used to prove such position, which pays attention to integration and its importance for cooperating parties, its effects on their future. As the theory suggests, integration in one sector has a spillover effect and causes integration in another, upper sector, thus cause more integration in general and bring parties closer. In case of the EU and the countries of South Caucasus, integration in some sectors gives good grounds for the integration in other sectors, thus making it possible to have the countries more similar to the EU and its way to development.

¹ Dinana, D. (2000), *Encyclopedia of the European Union*, Macmillan Press, pp. 278-283.

² Ibid.

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Appendix 4. “The Common Agricultural Policy, its role in European integration and influence on the enlargements of the organization (case study: Georgia)”

The Common Agricultural Policy, its role in European integration and influence on the enlargements of the organization (case study: Georgia)

David Ramiro Troitino and Archil Chochia

Introduction

The Common Agricultural Policy was not included in the first community, European Coal and Steel Community, but already in the second major treaty founding the European Economic Community (EEC), there were already included different provisions for the further development of Common Agricultural Policy (CAP) on European level. The impact of this policy was so important that even its development was marked by a huge controversy between the member states, bringing newborn EEC to crisis. But with insistence of de Gaulle and France in particular, the policy was finally developed and since then, being the most influential policy inside the European communities.

The CAP is important because of its big share in the common budget of the European Union (EU), representing almost half of the current budget of the EU. At the beginning, its share in the common budget was bigger, sometimes reaching 80% of it, but year after year the importance of this policy in terms of budget has decreased. Even though, the amount money spend in the policy has not decreased and has even increased, however the common budget of the EU has increased in a faster. Nevertheless, in budgetary terms CAP is still the most important policy of the EU, having a bigger budget share than any other policy of the union.

The CAP is also important in social terms for the population of European rural areas, as there is lack of economic activities besides agriculture in these regions, therefore making local population depending on the agriculture. In open market conditions, most of the European farmers would probably not be able to compete with farmers from other parts of the world and therefore without a real economic alternative in the rural world, most of these people would have found themselves jobless. It would thus lead these people to migrate from to the cities for finding a job. Thus, the CAP plays a very important role for the social peace of the EU, keeping the rural population in the rural environment preventing an important social chaos of huge migration from the countryside to the cities.

Following the previous path, the CAP also plays important role in cultural and environmental terms by keeping the rural areas populated. Culturally most of the European traditions and cultural differences are kept in the rural areas, heaven of various folk traditions. Therefore, the CAP plays a fundamental role in order to keep the cultural inheritance of Europe and its cultural diversity, one of the pillars of European achievements.

The CAP is affecting the development of the external policy of the EU as well, as many of EU's partners are seeking free access to the European market in order to open their domestic markets to the European industries, mainly in the service sector. Thus, CAP leads to a confrontation between the EU and many of its partners. Finally the CAP plays an important role in the enlargements of the organization, because of its financial cost for the Union and for the economic, social and cultural benefits for the new members of the organization.

The Common Agricultural Policy of the European Union

The Common Agricultural Policy is the most important policy of the European Union in terms of budget, because for long periods of time most of the EU budget was expended in this policy. Currently the CAP receives nearly half of the EU budget. So, the money spent in this policy is huge in European Union terms.¹

After the Second World War, there was a lack of almost all the essential primary goods in Europe, and the threat of a great famine was real. The economic situation of Europe was precarious and it needed an important effort in order to restore farm production to supply the European population.²

Shortly after the war, there was another important fact that influenced the production of food: the independence of European colonies all over the world. These countries were mainly agricultural suppliers for the European metropolis because their production was much cheaper than in Europe and it became their main economic activity. Independence meant instability in the supply and growth in prices. The governments of European states handled the situation in different ways, but generally they opted for protecting their farmers with subsidies to have a secure, stable, and independent supply of food for securing the living of their citizens.

Some European countries still had an important national sector related to agriculture in which many citizens were working. Importing food from other states such as Argentina, South Africa, or Australia would have solved the problem of the shortage of food in the short term, but it could have also generated other problems. The European farmers needed more money to produce, so they could not compete in a free market with these producers. Importing cheap food would have meant the end of the European farmers, as they could not compete in a free market, with all its social consequences.

¹ Garzon, I. (2007) *Reforming the Common Agricultural Policy: History of a Paradigm Change*. Palgrave Studies in European Union Politics. New York: Palgrave Macmillan, p. 43

² Simms, B. (2013) *Europe: The Struggle for Supremacy, from 1453 to the Present*. United Kingdom: Basic Books, p. 381

Europe was greatly damaged after the war, and there was a problem with housing in the cities even for the urban population. If people from the countryside had to end their economic activity because they could not stand the competition of the international farming producers, they would have moved to the cities to find a new living. The cities were already handling housing problems even for the urban population, so these farmers would have problems finding adequate living conditions, with the consequent social problems. It basically meant the possibility of having many people in cities without the essential living conditions. At the end of the war, and in the following years, there was a competition between two political systems, communism and capitalism, and some important European states, as France and Italy, had an important communist presence in their national politics. Social unrest provoked by the massive movement of farmers from the countryside to the cities could have meant the rise of communist influence in these countries. To secure the states from any internal communist threat, it was important to protect the national farmers. So, the protection of the farmers became a necessity for avoiding revolutionary movements inside the European states.³

National cultural traditions and the role of the countryside were also important for retaining national identity. The cities then and even now are more homogenous than the countryside, and normally there is an urban society that looks beyond the cultural traditions for more modern cultural activities. As the rural areas are more traditional, they keep the cultural heritage in a more conservative way, keeping the folklore untouched for a long period of time, keeping the roots of the European nations versus the modernization of the cities. As the national state was the main political vehicle in Europe at that time, it was important to keep the source, the traditions, in order to unify the community of citizens and maintain their loyalty to their national state.

Because of these reasons most of the European States decided to subsidize their farmers, creating close national markets paid for by the taxes of their citizens, and blocked their national markets from external producers. This policy protected the national farmers but had some negative effects in provoking a distortion in prices and production because free competition meant importing cheaper products and hence cheaper prices for consumers, plus production adapted to demand.

This system was widely accepted in continental Europe and was important especially in France, because of the huge amounts of the economic subsidies, the number of small and

³ Ramiro Troitino, D. (2013) *European Integration: Building Europe*. New York: Nova Publisher, p. 62

middle farmers operating in the country, and the economic crisis after the war that made it impossible for the French government to afford these expensive subsidies. The French politicians thought of the European Communities as a way to make viable the protection of the French farmers. Also, as a consequence of national protection, French agricultural production increased while the French national market could not absorb the whole production, creating a difficult to manage costly overproduction.⁴ Creating a European market for agricultural products instead of close national markets could give access to other markets for French farmers to sell the overproduction not absorbed by the French national market. The economic support of the European Communities in the field of subsidies could also solve the financial problem of the French state. The best way to solve the French problems related to its agricultural sector was integrating this policy into the European Communities. Hence, the French politicians, using the predominant role of France at the beginning of the European Communities, lobbied for the inclusion of this policy in the European integration, and the CAP was included in the Treaty of Rome, becoming the center of the European Economic Community budget.

At the beginning of the process, the rest of the partners of the European Communities were reluctant to develop the CAP because of its financial cost, but the pressure of the French government led to the conference of Stressa in 1958, and a long process until the CAP started working.⁵

The Stressa Conference

The six members of the EEC met from 3 to 12 July in Italy to discuss the introduction of the CAP with Walter Hallstein, president of the European Commission, and Sicco Mansholt, Commissioner with special responsibility for agriculture, and the real architect of the Common Agricultural Policy. They decided to focus the CAP on two main points: a common market for agricultural production and different market organizations for different products to protect the farming industry.

1) Common Market with common borders

The integration of the agricultural markets of the members of the EEC meant the unification of their national markets into a single market on the European level substituting for the

⁴ Ramiro Troitino, D. (2008) De Gaulle and the European Communities. Kirch, A., Kerikmäe, T, Talts, M. (ed) Socio-economic and institutional environment: harmonisation in the EU countries of Baltic Sea Rim: a collection of research articles dedicated to the 10th Anniversary of the Institute for European Studies good, pp. 139-152

⁵ Treaty of Rome, 25 March 1957. Available http://ec.europa.eu/economy_finance/emu_history/documents/treaties/rometreaty2.pdf (Accessed 10.05.2013)

previous national markets. In order to achieve a common market it was needed to abolish all the internal barriers to the free movement of goods and all the obstacles to the trade of agricultural products inside the organization.

At the same time, the external borders had to be harmonized to have a common border because once the external products reached any member state, they could move freely in the whole European market without restrictions. The main discussion about the common borders was the level of protection needed to make the European producers competitive. So, a high level of protection was decided on, with high taxes, quantity restrictions, and temporal restrictions.

The taxes were focused on prices, forcing international producers to pay high taxes for accessing the European market. It made its products more expensive than the Europeans', artificially increasing the competitiveness of the European farmers in the European market. Quantity restrictions were important for restricting access of international production to the European market. It decreased the offer of farming products and consequently increased the prices paid by the final consumers, the European citizens. The quantity restrictions were calculated according to European production.

Another important tool was the temporal restrictions. Agricultural production is seasonal, and the readiness to harvest is decisively influenced by weather conditions. Other parts of the world, with different weather conditions, have their harvest ready earlier than in Europe, and it gives them a privileged position in the market because they are the first to reach it, so they have dominance over the market and could saturate the offer before the European farmers could even reach the market. The temporal restrictions wanted to avoid this dominance by forbidding the import of these kinds of products until the European production was completed and already in the market, giving the benefit of reaching the market first to the European farmers.

The creation of common borders and common rules meant the common management of them, the European management of the European market, and the institution to deal with it had to be common and hence European Commission was chosen. This policy gave a lot of power to this European institution, but under the close supervision of the European states. This control explains the traditional composition of the DG of the European Commission in charge of agriculture, where traditionally most of the workers and the Commissar in charge are French.⁶

2) Market organizations

⁶ Schmitt, H. A. (1981) *The Path to European Union: From the Marshall Plan to the Common Market*. Westport: Greenwood Publishing Group, p.153

The complexity of agricultural production made difficult the creation of common rules on the European level because of different weather conditions, different types of production, and different importance of farm products. The solution was the creation of market organizations for different kind of products. Each market organization included different products with common rules and common protection different from the other market organizations that included different production. In practical matters it meant that the CAP was divided in different independent chapters, with different levels of protection, and it explains why continental production, at that time mainly focused in France, still gets higher benefits than other kinds of productions, such as that of the Mediterranean.

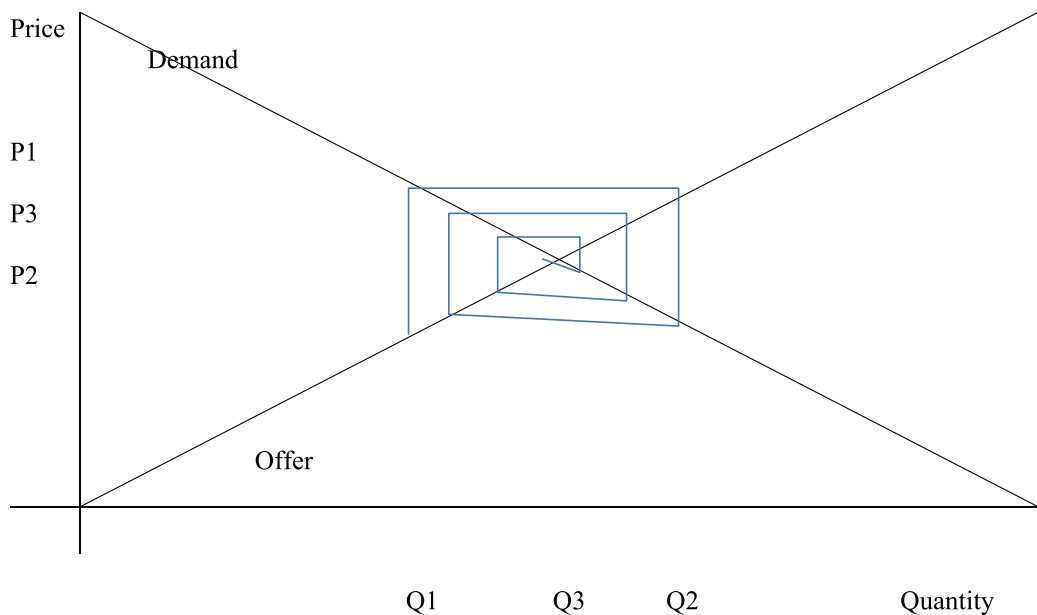
The main protection in the market organizations is the guaranty of a fair price for the production of farmers that can allow them a living in good conditions in the countryside through their agricultural activity.⁷

Working system of the CAP

The situation of a perfect market that is open to all economic actors, where the economic agents have access to the information of the demand and the offer, and is not dominated by a single company or group under monopoly rule, leads us to an equilibrium point where the demand coincides with the offer, and prices and quantities are the consequence of this equilibrium. It means that the economic agents included in the offer will produce a specific quantity for a specific price, and the demand will consume a specific quantity for a specific price. So, if we increase the price, the suppliers will produce a bigger quantity, but at the same time the demand, with higher prices, will consume less. That means a distortion between the demand and the offer. The offer will sell the production that has not been consumed by the demand at lower prices. Once the over production is sold out at this lower price, the offer will reduce the quantity of their production because they will lose money producing so much at a reduced price. Then, with less quantity in the market, the demand will pay more for it, increasing prices. That means that with higher prices the offer will produce more, and again prices will drop. In the conditions of a perfect market this operation will continue until the wishes of the demand and the offer meet and prices and quantities will be stable at an equilibrium point.

Spider's web patterns

⁷ Europedia. The common market organisations of the CAP. Available http://europedia.moussis.eu/books/Book_2/6/21/04/?all=1 (Accessed 10.05.2013)



The CAP works in altering the natural equilibrium between the offer and the demand, creating an artificial price and interfering in the normal relations between producers and consumers.

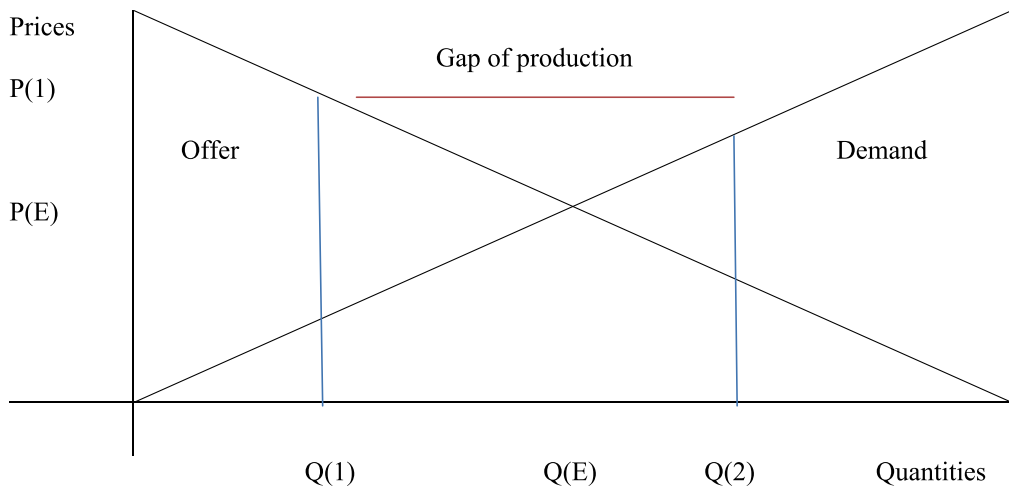
As we have seen, the offer and the demand will have a common point where they will meet their wishes in terms of prices. The demand of the consumers decreases with the quantity at some point because they are not able to consume an unlimited quantity. For example, we can eat 20 strawberries, and if the prices go down, we can eat 25, but if the prices goes down further we will not be able to eat 200 strawberries. Also there is a limit to the quantity produced because of technology and of the capacity of land to produce agricultural goods.

The CAP paid each year a guaranteed price (P1) higher than the equilibrium price (PE) for the produce because at this equilibrium price the farmers could not earn enough money and they would stop their farming activity. It meant that with this price (P1), the consumers bought a certain quantity (Q1), but the farmers produced a higher quantity (Q2). Normally the producers have to decrease the prices in order to sell their overproduction, but as the agricultural market in Europe had an artificial higher price sustained by the European Union, this natural correction did not happen.

The producers sold at the price of (P1), and produced (Q2); the consumers bought at this price the quantity of (Q1), and the difference between the quantity produced (Q2) and the quantity

consume (Q_1) could not be absorbed by the market, and hence had to be bought by the European Union.

Working system of the CAP



This system had the positive effect of keeping artificially high prices for agricultural production, increasing it, and providing a high and constant income for European farmers, solving the problems discussed before,⁸ but it also had some negative consequences as:

- 1- Budget. This policy was very expensive; most of the money of the European Union went to the CAP in order to keep the high prices in the market. The protection of European farmers was done at a huge financial cost. It also generated tensions between the institutions about the control of these funds, especially between the Council and the Parliament. The main institution controlling these funds was the Council, where the member states are represented, because this policy was very important for their internal situation and they wanted to keep it under their control. On the other hand, the European Parliament argued that this was a Communitarian policy,

⁸ Knudsen, A. L. (2009) *Farmers on Welfare: The Making of Europe's Common Agricultural Policy*. Ithaca: Cornell University Press, p. 172

so it had to be under the control of the institution that represents the common interest of Europeans, the European Parliament.⁹

- 2- It generated tensions inside the European institutions, especially inside the European Parliament, where the members of the Parliament often voted according to their nationality instead of their political ideology. The examples are numerous, such as French members of the Parliament, communist, socialist, center, or conservative, voting together against any reform of the CAP because the main beneficiary of these funds is France. The problem here was that the European Parliament represents the interest of the whole community, of all Europeans, but in the case of the CAP, it changed its role becoming a Parliament divided according to the nationality of its members.
- 3- Consumers had to pay a higher price for agricultural products than in normal conditions. In a free market they will pay PE, but under the European circumstances there were paying P1. So it meant that consumers were supporting farmers each time they bought any agricultural product.
- 4- Overproduction: The system generated an overproduction that the market could not absorb, and each time this overproduction was bigger because new technologies made it possible to produce more with a cheaper or even price. As the guaranty price was fixed and the production grew, the expenditure grew equally, increasing the financial cost of the CAP. Another fact that increased the financial cost was the necessity to storage the production bought by the European Union.
- 5- Distortion of the international market: The EU bought the difference between what was produced and what was consumed in the market, but could not store it for long because agricultural production has a limited period of life for consuming. There is a point at which the production is out of date and cannot be consumed with security, and then has to become waste. Before this point was reached, the European Union needed to sell it, but the European market could not absorb it, and the international market had lower prices. The EU needed to sell the agricultural production under the international

⁹ Ramiro Troitino, D. (2013) European Integration: Building Europe. New York: Nova Publisher, p. 121

price in order to lose less money. As an example, the European Union buys wheat at a price of 8 euros, and needs to keep it at a cost of 1 euro; it means a cost of 9 euros. The international price of wheat is 7 euros, and the EU needs to sell its overproduction at a price of 6 euros, losing 3 euros. If the EU would not sell its wheat, it will lose 9 euros. This action saved money to Europe but made a distortion in the international market forcing the international producers to reduce their prices with the consequent decrease in their profit. If we add the fact that the USA had a similar system, the international agricultural market had artificially low prices. At the same time that the EU closed its market to international producers, it decreased the price in the international market with the consequent discontent of the countries which produced agricultural goods. The EU tried to reach the markets of these states in financial services and high tech in an open competition, but at the same time closed the European market for the production of these same countries. It created problems because these states wanted to have access to the EU market as a compensation to opening their own markets to EU companies. Currently the system has been reformed, and also there are higher prices in the international market because of the growing demand of China and India, reducing this problem. But in case of a drop in price in the international market, the problem will rise again.

- 6- Anglo-Saxon model: Some members of the European Union opted for a different model, importing cheap agricultural products instead of protecting their own farmers. The UK, because of historical reasons, imported most of its food from the countries of the British Commonwealth, previous members of the British Empire, as Canada, Australia, or South Africa. It meant that there were fewer farmers in the UK, so less money of the CAP went to this country. At the same time, the UK paid more money to the EU via VAT because its imports were higher, so there was a distortion between the money the UK paid and the money it received from Europe. The problem was partially solved with the British Rebate¹⁰ where the UK got a reduction in their net contribution to the EU, but is currently creating tensions between the EU and the UK because the situation has changed. The British have developed their own agricultural sector under the umbrella of the CAP, and the distortion between what they pay and what they get is smaller, and at the same time the importance of the CAP in the general budget of the

¹⁰ Ramiro Troitino, D. (2009) Margaret Thatcher and the EU. *Proceedings of the Institute for European Studies*, No 6. pp. 124-150

EU is gradually decreasing. It means that the UK gets money from the EU via other policies, decreasing the distortion mentioned above.

- 7- Another important problem is that the CAP originally was created to protect farmers, but it was very difficult to define what a farmer was. If the EU just took into consideration the production, whoever owned land and produced was a farmer, so big landowners were considered farmers. As an example, one of the main landowners of the UK is the British Monarchy, currently represented by Queen Elizabeth II. The Queen receives substantial quantities of money from the CAP when obviously she is not a farmer. This situation is similar in other countries of Europe, as in Spain, where the house of Alba, a noble family that owns large amounts of land, also gets important funds from the CAP. The problem also expands to the part time producers of agricultural products. These are people who have another job as their main activity but at the same time own land and produce, and hence get paid by the CAP, as we can see in the case of Denmark. Here the problem is to define the concept of farmer and who can get support from the CAP. The EU wants to implement a modulation in the payments to farmers, where the amount of money paid decreases as the quantity increases, hence protecting mainly small and mid-sized farmers. But it will damage the big agricultural companies that own big extensions of land. So more thoughts about this problem are needed and the current reform is still addressing this problem.

- 8- Environmental damage: The system encouraged increasing production and had negative consequences on the environment because more land was used even when the productivity of it was low, and the existing land also wanted to have bigger production. It created the necessity of increasing the productivity of the land, aggregating the use of chemicals, and higher necessities for water, resulting in a negative effect on the European environment. It also was a contradiction, because the European Union was funding the protection of the environment and included this target in other policies, but at the same time the CAP encouraged overproduction and damaged the European environment.¹¹

¹¹ Carlarne, C. P. (2010) *Climate Change Law and Policy: EU and US Approaches*. Oxford: Oxford University Press, p. 177

9- Corruption: As the CAP was the main policy of the EU in monetary terms and its size was big, it was difficult to control, and fraud was bigger than in other policies. As a consequence some part of the money spent in the CAP was wasted. There are many examples, such as the fraud committed by some Italian producers with olive production. The market organization of olives is organized in a way that farmers get paid by each olive tree they have, not by the production. As it is very difficult to count these trees, the European Commission took pictures of the fields from airplanes, and later counted these trees from the pictures. They discovered that some Italians had olive trees made of cardboard that from the air looked like real trees. These farmers got payments for these fake trees. But this is just one example, and the corruption here is not a matter of just one country because it is possible to find similar examples all over Europe.

Solutions

The situation of the CAP is not sustainable in the long term, so it needs to be reformed, and the European Commission is working on that. The main reform is concerned with the guaranty price paid by the EU, or direct payment. If the protection of the EU is not linked to prices, farmers will decrease their production, decreasing the negative effects of the working system of the CAP. But if the EU wants to protect its farmers, it needs to subsidize them in a different way. There are many proposals here, some of them already working, as payments linked to rural development, or using agricultural land for forest, with farmers reducing the amount of land cultivated and getting paid for it. It mainly means that farmers will get paid just for being farmers, no matter how much they produce, how much they work. It is a strange solution, because it pays money for just being a farmer, but on the other hand, farmers are farmers because it's their job, and they want to work, and produce, not just sit at home and get a payment. So, in the long term, more ideas are needed in order to reform the current system of the CAP to reduce its negative effects and at the same time protect European farmers.

The European Union has introduced some important changes for the CAP that will start working in the period 2014-2020 in order to reform this policy and avoid some of the problems already mentioned:

There will be a cap to the money received by each agricultural holding of 300,000 euro. To calculate this cap or "capping", the EU executive proposes that wages be deducted from employees reported in the previous year as well as taxes and Social

Security contributions. The member state will recover this money and invest it in innovation and research, as the Commissioner for Agriculture, Dacian Cioloș,¹² has explained. This measure will affect mainly the big landowners in order to focus more intensively on the real target of this policy, the European farmers.

The reform maintains the two pillars of the CAP, for agriculture and livestock, and rural development. The first is financed by Community funds and includes an important reform linked to the historical rights, abolishing them gradually. The historical standards were included in the CAP to protect the farmers of Western Europe from the negative consequences of the enlargement to Central and Eastern Europe. This reform will be negative for countries like Spain and France, because in 2019 it establishes a uniform payment per hectare across the European Union. As the European Union was growing, and more agricultural states joined the organization, the historical standards were included to maintain the level of incomes of farmers from the older member states. It meant that the farmers of states that are already members of the European Union were getting more money than the farmers of new member states, breaking the principle of solidarity in the European Union. This situation will be finished in 2019, and will be a more fair system to the rest of the member states. Moreover, farmers will be rewarded with an additional payment to those who make environmental efforts, including monetary payments. It is expected to lead to a more sustainable agricultural system because it could act as an extra motivation for European farmers to go ahead with actions as reduction of greenhouse gases or more efficiency in the use of energy. The new targets of the CAP are the creation of jobs, food security, and promoting the use of renewable energy.¹³

The second pillar, rural development, is co-financed by member states or regions. The reform will almost equalize the scheme, but introduces new priorities related to aid. It will include actions improving competitiveness, promoting and organizing food chain risks, conservation and enhancement of ecosystems, and the promotion of resource efficiency.

¹² European Commission. Member of the European Commission. Available http://ec.europa.eu/commission_2010-2014/ciolos/ (Accessed 21.04.2013)

¹³ European Commission (1997) Energy for the Future: Renewable Sources of Energy. Available http://europa.eu/documents/comm/white_papers/pdf/com97_599_en.pdf (Accessed 13.05.2013)

The different market organizations that have different payments for different productions, protecting the continental production more; the distinctiveness of French production will disappear in the next reform of the CAP, providing French farmers a flat payment for most products, thus equalizing them and the other European farmers, without special protection to French farmers or to any kind of production.

The new CAP intends to keep the traditional ratios for most co-payments, but may increase them if the farmers bet on innovation, cooperation, the creation of producer groups, or small grants to young farmers.

Another reform, based on the report of the Agriculture Committee of the Parliament, has also called for spending cuts in bureaucratic and administrative expenditures linked to agricultural policies in member states, because an important amount of money did not reach the final target, the farmers. Now the states should reduce these bureaucratic expenditures to make the system more efficient. The reform includes measures to fight against price volatility in agricultural products; the new reform proposes a global system of notification of agricultural reserves and a special budget item in case of crisis.¹⁴

About the new budget, the CAP receives most of its funds from EU coffers, accounting for more than 40% of the EU budget. In 2012 this represented an expenditure of 57 billion euro. It will keep to similar levels in the next years. The budget of the future Common Agricultural Policy (CAP) reserves 3,500 million euro to deal with crises like the one of the summer 2011 of cucumbers affected by the outbreak of E. coli. This is an important new tool of the CAP and will be used in case of a crisis affecting a particular agricultural sector when the trust of consumers is lost with consequent economic harm for producers.¹⁵

The EU budget 2011 - The figures (CA: commitment appropriations - PA: payments appropriations):

Heading	Billion €		% of total budget	% change from 2010	
	CA	PA		CA	PA
1. Sustainable Growth	64.5	53.3	45.5	+0.4	+11.7

¹⁴ European Commission. Agriculture and Rural Development. Available <http://ec.europa.eu/agriculture/cap-post-2013/> (Accessed 14.05.2013)

¹⁵ European Commission. Member of the European Commission. Available http://ec.europa.eu/commission_2010-2014/ciolos/headlines/news/2011/06/20110630_en.htm (Accessed 11.05.2013)

Heading	Billion €		% of total budget	% change from 2010	
	CA	PA		CA	PA
1a. Competitiveness for growth and employment	13.5	11.6	9.5	-9.0	+2.5
1b. Cohesion for growth and employment	51.0	41.7	36.0	+3.2	+14.5
2. Preservation and management of natural resources	58.7	56.4	41.3	-1.4	-3.0
<i>of which Direct aids & market related expenditure</i>	42.9	42.8	30.2	-2.1	-2.1
<i>of which Rural development, environment & fisheries</i>	15.7	13.5	11.1	+0.7	-5.6
3. Citizenship, freedom, security and justice	1.8	1.5	1.3	+8.0	+3.4
3a. Freedom, security and justice	1.1	0.8	0.8	+13.2	+10.1
3b. Citizenship	0.7	0.6	0.5	+0.3	-3.9
4. EU as a global player	8.8	7.2	6.2	+7.5	-7.1
5. Administration	8.2	8.2	5.7	+3.4	+3.3
<i>of which for the Commission</i>	3.3	3.3	2.3	-8.2	-8.3
Total	141.9	126.5	100		
In % of EU-27 GNI	1.13	1.01			

Source: European Commission¹⁶

Professional associations have complained bitterly about the reform because it does not count the productivity of the land for payments, being based only on hectares. The system will not be fair to many farmers according to ASAJA¹⁷ because the only important fact will be having land, not the way it is used, or the benefits for the society in terms of production. The more land you have, even when it is not productive at all, the more money will you get from the CAP, without any link to the operational system, or the quality of farming, or the quality of a good job from a good farmer. It also creates a problem with innovation and investments in the farming sector because there is not real benefit in producing either more or less. The areas that already had invested more money in their development are the ones that will suffer more with this reform, again France and Spain, and the main beneficiaries will be Central and Eastern member states, because of the extension of land there and the lower investment ratio. So, as we see, the reform will be positive for some member states and negative for others. Other complaints are related to milk and livestock because the payments for these products have been abolished, with consequent economic harm for the breeders. This is similar to another

¹⁶ European Commission. Financial Programming and Budget. Available http://ec.europa.eu/budget/figures/2011/2011_en.cfm (Accessed 07.05.2013)

¹⁷ ASAJA. Castilla y Leon. Available <http://www.asajacyl.com/> (Accessed 07.05.2013)

controversial decision, the end of payments to sugar producers, a clear sign for the international market with many benefits for European consumers also, but with unpredictable consequences for European producers.

The influence of the Common Agricultural Policy in the enlargements of the organization

The CAP has been a central point in the negotiations for further enlargements of the European Communities and the European Union. The first enlargement of the Community was United Kingdom, Denmark and Ireland and the CAP was crucial in the negotiations and in the further behavior of these countries inside the Union. First of all the enlargement could not be a reality until the CAP was already approved and was working inside the Community. The reason of the French government, that rejected twice the British application, was the fear of UK influencing the development of the policy during the preliminary discussion, as the British farming sector was very different than the French. Once the policy was working the enlargement was accepted because the British did not have any other option than accepting the whole European policies, including the CAP or withdraw their application for joining the Community. So it can be said without any doubt that the CAP was the main reason for keeping UK out of the European Communities.¹⁸

The following enlargement of the European organization was Greece, and the CAP did not play a major role as the Greek farming sector was Mediterranean, and hence its competition with the other member states was small as they most spread agriculture was the continental production. Southern parts of Italy and France had their own Mediterranean production but the Greek production was not so high and hence there was enough market for all their products. But the CAP played a major role in the crisis generated by the Greek leader, Andreas Papandreu. When he took office he complained about the unbalance situation of the Greek economy in the organization because the industrial production mainly came from other European states and the benefits for the Greek agriculture were small as the protection of the Mediterranean production was very reduced comparing with the Continental production. The situation was tense and could just be solved with the creation of a Mediterranean Fund. Then the internal organization of the CAP was a fundamental fact for the creation of the concept of internal cohesion between the member states of the European Union.

¹⁸ Ramiro Troitino, D. (2013) European Integration: Building Europe. New York: Nova Publisher, p. 35

The enlargement to Spain and Portugal was much more problematic from the point of view of the CAP, as Spain was a big agricultural producer and its production was not just Mediterranean but also Continental and more competitive than other European states. It meant a problem in terms of market access in the field of the Mediterranean production, because the Continental production was completely out of the market rules as its production was protected by a minimum price from the Communities. The harvest in Spain was ready because of climate reasons before than the French harvest and hence the Spanish products could access the European market before with more competitive prices and cope the demand, with the subsequent loses for the French producers. At the same time the Spanish government was indirectly subsidizing exports with a reduction of taxes for those products exported to the external market. It meant that the Spanish had more quality, better prices and reached the market before the other Mediterranean producers inside the EU.¹⁹

The CAP was the a very important chapter in the package of the negotiations between the European Communities and Spain, and the difficulty for reaching an agreement meant a big delay in the Spanish wish of joining the European organization soon. It took several years and the most complicate Treaty of accession ever to reach an agreement that still did not satisfied all the parts involved.

Soon after the enlargement was approved and the Spanish Mediterranean production was already enjoying the conditions of the European market, the French farmers blocked for several years the border between Spain and France in order to avoid the Spanish production reaching the market before the French production was in conditions to compete. It meant big economical loses for the Spanish farmers as long queues of tracks transporting farm products were stopped in the Pyreneans Mountains and logically the products were out of date.

This situation lasted for some years until the French state was forced to stop the blockade by the Communitarian authorities as it was a clear obstacle for the free movement of goods.

The CAP also influenced the enlargement to Sweden, Finland and Austria, as these countries had developed their own national protection for their farmers and their financial support was higher than the Communitarian. It forced the national authorities of these countries to downgrade their support in a gradual way, trying to avoid any collapse. Also the situation in the north of Sweden and Finland was an important issue in the negotiations for the enlargement, as the cattle production there, mainly focus on reindeer was not included in the

¹⁹ Ramiro Troitino, D. (2004) La visión de la prensa seminal española del la Comunidad Europea desde la muerte de Franco hasta el gobierno de Felipe Gonzalez. Universidad de Salamanca. p. 321

CAP. Hence a special fund focus on less populated areas was created in order to protect the way of life of the people living in Lapland.

Finally the enlargement to Central and Eastern Europe was the most problematic for the European Union, as many countries joined the organization and their agricultural sector was important in continental production. As this kind of production gets most of the financial support of the CAP, there was not enough money to subsidize all the farmers of Europe in the same level, and hence a reform was needed. There were mainly three options:

- 1- Downgrade the financial support for all the European farmers and share the money available between all. But it was not acceptable for the farmers of France, Germany and Spain, the main receivers of funds from the CAP.
- 2- Create different speeds of integration in different areas, keeping the new member states out of the CAP. But the new members did not accept it because it meant a discrimination against their farmers and the collapse of their farming sectors incapable of competing with the other European farmers.
- 3- Creation of a hybrid system with two different levels of protection for the European farmers. The system proposed was based on historical production, or historical rights, of the previous members of the Union. According to it, they would keep their living standards and the level of protection they enjoyed before the enlargement. The new members would have protection for their levels of production in the previous years before the enlargement.

Finally the third option was adopted, but with controversial issues related to the calculation of the levels of production. The new member states had a higher production during the communist times, and with the collapse of the communist regimes came also a significant drop in the agricultural production. The European Union selected the last period for the calculations against the will of the Central and Eastern Europeans to select the previous period. Nevertheless, the current system of historical rights is under reform and soon will be changed for a full integration of the CAP for all the European farmers, with the same rights and duties and no discrimination because of the nationality.²⁰ The CAP would probably be an important issue in any further enlargement of the organization as it has been in the past, but its

²⁰ Ruano, L. (2003) The Common Agricultural Policy and the European Union's Enlargement to Eastern and Central Europe: A Comparison with the Spanish Case. European University Institute Working Papers. Available http://www.eui.eu/RSCAS/WP-Texts/03_03.pdf (Accessed 14.05.2013)

importance will decrease as the CAP is currently under reform in order to reduce its financial cost and open the European market to the world farm producers.

Georgia's agricultural sector

Despite change of the government in October 2013, Georgia has a strong European orientation and the ultimate goal has continuously been identified as joining the European Union. Therefore, if Georgia one day is set to join the EU, its agro-sector will have an important role in the negotiations. As mentioned above Common Agricultural Policy has always been one of the central points in the accession negotiation process and certainly expected to be an important discussion topic in Georgia's possible pre-accession negotiations.

When it comes to Georgia, agriculture has traditional been very important for country's economy and it was central reasons for the country to be one of the richest in the Soviet Union. Georgia produced main part of several agricultural products in the Soviet Union, providing 98% of citrus fruits consumed by the USSR, 90% of tea, 60% of wine, big part of fruits and vegetables, etc. Country's economy was typical colonial economy having production directed only to Soviet Union market. That is also one of the reasons why country suffered so much during the last period of the USSR and after the collapse of it, as its GDP per capita dropped by almost 80% during the period of 1988-1994.²¹

Development of the agro-sector has been a priority of new government, due to its traditional importance for country's economy, employment of the big part of the population and keeping this population in the rural areas. And as already mentioned strong agriculture will mean its more important role in EU pre-accession negotiations. In these regards, Georgia has several advantages. First of all, small size of the country, and therefore agricultural production, means less competition for the EU farmers and therefore fewer problems in negotiations. Secondly, as illustrated above, enlargement to Central and Eastern Europe was also problematic due to new members having continental agricultural production. In this regard, Georgia's similarities with Mediterranean climate and production should be considered as a positive aspect, as country will not compete in continental production, but will do so in Mediterranean one, where there is less pressure and more possibilities. Some of the goods from Mediterranean production are still imported by the EU, which means Georgia could possibly use the demand and export to the EU. Natural conditions will allow Georgia to produce some Mediterranean products fast enough to provide the market. Thirdly, even if the production is small in size, it could still

²¹ Jandieri, G. (2009) Economic Reforms in Georgia. *Brenthurst Discussion paper no 7*

contribute to the stable supply of the goods to the EU, therefore, less dependent on the suppliers from outside the union. Finally, one of the problems after enlargement has been an exodus of the population. Having strong agro-sector would mean keeping big part of Georgia's population living in rural areas and being employed.

On the other side, the negative aspects could be the fact that in some agricultural sectors, producers are farmers with small farms, which is not the priority for the CAP, as explained above. Therefore it is vital that Georgia has medium or big size farms, which would make investment environment better, innovative system to be implemented easier and faster, production sustainable, etc. Environmental issues could also be a problem, as more needs to be done to have sustainable agricultural system and farmers being able to benefit to from the rewards for implementing such systems, as discussed above.

However, still one of the main problems of Georgian agro-sector is the low level of its competitiveness and productivity, as it is far less developed than those of the leading countries on the world and European markets. Being competitive and especially having high productivity is essential for the farmers, as it will allow them to invest in modern technologies, build a sustainable system and further improve the productivity.

Nevertheless, natural resources allow country to develop several productions that could be competitive and productive, one of such productions could be Georgian hazelnut.²² It is mostly a Mediterranean product and is also being produced by some EU members, as Spain and Italy. The same time several factors support this production:

1. Production of hazelnuts in Georgian has a long tradition and therefore experience
2. Natural conditions in the country allow growing the product on 1500-1800 meters above the sea level, which is very important for broadening the production
3. Georgian hazelnut is ecologically compatible product, as well as with strong immunity and resistance against plant diseases
4. Market possibilities are high within the EU, still importing the product.²³

Georgian hazelnut production could be one of the strategic, priority areas for the country to try and develop competitive export production in agriculture, which the country has struggled

²² Kharaisvili, E. (2011) Problems of Competition and Competitiveness in Georgian Agro-sector. Tbilisi: Universali

²³ ibid

to develop since its independence in 1991. But the production needs to be correctly modernized and managed, in order to develop competitive export production.²⁴

One of the main producers of hazelnut for the year 2011 in the world was Turkey, which had biggest (data for the year 2011) area harvested (400000 hectares) in the world, as well as the highest production a year (430000 tones)²⁵, the following countries are Italy, USA, Azerbaijan, etc. (table 1).

Table 1. Area harvested and production quantity for the year 2011

Country	Area harvested	Production quantity
Turkey	400000 hectares	430000 tones
Italy	70492 hectares	128940 tones
Azerbaijan	23242 hectares	32922 tones
Iran	21022 hectares	21440 tones
Georgia	15500 hectares	31100 tones
Spain	14062 hectares	17579 tones
USA	11938 hectares	34927 tones
China	11000 hectares	22000 tones

Source: FAOSTAT.

Hazelnut production has developed in Georgia during recent years, as natural environment, required labor and market price makes it better choice over other productions²⁶. Mostly production is concentrated in west Georgia, in 2006 95.6% of whole Georgian production was from west of the country, especially Samegrelo region, however, during recent years,

²⁴ Aslanishvili, N. (2008) Georgia and the Rest of the World: According to UNCTAD Trade and Development Index, Tendencies, Review, p 72

²⁵ FAOSTAT - Food and Agriculture Organization of the United Nations statistical database (2012)

²⁶ GHN news agency (2010). Georgia biggest export for 2009 was hazelnut. Available <http://www.ghn.ge/news-6544.html> (Accessed 08.05.2013)

production has been developing in east of the country as well²⁷. The statistical data from ten-year period of 2011-2002 shows that area harvested is generally increasing, as does the production (table 2).

Table 2. Area harvested and production quantity in Georgia for the period 2011-2002

Year	Area harvested	Production quantity
2011	15500 hectares	31100 tones
2010	15000 hectares	28800 tones
2009	12000 hectares	21800 tones
2008	10000 hectares	18700 tones
2007	12000 hectares	21200 tones
2006	13000 hectares	23500 tones
2005	10000 hectares	16393 tones
2004	4600 hectares	8327 tones
2003	5500 hectares	14820 tones
2002	4915 hectares	13901 tones

Source: FAOSTAT²⁸

Competiveness for Georgia's hazelnut production would mean its ability to sell produced goods in competition environment for a long period of time and be profitable. Analyzing Georgian hazelnut production shows there is no rapid growth indicated in competitiveness

²⁷ National Statistics Office of Georgia. Available <http://www.geostat.ge/index.php?action=0&lang=eng> (Accessed 08.05.2013)

²⁸ FAOSTAT - Food and Agriculture Organization of the United Nations statistical database (2012)

index of the production, however the data suggest that hazelnut production deserves more attention and should be listed among priority fields of competitive production of Georgia.²⁹

Analyzing of Georgian market's microenvironment shows that market of the production is developing in three directions:

- Distribution companies
- Factories
- Farmers

For development of hazelnut business, important is to have integrated horizontal and vertical production system, where production of the good, its processing and realization will be united.

Here, important is to underline that currently farmers own 95% of harvested area and mostly these farmers are small size ones.³⁰ This is, as already discussed an obstacle, as the priority should be to have medium and big size of farmers. In the regions of Samegrelo and Guria, there are several functioning integrated small-size companies. In Georgia as whole, there are up to 100 medium and small-size hazelnut processing factories. During last years, several 50-100 hectare farms were built, including GEL 6 million investments from company Ferrero, that owns up to 1200 hectare land in the region of Samegrelo as well as increasing activities from local company Dorani, that also owns lands where hazelnut is cultivated in the region of Kakheti, in east Georgia.³¹

From the three directions mentioned above, distribution/realization is still more developed than other two, but increasing number of investments, farms and factories, suggests the development of those two directions as well. For the development of these two directions it is also essential to have a good system of bank loans and taxation policy in the field, which needs fundamental improvements in the country.

Despite several problems, the production can still be considered profitable and strategic, as for example for the year 2009, export production of hazelnut in Georgia amounted in GEL 83.6

²⁹ Kharashvili, E. (2011) Problems of Competition and Competitiveness in Georgian Agro-sector. Tbilisi: Universali

³⁰ ibid

³¹ Association of Professionals on Land and Realty (2012). Available <http://www.aplr.org/?lang=geo> (Accessed 08.05.2013)

million, while that of wine amounted in GEL 64.8 million and that of mineral waters – GEL 59.3 million.³²

Based on the mentioned above, Georgian hazelnut production should be considered as possible competitive export production in the country, as it has necessary natural and economic resources. If the production is prioritized, improved and brought to a necessary standards, by working on improving each chain of the production mentioned above, the country could develop competitive export production.

Conclusions

The enlargement of the EU to the Caucasus region and to Georgia will also mean the enlargement of its most important policy, the Common Agricultural Policy, integrating the Georgian agricultural sector in a wider European perspective. The CAP is certainly going to play an important role in the relations between Georgia and the European Union, as well as in general, further development of Georgia.

As Georgian agricultural production is mainly based on Mediterranean production, because of the climate and other natural conditions in the country, it is not going to create major problems inside the EU, as most of the financial support has been traditionally focusing on continental production. The main benefit for the Georgian agricultural sector will be access without restrictions to the European market, selling its production on European market before other Mediterranean producers outside the EU can do so. The EU will also benefit from the enlargement to Georgia, as the country will increase the Mediterranean production of the union in general, that is still under the real demand. Therefore, it will increase the independence of the EU in the agricultural sector.

As the EU is trying to reform internally in order to reduce the impact on environment from the CAP, its negative effect on international trade or problems of overproduction, the main idea will be eliminating small farmers. The Georgian agricultural sector is widely represented by small farmers, therefore, they will disappear with the enlargement as a consequence of the current structure of the CAP. On the other hand, these measures will have a positive effect on the agricultural sector of Georgia in general, as it will have an access to new funds in order to

³² Civil Georgia (2013) Georgia's Foreign Trade in 2012. Available <http://www.civil.ge/eng/article.php?id=25680> (Accessed 08.05.2013)

modernize, increasing its productivity, as well as reducing its negative impact on environment.

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Ruano, L. (2003) The Common Agricultural Policy and the European Union's Enlargement to Eastern and Central Europe: A Comparison with the Spanish Case. European University Institute Working Papers. Available http://www.eui.eu/RSCAS/WP-Texts/03_03.pdf (Accessed 14.05.2013).

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Appendix 5. “Future Enlargements of the EU and limits of the organization”

The EU Foreign Affairs and the European Values

Future Enlargements of the EU and limits of the organization

DR. DAVID RAMIRO TROITIÑO

Associate Professor, Tallinn University of Technology and

ARCHIL CHOCHIA

Tallinn Law School, Tallinn University of Technology

Abstract: This article tries to explain the problems EU enlargement, the possible problems and obstacles on this way, as well as its connection with the European integration process. This paper talks about the history of the EU building process, the transformation of the community and the possible future scenarios for the organization and its member-states.

Keywords: European Union, European integration, EU membership

European integration process started with a reduced Community of just six members and was originally thought to be an organization to solve the long-term rivalry between France and Germany, and therefore both these countries became the center of the process. The Benelux countries joined the Community because of their strong links with France and Germany. Italy was divided into two parts, a highly developed north and the less wealthy south. The north needed access to the markets of France and Germany and the south needed support to develop further¹. The borders of the Community were marked by different visions of the European integration, as the British and its supporters, as Ireland and Denmark, highly dependent on the British economy², or by the political situation, as Spain, Portugal and Greece, under military regimes³, and by the Cold War in two main aspects, the neutral states and the supporters of Soviet Union. The first group was formed by Austria, Sweden and Finland, they had a status of neutrality during the confrontation between west and east, and hence could not participate in the European process because it was seen as a capitalistic tool sponsored by USA against Soviet Union. A larger part of Europe was under the influence of the Soviet Union, and hence there was no possibility of joining the process⁴.

The situation changed when British economy was under an important stress and thus the government asked for the accession in order to improve its economic situation. Denmark and Ireland followed the UK. Greece, Spain and Portugal became democracies, the Cold War ended and all the countries affected by it became full members of the organization, expanding the original six members to the current twenty-seven plus Croatia and probably Iceland.

¹ Urwin, W. D. (1994) *The Community of Europe: A History of European Integration Since 1945 (The Postwar World)*. Philadelphia: Trans-Atlantic Publication Inc.

² Miller, F.; Vandome, A.; McBrewster, J. (2009) *European Free Trade Association*. London: Alphascript Publishing

³ Chilcote, R.; Hadjiyannis, S.; Lopez, F.; Nataf, D. (1990) *Transitions from Dictatorship to Democracy: Comparative Studies of Spain, Portugal and Greece*. New York: Taylor & Francis.

⁴ Sewell, M. (2002) *The Cold War (Cambridge Perspectives in History)*. Cambridge: Cambridge University Press.

Currently, European Union, after the last enlargements, suffers some „enlargement fatigue”, as 12 countries joined the Union in 2004 and 2007. Beside the positive effects of the enlargements, it provoked alienation of the European people from Brussels because **the sense of identity**, of belonging to a common process diluted. The world financial crisis is not helping either, as the possible candidates will be net receivers of EU funds. But the problem goes beyond these conjectural difficulties and is located on the borders of the Union. Because the limits of the organization were not clear at the beginning of the process and there were different opinions about it¹. Europe is a concept defined by geographical space and cultural roots. If we take the EU as an organization for the European subcontinent, its limits were easy to identify during the first enlargements, but as the organization reaches the periphery the limits are not clear anymore. If the limit of expansion would depend on geography with borders in the Urals, Russia, North Cape, Norway and the island of Gavdos in Greece, it will include countries as Belarus, Ukraine, Moldova, Russia, Kazakhstan, Georgia, Azerbaijan, Armenia and Turkey².

Europe can also be defined by religion matters, and hence with flexible boundaries in space and time. The cultural concept of Europe started having a strong identity after the fall of the Roman Empire and the beginning of the Middle age, where Christianity was a fundamental part of Europe. Territories as Spain were thought of being occupied and hence subject to liberate. Turkish occupation of the Balkan region was seen as an aggression to Europe, the German expansion eastwards can be explained as an extension of Christianity, and hence an expansion of Europe. Here there was a conflict with Muslim and pagans, the first were expelled from Spain, Sicily, and most of the Balkans, and the pagans were converted or exterminated³.

The French Revolution changed this identification as new ideas spread all over Europe, and again established a new cultural border of Europe, the separation of powers, the limits of the religion to the personal life of the citizen, as a contrast to other regions of the world where the religion was, and still is, a way of organizing the social life of the believers and the inhabitants of the territory. According to this definition of Europe, the east countries could bend in and out of the concept of Europe, depending on the period and the inclusion of some concepts developed during the French revolution. Turkey, Kazakhstan and Azerbaijan would not be included, even when Turkey is a secular state but does not have a secular society and it is under a constant threat of a regression in terms of religion, consequence of the implementation of the secular state from the elites to the folk⁴.

Another way to define Europe would be according to politics, democracy and social states, these principles were defined by the French Revolution and were developed in England. The French Empire and the troops of Napoleon spread its political principles in Europe in a more radical version. There is an historical identification of Europe with the ancient Greek, and Athens has been seen as the model of democracy, developed in Europe against the Persian-Asian concept of a supreme ruler with absolute power. The Romans kept the concept of democracy but much more restricted in their Republic and especially a nominal concept during the imperial times with the maintenance of the Senate. It was seen as a contraposition to the barbarians and their political ways. After the collapse of the Empire the Middle Age kept some ideals of democracy with the denomination of the different Kings as *primus inter pares*, the first among equals, and the role of different parliaments in Europe grew during the period, even when they were not properly democratic institutions they represented some social classes and kept alive the ideal of democracy. The absolutism was defeated by the French revolution in cultural terms, and then democracy came back to Europe as an indissoluble part of it. The Europeans or recent descents from Europeans who brought the idea of democracy from Europe

¹ Pittaway, M. (2003) *The Fluid Borders of Europe (Europe: Culture and Identities in a Contested Continent)*. Milton Keynes: The Open University Worldwid

² Kaplan, D.; Hakli, J. (2002) *Boundaries and Place: European Borderlands in Geographical Context*. Lanham, MD: Rowman and Littlefield Publishers.

³ Ramos Centeno, V. (2007) *Christian Faith, Reason Health and Future of Europe*. Madrid: Biblioteca De Autores Cristianos.

⁴ Burleigh, M. (2006) *Earthly Powers: The Clash of Religion and Politics in Europe from the French Revolution to the Great War*. Great Britain: HarperCollins Publishers.

to America and afterwards developed their own way defined even the political system of USA, an old democracy. So, the idea of democracy in Europe is based on a political regime with an historical background. The social state was developed in Europe and has become a hallmark of it. The development of policies of the state following the idea of a society organized in political terms for the benefit of its members, of the citizens. Defining in this way Europe, the limits of the organization are almost reached, with maybe just the Balkan area to be included in the organization¹.

Europe is also a cultural concept, a way of organizing the society in all areas, from economy to literature, from judicial system to common traditions. It is a wide idea with very diffuse border, with intertwined and overlapping facts mixed and defined as Western culture. It can explain the inclusion of for example Cyprus in the EU, but also raise the question of Israel and eventually could wider the borders of Europe to other continents as far as Australia or Canada².

An easier way to find the limits of Europe can be analyzing the members of the European associations, as the Council of Europe, organization focus on human rights, democracy and the rule of law, located in France, whose members not belonging to the EU are Albania, Andorra, Armenia, Azerbaijan, Bosnia, Croatia, Georgia, Iceland, Liechtenstein, Moldova, Monaco, Montenegro, Norway, Russia, San Marino, Serbia, Switzerland, Turkey and Ukraine. Belarus was a special guest but has been suspended because of its poor democratic records. Israel, Canada and Mexico are observers in the organization and there are two partners for the democracy, Morocco and Palestine³. As we see it is a wide concept of Europe, probably as wider as possible. Canada has a special status, and is also included in the defense organization of Europe, NATO.

Eurovision is a European song context, and hence just European states can join it, it includes many countries from outside of the European Union, as Albania, Armenia, Azerbaijan, Belarus, Bosnia, Croatia, Macedonia, Georgia, Iceland, Israel, Moldova, Montenegro, Norway, Russia, San Marino, Serbia, Switzerland, Turkey and Ukraine. Again the conception of Europe is bigger than the EU and includes all the periphery states, even those in the borders of Europe with a diffuse European identity⁴.

UEFA is European football governing body, where the European national teams and the clubs play their European competitions. It includes from out of the Union Albania, Armenia, Andorra, Azerbaijan, Belarus, Bosnia, Croatia, Macedonia, Georgia, Iceland, Israel, Kazakhstan, Liechtenstein, Moldova, Montenegro, Norway, Russia, San Marino, Serbia, Switzerland, Turkey and Ukraine⁵. It is the wider concept of Europe taken by any European organization, and hence could be used as the ultimate borders of Europe. It includes also Israel even when geographically is a part of Asia because of political reasons, but also because of the cultural background of the country.

ACCESSION REQUIREMENTS

The EU is an organization that has been expanding since its creation according to some principles, basically:

- 1- Politics: Democracy and protection of Human rights
- 2- Economy: Market economy developed enough to integrate in the European market without collapsing in an environment of free competence.
- 3- Ability to incorporate the EU legislation to the national law and the administrative capacity to implement it

¹ Siedentop, L. (2001) Democracy in Europe. London: Penguin.

² Lamm, R. (1995) Humanities In Western Culture, Volume Two: A Search for Human Values: v. 2. Hong Kong: McGraw-Hill Higher Education

³ http://assembly.coe.int/ASP/AssemblyList/AL_DelegationsList_E.asp

⁴ http://www.eurovision.tv/page/news?id=44483&t=43_countries_represented_at_eurovision_2012

⁵ <http://www.uefa.com/memberassociations/index.html>

4- Geography: Just countries located in Europe can join the Union. As an example Morocco applied to the membership of the European Communities in 1987 arguing that the country has been united culturally with Europe via the Al-Andalus, the European Muslim state of the medieval times located in Spain and Morocco. This argumentation was rejected¹.

The enlargements are also determined by the capacity of the Union to absorb new members in economic terms. Croatia as a new member state in 2013 will not generate any problem joining the Union in economic terms as it is a small country, but other states as Turkey create more problems in this field².

CANDIDATE COUNTRIES

At the moment 2012 there are 5 candidate countries to the full membership of the EU: Iceland, Montenegro, the Former Yugoslav Republic of Macedonia, Serbia and Turkey. Macedonia, Montenegro and Turkey will face difficulties joining the Union. The first two countries were part of Yugoslavia and their aspirations can be included with the whole area of Western Balkans and it will help to stabilize the area and hence the borders of the Union. Turkey on the other hand has become a big problem for the EU, as the country is associated to the European Communities since 1963, and the enlargement negotiations seem stagnant.



(Source: http://ec.europa.eu/enlargement/countries/index_en.htm)

CROATIA

Croatia will become a full member of the EU in June 2013 being the 28th member of the Union. The collapse of the communist regimes had dramatically consequences in Yugoslavia with the dismemberment of the country and the civil war. Slovenia leaved Yugoslavia with some easiness, but Croatia fought a war of independence against a Yugoslavia lead by Serbia. The conflict spread to

¹ http://www.eu-oplysningen.dk/euo_en/spsv/all/24/

² Nugent, N. (2004) European Union Enlargement (The European Union Series). New York: Palgrave Macmillan.

other areas as Bosnia and Kosovo. It meant an armed conflict in Europe in the 90s, something unthinkable in the EU. The end of the conflict meant the independence of Slovenia, Croatia, Bosnia, Macedonia, Montenegro and Kosovo¹.

The war meant a big shock for the Europeans and brought a big instability to the region, with ethnicity as the main trigger for the war. As the war was stopped by the intervention of USA, the EU became involved in the reconstruction of the affected areas. Croatia was one of the main contenders of the war, but rapidly recovered from the conflict adopting European standards in its economy. The **traditional link with Austria and Germany helped the country to overcome the post war crisis and rebuild the country**².

Croatia applied for membership in 2003 and was granted the **candidate status in 2004**. The great economic development of the country made easier the negotiations, but there were three main problematic areas:

1- Collaboration with the International Court: Croatia protected some active fighters of the war as national heroes, when they were criminals charged with crimes against humanity and war crimes. The Croatian authorities did not collaborate with the international institutions in the prosecution of these criminals. After the capture by the Spanish police with the collaboration of its Croatian partners, the issue seems settling.

2- Land ownership: As a consequence of the war, and as a discrimination measure against the Serbian and muslim Bosnian population, there were numerous **obstacles for foreigners** to buy real estate in Croatia. It is a typical nationalistic approach giving all the rights to the holders of the Croatian nationality. The conflict also extended to the EU, as Italians could not purchase land in Croatia, especially in the city of Istria, part of Italy until de Second World War. It was solved by bilateral agreements with the European states, but not with Serbia.

3- Border problems with Slovenia: Since the independence there are some disputes over the Gulf of Piran, the national waters, Dragonja River, Žumberak/Gorjanci and the river Mura area. As Slovenia was already a member of the European Union, and all the members have to agree on new accessions, the country blocked the negotiations with Croatia until the problem will be solved. It has been agreed that an **international arbitrator** will solve the problem and both countries will accept its resolutions. As Croatia also have border disputes with Bosnia, Serbia and Montenegro, it seems likely that the **country will reproduce the Slovenian strategy and block the accession of these countries until the disputes are solved**³.

The different agreements reached before the accession of the country in the field of trade and economic exchanges mean in fact an integration of Croatia to the European market, facilitating the enlargement process. In 2009 EU-Croatia trade was 14.024 billion euros, which constitutes 65.3% of the total trade of the country. But there are still some problems unresolved pointed out by the European Parliament, as the **corruption** of the public administration, still very high for the European institution, judicial reforms, organized crime, the **return of Serbs refugees**, and some other minor economic reforms. Once a EU Member in 2013 Croatia will have veto over next enlargements, and the democratic maturity of the state will define the future of Serbia and Montenegro in the EU⁴.

ICELAND

Iceland was a member of the European Free Trade Association since 1970 with strong economic links with its partners. After the following enlargements of the EU to the UK, Ireland,

¹ Glenny, M. (1992) *The Fall of Yugoslavia: The Third Balkan War*. London: Penguin Books.

² Tanner, M. (2010) *Croatia: A Nation Forged in War*. New Haven: Yale University Press.

³ MacDowall, A. (2011) *The European Project in the Balkans, Part II* (World Politics Review Briefings). World Politics Review (online).

⁴ Miller, F.; Vandome, A.; McBrewster, J. (2010) *Accession of Croatia to the European Union*. London: Alphascript Publishing.

Denmark, Portugal, Sweden, Finland and Austria the EFTA was left just for Norway, Lichtenstein, Switzerland and Iceland. The European Communities and Norway, Lichtenstein and Iceland, integrating the facto these countries in the European Single Market, founded the European Economic Area in 1994. The inclusion of Iceland in the **Schengen** agreement facilitated the free movement of people between most of the European Union states and Iceland. It means that Iceland already has included most of the EU legislation into its national legislation in these fields, and hence the integration of the country should not generate problems in terms of integration. Also the size of Iceland in terms of population, around 320000 inhabitants avoids major problems concerning the enlargement.

Iceland as a member of the EEA has access to the European market and also has to pay as the rest of the member states to the Union, with the difference that Iceland cannot influence the decision making as it is not a member of the organization, and afterwards have to implement the decisions taken maybe in important fields for its economy. At the same time, as a member of the market, Iceland cannot receive funds from many of the European policies. During the crisis of 2009 the financial sector of Iceland collapsed with a huge impact in its economy, especially concerning the public debt, as the national currency dropped its value more than 30%. Iceland needed the support of the European currency, the euro, in the international markets, plus the European funding via the EU policies. Therefore, the national government applied for membership in the Union, and after a fast approval of the Commission and of the Council, it started the negotiations¹.

The main problem facing Iceland is the national fishing grounds; because once member of the Union, it should open them to the EU fleet in equal terms with the local fleet. Currently **the fishing sector provides jobs for 8% of the Icelanders** and has an important impact in the local population. Beside this problem the membership of the EEA and Schengen, the fluid economic relation with other members of the Union and its size will focus the debate on political issues. The main obstacle for the future of Iceland in the EU will be the national referendum to accept the Accession Treaty, and hence there will be big debate inside the country, even when the national government and the EU will agree easily on the terms of the accession. Some experts were very optimistic, saying that if everything goes as expected Iceland could join the EU at the same time than Croatia, in June 2013, finishing one of the fastest enlargements of the history of the Union². However the process is much more complicated and delayed.

FYR MACEDONIA

Macedonia gained its independence from Yugoslavia in 1991 with not much trouble as Bosnia or Croatia. The country initially had problems in the international world because of its name, the same than a region of Greece and homeland of Alexander the Great. Greece boycotted the international recognition of the country until the name was change from Republic of Macedonia to Former Yugoslav Republic of Macedonia. Both countries did not normalize their relations until 1995, but the problem of the denomination of the country has not been resolved and negotiations are going on. During the war of Kosovo, many ethnical Albanians took refuge in the border areas of Macedonia, already populated by a majority of Albanians and started an independent movement with the aim of creating the Greater Albania, including Albania, Kosovo and a part of Macedonia. It was presented as a war against Slavs by Albanian extremist who were fighting previously in Kosovo against Serbian forces. The war was fast as the Albanians did not get the support of USA as they did in the case of Kosovo. This strange policy of the **Americans, supporting Albanians in Kosovo but**

¹ Bjarnason, M. (2010) *The Political Economy of Joining the European Union: Iceland's Position at the Beginning of the 21st Century*. Amsterdam: Amsterdam University Press.

² Kaute, J. (2010) *Warming Up for the EU: Iceland and European Integration: An Analysis of the Factors Contributing to the Changing Perception of Iceland's Political Elites Toward Membership in the European Union*. Munchen: GRIN Verlag.

not in Macedonia can be explain as a way to destroy the Serbian regime, its impact over the Balkans and the influence of Russia in the area. The conflict was solved after the American support to Macedonia and the protection of the Albanian minority inside Macedonia with important concessions from the government and finally in 2009 an agreement over the border disputes with Kosovo was reached¹.

The country was granted the **candidate status in 2005** by the European Council; the Stabilization and Association Agreement entered into force in 2004 to help it during its transitional period. Macedonia is receiving currently different funds from the EU through the Instrument for Pre-Accession Assistance. Between 2007 and 2012, it is expected to receive roughly **500 million euros** through the IPA in order to modernize the state. The country is facing different problems for the accession to the Union. Mainly the corruption is widespread in the country. In economic terms the country still needs to increase its economic performance in order to compete in the European Market. The administration of Macedonia is improving but still it has a **reduced capacity to implement** the European legislation, so there is still a big work in Macedonia before the country is in conditions to join the EU². Even fulfilling all the requirements the problem with Greece is still not solved and it can delay the accession of Macedonia sine die as Greece could use its veto right to stop the integration of the country. **Greece argues that the name Macedonia cannot be monopolized** by one country, and that doing so implies a territorial claim over the northern Greek region of the same name. In the coming years no big changes in the situation are expected, following with the standby until the reforms in Macedonia will make the desirable effect.

MONTENEGRO

It was the country of the former Yugoslavia becoming independent in 2006 and soon was recognized by the member states of the EU. During the dramatic period of the Balkan wars, Montenegro was united to Serbia and suffered less than other parts of the region. But under their Association agreement with Serbia there was a possibility of calling for a referendum for the independence, which resulted in the creation of the new country. This particular case of Montenegro provided the country with enough stability to focus on its accession aspirations to the EU.

After several agreements between Montenegro and the EU, the country was granted officially the candidature to the Union in 2010. The **accession negotiations start in June 2012**. The negotiations will focus on judiciary and fundamental rights and justice, freedom and security. The internal problems to adapt to the European standards are basically corruption, organized crime and freedom of expression³. On the positive side it's the size of the country that could not generate problems for the Union absorbing it⁴, and probably the accession negotiations will speed up the internal reforms of the country. Already the currency of the country is the Euro, and it could have positive and negative effects on the European aspirations of the country. The European institutions decided according to different economic indicators which member state of the Union can join the Eurozone and which country has to reform its economy in order to meet the criteria. But the EU has no influence on third countries and on their currency. Hence the decision of the government of Montenegro of installing the Euro as their national currency was unilateral. When Montenegro will join the EU, the country will have to fulfill the different accession criteria, as democracy or free market, plus the conditions to join the Euro, as budget control or public deficit, making the

¹ Radke, M. (2011) European Union Influence on Violent Ethnic Conflict in Europe: Case Studies of Northern Ireland, Pais Vasco, and FYR Macedonia. Charleston: BiblioBazaar.

² Besimi, F. (2009) Monetary and Exchange Rate Policy in Macedonia: Accession to the European Union. Germany: Lambert Academic Publishing

³ http://ec.europa.eu/enlargement/candidate-countries/montenegro/relation/index_en.htm

⁴ <http://www.delme.ec.europa.eu/code/navigate.php?Id=1>

requirements more complicated. It will be positive if the country already meets the economic criteria to join the Eurozone, and the Euro will act as an important motor for a free market and more stable monetary policy. But it will be negative **if the country fulfills the requirements for the accession but not for the Eurozone, then it will not be accepted in the Union**¹.

The enlargement to Montenegro will not happen in the short term, and probably will occur at the same time than Macedonia in the middle term unless any external influence will speed up the process. The EU is showing prudence with both states but surely both states will join the Union in some years, the only matter is when they can solve their internal problems.

TURKEY

The relations between Turkey and the EU have been long and problematic. The country suffered a huge transformation after the WW1 and the war against Greece when Mustafa Kemal, the father of all the Turks, abolished the political system of the Ottoman Empire starting the Republic of Turkey. The country tried to modernize following the European model and economic reforms were introduced. Also some social reforms promoting the secularity of the state were developed. It also was the beginning of the creation of the Turkish identity and the beginning of the Turkish nationalism, as contrast to the previous Ottoman Empire that was a multicultural society. It meant the so called exchanges of population forcing Greek leaving the areas where they had been living for thousands of years, or provoking an exodus of Armenians with dramatic consequences named as genocide by the French Republic or USA. The plans of Ataturk included the north part of Iraq, mostly populated by Kurdish in the future state of Turkey, but the British protectorate over Iraq avoided the inclusion of this territory in the new republic². The creation of the modern state of Turkey was always under the surveillance of the army and political freedom was just a chimera. The country experienced a moderate growth and wealthier performance during this time, separating itself from the Arab world and following the example of the European states.

The relations of Turkey with the European Communities started in 1963 with an agreement based on economic terms and a **customs union**, and applied for full membership on 1987, but the events of Cyprus frozen the relations with the Community and lead to a standstill situation. At the same time Turkey was sending important amounts of people as workers to the territory of the Community, especially to West Germany, placing closer the European Communities and Turkey.

After the end of the Cold War, the EU was expanding eastwards and the negotiations with Turkey started again, the country was granted the status of candidate in 1999 and the negotiations began on 2005 but most of the chapters are still open. In economic terms Turkey and the EU signed a **Custom Union in 1995** focus on trade in manufactured products. Hence Turkey started implementing all the EC legislation related with trade into their national legal system. Trade between the EU and Turkey in agriculture and steel products is regulated by separate preferential agreements. The Custom Union meant an important growth in the economic relations between both areas and today, more than half of Turkey's trade is with the EU. Both areas have equilibrium in their imports and exports to each other and the direct investment of the Europeans in the Turkish economy has grown significantly, accounting nowadays for billions of euro. Currently the negotiations are going on in a slow motion, leading the Turkish society to a frustration in its European dream. **The negotiation process is stalled and suggests a delaying tactic of the member states** of the Union to avoid or at least delay as much as possible the accession of Turkey³.

The problems for the enlargement to Turkey are numerous and very different, touching cultural aspects as well as political or economic issues, which makes the enlargement the most

¹ Morrison, K. (2008) Montenegro: A Modern History. London: I.B. Tauris

² Stone, N. (2011) Turkey: A Short History, Norman Stone. London: Thames & Hudson.

³ Arikan, H. (2006) Turkey and the EU: An Awkward Candidate for EU Membership? Burlington: Ashgate Publishing Ltd.

problematic of the history of the European integration process. The conflictive points could be divided in:

Europeanism of Turkey

There is debate over whether Turkey is European or not based on different aspects. In terms of Geography, the country is **mostly located in Asia**, with a small portion of its territory in Europe. If Turkey is geographically accepted as European, such countries as **Kazakhstan, which has more territory in Europe than Turkey**, could also be accepted in the EU. The geography also has an influence in the external borders of the Union, because if Turkey joins the organization, there will be **no borders from, for example, France till Iran**, and the Europeans will share borders with Iran, Iraq or Syria. It is a situation generating negative reactions among some Europeans because of cultural and security concerns.

Culturally there are also some issues rising suspicion in the EU citizens as the history of the country, traditionally considered an enemy of Europe since the Ottoman troops occupied Greece and the Balkan region, reaching even Wien. The following centuries were a continuous war between the European powers against the Turkish to dismantle their European possessions. The identity can be built as an opposition to someone or something, and in this case Turkey was used as the opposition to Europe. Religion is other cultural issue to take into consideration. Currently there are no members of the Union where the majority of the population is Muslim. There are many Muslim immigrants in the most developed states of the Union, as Germany, France or the Netherlands, but as a minority they do not impose their religion over the social order. Turkey as a secular state should follow the European pattern but an important majority of the population supports a mild Muslim political party, which is changing the secularism of the state. The fear related to religion is, that once in the Union, Turkey will push to have more influence of the Muslim religion over the EU affairs, against the secularism of the organization and the traditional Christian roots of Europe. Also different movements from the Turkish government promoting the Turkish leadership of all the Muslims living in Europe, obscures the relationship with the EU, because a Muslim support to Turkey could be translated in the European elections in a domination of the seats of the European Parliament by Turkish supporters from all over Europe. Religion is also link with another cultural issue, the identity of the European people. There are some fears that accepting Turkey inside the Union will lead to a lack of identification of the Europeans among them and with the institutions of the Union and hence with the integration process, stopping the building of Europe in the middle of the way. It is culturally easier to create an identity between those who share many cultural aspects than with cultural groups more different. Here is not a problem of superiority, or discrimination, it is just a problem of creating a European identity to be the base of the future Union. The case of Turkey is very complicated, as, according to some authors, it is „a very **nationalistic** country”, consequence of the policies of Mustafa Kemal and the relative young creation of the Turkish nation. It will clash with the European identity as no other identity than the Turkish will be accepted in the country, at least in the middle term. The nationalistic approach also permeates the government and its policies, creating the doubt if the Turkish know what the EU is and what the integration process is. Of course there are other nationalistic states inside the Union, but with a significantly lower degree than Turkey.

It is also dangerous the new approach of the Turkish government that instead of increasing the cultural convergence with Europe, is promoting a policy focus on **a new Ottoman influence** over the Muslim countries. It is as a childish threat to the EU in order to accelerate the negotiations and the enlargement. This policy is dangerous because is based on religious affiliation and could give hints of the intentions of the country once inside of the Union about religious matters. It also separates Turkey from Europe, leading the country eastwards because of its own will. It seems clear that Turkey could not play both roles as it wish, and should define itself and its aspirations, being a part of

the EU or being the leader of the Muslim world. Also this policy is mostly unrealistic in practical matters, as the Muslim countries are not interested in a revival of the Ottoman Empire in any form, but the Turkish government seems to look at it as a real possibility¹.

The European institutions

As Turkey is a big country in terms of territory and population, and its citizens' fertility rate is bigger than any of the member states, it is likely than in some years Turkey will be more populated than any European country. Once the country is a full member of the organization is going to have the same rights and duties than the other members, without any discrimination. It means that Turkey will be represented in the European Institutions according to its stature and **will be a leading force inside the Union**, moving the Germans and French from the center of the Union. Turkey once a member will have more power in the European Council than any other member state, or more representatives in the European Parliament. The Treaty of Lisbon established a limit in the representation of the member states in the European institutions, and it will equal the Turkish representation to the Germany, but the Treaty will surely be reformed in the future, and the influence of Turkey will grow according to its size. Otherwise it would mean the change of the rules of the European integration just because of Turkey, a clear discriminatory measure against all the principles of the European building process.

Democracy and human rights protection are another concerns related with the European institutions, as the role of the army in the Turkish state. It is a contradiction as **the army has been the leading force of the modernization of the country** and the promoter of the European standards in the society. It has played a role protecting the heritage of Kemal, and hence the Europeanization of the country introducing the reforms from up down, but at the same time it is not acceptable in terms of democracy where the citizens should lead this process, not the army. Recently the Turkish government is reducing the power of the army but at the cost of removing the country from the European model of society in cultural and social terms. The human rights are also a problem, with the **Kurdish** population and their rights as a minority. Here the main problem resides on the fact that the Turkish government does not recognize Kurdish as a minority group as they are seen as Turks, and hence part of the majority. Some improvements have been done in this field, but it is still far from a full normalization of the situation. The question of the **Armenian genocide** is still confronting Turkey and some of the European countries, as France. The Turkish government refuses to recognize a documented historical fact and reacts violently against any contrary opinion, showing very little democratic maturity. Following this example, some authors consider the country is not ready to enter the EU because in case of any conflict in any decision of the EU it could show the same aggressive behavior against the principles of the Union based on dialogue².

The capacity of the Union to absorb Turkey

The financial capacity of the Union is medium or even small comparing the EU budget with the national budgets, and it has to pay for all the EU policies. As the EU has its own sources from the member states, whenever Turkey will join the Union will also contribute to the common budget. The problem of absorbing such a big country is **the money the EU will spend on its policies in Turkey**, much more than the money added to the budget by Turkey, and hence the country will be a net receiver in European terms. As Turkey is divided in different areas of development, mainly similar to European standards, (in the area of Istanbul), but the rest of the country is much less developed.

¹ McCormick, J. (2010) *Europeanism*. Oxford: Oxford University Press.

² Peterson, J.; Shackleton, M. (2006) *The Institutions of the European Union*. Oxford: Oxford University Press.

The **Common Agricultural Policy should be reform** before the enlargement to Turkey because the rural areas of the country will have access the funds, and it will mean a big financial effort for the EU budget. As the historical rights have been abolished, the western members of the Union are going to lose an important support to their farmers as the central and east members get equal treatment, a situation potentially deeper if Turkey joins. The member states of the Union will have to face an important reduction of the agricultural payments to their farmers, and hence there will be a crisis in the countryside of countries as France, Spain or even Germany. As it is a Communitarian policy, the national governments could not subsidize their farmers, with the consequence of an important reduction of working places, production and an increase of the social unrest provoked by the transfer of people from the countryside to the cities. It will be very hard to face for the member states and hence the policy should be reform, maybe against all the tendencies of the European integration, making it national again, or reducing the protection of the farmers. The other possibility is that these states will block the enlargement to Turkey to protect their farmers, an important electoral group.

The second main policy of the EU in budgetary terms, the Regional Policy will face similar challenges, with important transfers of money to Turkey to promote growth in the less developed areas investing in infrastructures, productivity and qualification of the labor force. The member states of the Union will have two possibilities also, **increasing the national contributions to the EU budget**, something unlikely to happen under the current crisis, **or blocking the access of Turkey to the Union**.

This could be the main problem of Turkey joining the organization, because once inside it has to be treated equally, and hence the transfers of money will unbalance the EU budget, focusing on Turkey. The problem comes from the size of the country and its level of development that make impossible the absorption in the current shape of the Union¹.

CYPRUS

The Mediterranean island has been traditionally inhabited by Greek population, but during the times of the Ottoman Empire some people converted to the Muslim religion and there was some immigration from the main land, creating a minority of Muslim people. The island became a part of the British Empire and hence under the control of London. **The British still have nowadays a big influence over Cyprus, with stable military bases** and an important population impact over the island in terms of tourists and permanent residents. Cyprus became independent in 1960 and at this time the Greek Cypriots represented 78% of the population and the Turkish Cypriots 18%, with a small minority of 4% of the population divided between Armenians, Maronites and Latin people. There were different movements in order to unite the island with Greece and some attacks on the Turkish population followed by the consequent retaliation. Finally Turkey decided to attack the island in 1974, officially to protect the Turkish minority, but made an ethnical cleansing in the North forcing the Greek to leave their homes. **The attack was condemned by United Nations as illegal** but the Turkish army remained in the North. Currently the island is divided in two parts with a buffer zone in-between under the control of the UN. The South is control by the Greek Cypriots and the Republic of Cyprus, member of the most important international organizations and full member of the EU. The North is under the control of Turkey, the Turkish Republic of Northern Cyprus; it depends completely on the support of the government of Ankara. There have been peace talks but no agreement has been reach in order to withdraw the Turkish army and reunify the island. Even more, since the occupation of the north **Turkey has been promoting a transfer of population** from the mainland to the island in order to populate the area and increase the Turkish influence over

¹ Fasina, L. (2008) Understanding Regional Development: Absorption, Institutions and Socio-economic Growth in the Regions of the European Union. Frankfurt: Peter Lang Pub Inc.

the territory. It means that Greek people will not be able ever to return to their houses or to recover their material possessions. At the same time, Turkey is investing important amounts of money in the economy of the north to make it stronger and impossible to be absorbed by the South. It is a clear illegal situation with **artificial movements of population following the example of minor Asia and other areas of Turkey formerly populated by Greek and Armenians**¹.

Currently the Turkish government is following a nationalistic behavior promoting the immigration to the island and investing strongly in its economy. The attitude of Turkey should change in order to access the Union, but the government continues to have tense relations with Cyprus, and hence with the EU. As for example with the Single Market and the prohibition of boats from Cyprus to land in Turkish ports, partially solved, or the intention of Turkey to control a possible oil and gas field in the southern national waters of Cyprus. **As all the member states have the right to veto any enlargement it seems unlikely that Turkey will join the Union unless the dispute is solved.** The Turkish government seems blind in this sense, as it still blames the Republic of Cyprus instead trying to solve the situation. It is a widespread attitude in the Turkish state, a lack of self-criticism, because it is seen as an attack to the Turkish nation, and hence under the nationalistic premises of the state, an unacceptable challenge. The situation can be resumed as Turkish are right and the rest are wrong, **if someone tries to think that maybe Turkish are not right, is automatically an enemy of the Turkish nation. The nationalistic behavior of Turkey in the case of Cyprus is going to block the negotiations until Turkey changes its attitude.** The Turkish seem to pretend to follow as if nothing happens in the island, as if it will be something independent from the enlargement, or even blame the perfidy of the Greek who block their European aspiration without any rational reason².

The issue of Cyprus involves more international actors than Turkey and Cyprus, complicating the solution to the problem. As some states as France and Germany have shown their rejection to the Turkish accession, they could use the conflict to block the negotiations and delay indefinitely the process without getting directly involved in the maneuver. If Turkey will forget its nationalistic approach and find a good solution for the Greek and Turkish people in Cyprus, the main official obstacle to its accession to the EU will be removed. Then, the real reasons for blocking the negotiations will arise and the member states against the Turkish accession should defend their position publicly.

Positive effects of the Turkish enlargement

Turkey will provide positive effects on the EU as a full member of the organization in four main different fields:

1) The European Union as a peace system: The original target of the European building process was avoiding wars between its members securing the freedoms of its members by sharing in a common organization. Turkey as a full member of the Union will develop the peace system avoiding the possibility of any conflict and solving the current conflicts with Cyprus, the Kurdish and Armenia. It also **will expand the influence of this peace system to the Arab world, increasing the rule of law**, human rights and democracy in the area. It could have a positive influence in territories as Syria, Lebanon or Iran, acting as an example of peaceful society and cohabitation of different nations of different religions with different languages living together. The current position of Turkey in the conflict between Palestine and Israel is very aggressive as Turkey is acting following the new Ottomanism as the leader of the Arab world, and hence the protector of the Muslim population of Palestine. Its position is not helping to solve the conflict, and is strongly different from the position of

¹ Van Der Bijl, N. (2010) *The Cyprus Emergency: The Divided Island 1955 – 1974*. Great Britain: Pen&Sword Military.

² Christou, G. (2004) *The European Union and Cyprus*. New York: Palgrave Macmillan.

the European Union. The enlargement could act positively on Turkey, changing its position to a moderate approach helping to solve the conflict. It is important to outline that the EU is an idealistic project, and hence it is essential for the organization to keep these principles in order to increase the integration.

2) Economy: Turkey has an economy that is growing very healthily. The enlargement will mean a full access in equal terms without discrimination of the European companies to the Turkish market and consumers. The economic relations with Turkey are currently important for the Union, and its importance will grow if the country joins the Union. Beside the full **access to the Turkish market, the European companies** could install their production centers in Turkish soil with the legal protection of the communitarian law, and hence increasing the competitiveness of the European economy. Currently there is a custom agreement with Turkey and the economic integration of the area with Europe is growing with benefits for both areas.

3) Population: the Turkish population is young and growing very fast comparing to the ageing population of Europe. The enlargement to Turkey will provide the EU with young population to solve its structural problems plus an influx of cheap labor force in order to keep, and increase the European economy and hence reassure the European social system. Europe could face a big problem in terms of population in order **to pay the pensions** of the retired people as the funds come from the current workers. If the number of pensioners is going to grow as expected the EU main economies will have troubles to collect enough money to pay the social system. As **the fertility rate of Europe is low, the influx of young population coming from the accession of Turkey** could solve this problem.

4) The EU as an international actor: The enlargement to Turkey will create more international muscle for the Union. The organization will increase its power in the international world, especially in the area of the Middle East because of the historical tights of Turkey with the region plus **the military power of Turkey**, already member of NATO. The European dependence of oil from the area will be more secure with Turkey as a full member following the common positions of the Union. The main problem here is the nationalistic behavior of Turkey, of its government, and of its army, that could lead to a situation where Turkey will act differently from the common positions, generating internal conflicts to the organization, as for example with the alliance of Turkey and Brazil to solve the Iranian conflict against the position defended by the EU. Anyway, if Turkey can be included in the EU in every sense, not just officially, the benefits for the Union in external policies and external influence will be good.

Future of Turkey and the EU

At the moment the negotiations between the EU and Turkey are developing very slowly and probably will take many years before any agreement is reached. The EU should balance the negative and positive effects to the enlargement to Turkey in order to take a decision. On the other hand, Turkey should learn more about the EU and what it is, and then think if it is worth for them to join the Union. Turkey cannot pretend to change the essence of the Union, and hence Turkey should adapt to the European standards in politics, economy, human rights, democracy or social structures. And the country should be ready for these changes or to refuse the accession. The enlargement process is a free will action from the candidates, and when any state joins any international organization, it has to accept its rules. It cannot pretend to join the organization with special rules for itself. So Turkey should make a big effort to integrate in the EU and its government and population should think if the effort is worthy or not, and then continue with the enlargement process or abandon it.

There are three main options for the future relations between Turkey and the EU:

- Full membership: Turkey after long years of negotiations and delays will join the EU as a full member when its government, economy and society will be ready. On the other side, the EU is not likely to accept a country of big size to the Union in a period of economic crisis, so the enlargement will be paralyzed until a new economic cycle will improve the European economy. Both areas have to be patient with each other and ready for a long-term process.

- Special preferential relations: Former president of France, Sarkozy, with the support of the German premier, Mrs. Merkel, proposed an alternative to the full membership of Turkey, a special association agreement where Turkey and the EU will benefit from an **economic integration without political integration**. The special relation could be developed via the Union for the Mediterranean, an organization created to improve and regulate the relations between the Mediterranean states where the EU acts as a whole, and the Asian and African countries try to act united. The organization is meaningless right now because of different problems, mainly related with the Arab-Israeli conflict and the tremendous differences of the EU and the other Mediterranean states approaches on the conflict. Nevertheless the association could be developed in a way to act as the vehicle of the relations between Turkey and the EU, and as a way to institutionalize the preeminence of Turkey over the Arab world. It could be useful to establish stable relations with Turkey and via this country that will act as a bridge between north and south; west and east in the Mediterranean increase the coexistence between Europe and the Arab world. The Turkish government has rejected this alternative to full membership but if the negotiations will not advance it could become a real option.

- No integration, no cooperation: If the case the EU will not agree on the enlargement or Turkey will refuse the European requirements there could be a total end of the relations between them. Turkey **then will focus on east, trying to become the leader of the Arab world**, something more in the imagination of the Turkish government than in the reality. The economic relations between the EU and Turkey will follow anyway as the current global world will not allow any autarchy in the Turkish economy. In the political field the consequences would be worse, as a rejection of the accession will foster even more **the nationalism** in Turkey with the consequent instability in the borders of the EU and possible armed conflicts in the case of Cyprus. This is the less likely option, being the first two more realistic, but a break between Turkey and Europe could have unpredictable consequences¹.

ALBANIA, BOSNIA AND SERBIA

The three countries are future candidates for membership in the EU. It will mean the enlargement of the organization to all the Balkan states, after Croatia, Montenegro and Macedonia join the Union with the exception of Kosovo, a more problematic case. Integrating the area is one of the main targets of the Union in terms of enlargements for the short and middle term. It will make the Union compact and will provide peace and integration for an area with a conflictive past. **Probably Albania and Serbia will join at the same time the EU near 2020 or 2025, because otherwise the rivalry between Serbs and Albanians** will be extended and used in the Union using the unanimity required for any new enlargement.

Albania formally applied for membership on 28 April 2009 after negotiating a Stabilization and Association Agreement in 2006, much longer period than any other possible candidate of the area², outlining the probable difficulties in the negotiations for the full membership still to come. Albania is a relative **poor country** according to the European standards, but is growing economically in the last past years when most of the European states were in crisis. But there are different problems in the Albanian economy and in its aspirations for the accessions in the EU, mainly **corruption, organize crime, weak political institutions, high unemployment rate, and energy problems**. The State is not fighting the

¹ LaGro, E.; Jørgensen, K. (2007) Turkey and the European Union: Prospects for a Difficult Encounter. New York: Palgrave Macmillan.

² http://ec.europa.eu/enlargement/potential-candidate-countries/albania/eu_albania_relations_en.htm

criminals and the corruption as the EU has asked, with important political and economic implications, as **a corrupt political class** involved in many illegal activities and a danger for the economic growth and for the free market. The energy sector has problems of supply because it is outdated and inefficient, but the different investments from the Italian company ENEL should solve the problem. Other problems for the integration of the country in the EU are gender and minority political participation, because women and **the ethnic minorities of Greek, Macedonian, Montenegrin, Roma and Aromanians are poorly represented in the national Parliament**. Finally the issue of the **3 million Albanians living in South Serbia, Kosovo and Macedonia could be solved inside the Union**, in a territory without borders rather than the creation of the Great Albania, a nationalistic project already almost forgotten¹. The problems of Albania and its role in the criminal activities focusing on Europe, as drugs and human trafficking, make the enlargement to Albania very problematic and surely for a middle term, after the enlargement to Montenegro and Macedonia, probably around 2020 or 2025².

Serbia signed the Stabilization and Association Agreement in 2008 and its main obstacle to the accession was the judicial collaboration of the Serbian authorities with the international authorities in the cases of war crimes during the Bosnian war. Lately the Serbian government has removed this barrier by the arrest of several **criminals as Gen Mladic and Radovan Karadzic** and Serbia has been officially recognized as a candidate country on March 2012. Another important problem blocking the European path of Serbia is the issue of Kosovo, considered by Serbia as a part of its territory and hence not as an independent territory. The Serbian government is showing a strong will to compromise about the issue, but **locals Serbians are not keen on any agreement about the Serbian sovereignty over Kosovo**. As Serbia will probably join the EU at the same time than Albania, both countries will look actively and international resolution accepting the independence³. The conflict of Kosovo spreads also to the relation of Serbia and Montenegro, when the last recognized the independence of Kosovo there were diplomatic retaliations and their bilateral relations were harm. Both countries should collaborate in many issues, as corruption, money laundry, criminality and the **Serbian minority living in Montenegro** in order to succeed in their European aspirations, but as Montenegro is going to join the Union before Serbia, the second must make bigger efforts in the way of reconciliation⁴. The economic situation of Serbia after so many years of conflicts is not as good as other countries applying for membership and some reforms should be included in order to equate it to the European standards. Another important problem is the organized crime and corruption, a negative aspect common throughout the area against which the country is struggling, but is still far from the minimum conditions that can be accepted by the EU⁵. If these problems are solved, Serbia could become a member state of the EU around 2020 or 2025.

Bosnia-Herzegovina suffered dramatically during the Balkan Wars, the country was divided mainly between Serbs, Croats and Bosniaks, who were killing each other during the conflict from 1992 till 1995. The war finished thanks to the intervention of USA and afterwards the EU got involved in the reconstruction of the country, where still keeps a peacekeeping force and a police mission. Currently the country is divided in two main autonomous areas, the Republic of Srpska, mostly populated by Serbs, and the Bosniak-Croat federation. The **ethnic tensions** are still important, and could block the access to the country to the EU because currently the country is not really working as one united state⁶, it is more **an artificial body collaborating on basic issues rather than a proper state**. The relation between both areas should be reinforced via constitutional reforms in order to access as a full member of the EU and secure **the viability of Bosnia as a state**. Other major problems are **corruption and**

¹ Bogdani, M.; Loughlin, J. (2009) Albania and the European Union: The Tumultuous Journey Towards Integration and Accession. London: I.B. Tauris.

² <http://www.europeanforum.net/country/albania>

³ http://ec.europa.eu/enlargement/potential-candidates/serbia/relation/index_en.htm

⁴ Still buying time: Montenegro, Serbia and the European Union, ICG Balkans report (2002)

⁵ <http://www.europeanforum.net/country/serbia>

⁶ The EU in Bosnia and Herzegovina: Powers, Decisions and Legitimacy, European Union Institute for Security Studies and European Commission (2011)

organize crime¹, mainly related with the lack of a proper state in the area and hence the impossibility to control the illegal activities. The future of Bosnia Herzegovina in the EU is not clear, as the internal situation is still very unstable and a common administration needs to be built. Probably Serbia and Albania will join before Bosnia; it will help to solve the ethnical confrontation of the area and hence solved the main obstacle of Bosnia joining the Union. **If Serbia and Albania join the Union in 2020, Bosnia could access the organization in 2025.** Other possibility is Bosnia becoming a protectorate waiting to collapse when the international commitment leaves².

Kosovo is another problematic territory in the Balkans because it has not been recognized as an independent states by all the members of the EU, and Serbia still consider the area as a part of the country. The **ethnic division** between Albanians and Serbs is still very strong, and the peaceful cohabitation is just granted by the international peacekeeping forces. The **viability of Kosovo** as a proper state is still questionable without the presence of the international troops, and it is an obstacle for Albania and Serbia to join the EU. These two parts plus a representation of the local Albanians and Serbs and the protection of the international community, and especially of the EU with financial and political support of the area should solve the problem³. Otherwise the territory will collapse and a new conflict could arise. A practical solution could be the creation of an autonomous region inside Serbia with special relations with the EU, and as Serbia and Albania join the EU, Kosovo will be also part of Serbia with a special status. Kosovo could also become an independent state under the influence of the Albanian majority, with the consequent conflict with the Serbian minority. An independent Kosovo could not survive in the world because of its **poverty**, economic situation and political instability, and hence will have to be annexed to Albania, become a protectorate of the EU or collapse⁴. As these three options are less likely to occur, and the involvement of USA is decreasing leaving the main position to the EU, **a compromise solution from Serbia and Albania is expected.**

European Countries under the European Neighborhood Policy

Eastern Partners of the European Union



(Source: http://ec.europa.eu/eas/index_en.htm)

¹ http://ec.europa.eu/enlargement/potential-candidates/bosnia_and_herzegovina/relation/index_en.htm

² http://www.europeanforum.net/country/bosnia_herzegovina

³ http://ec.europa.eu/enlargement/potential-candidates/kosovo/relation/index_en.htm

⁴ Weller, M. (2009) *Contested Statehood: Kosovo's Struggle for Independence*. Oxford: Oxford University Press.

Currently there are in the eastern part of the continent six states under the European Neighborhood Policy, Belarus, Ukraine, Moldova, Georgia, Armenia and Azerbaijan. The main aim of this policy is establishing relations with the border countries of the Union in order to secure the European borders. The EU provides via different actions stability to these states, and hence to the Union itself because the security of the borders start with the security of the neighbors. It can be applied for Belarus, Ukraine and Moldova as they share physical borders with the territory of the EU, but not Georgia, Armenia and Azerbaijan. The main targets are promoting democracy and human rights, access to the European Market in order to develop their economies and hence provide these countries with economic prosperity, and cooperation in areas of common interest as environment, transport, energy or migration. The EU uses different tools for implementing these targets, technical help, political support and economic aid¹.

The relation of the EU with these six countries is **influenced by Russia**, the main power of the region, which still keeps an important political and economic influence over most of these territories even with military presence in some of them. After the collapse of the Soviet Union, Russia, under strong internal changes, did not influence the national political life of these countries, but currently the power of Russia is rising again and its government sees these areas as its natural areas of influence, clashing with the European interest.

BELARUS

The country is under an authoritarian regime with very poor democratic records and even **poorer human rights protection**. The country has difficult relations with the EU and is much closer to Russia². The possible accession of the country to the EU will depend on a change in the regime. An agreement with Russia will be needed as the economy of Belarus is strongly linked with the Russian market. It makes very difficult any approach in terms of membership in the short and middle term, so the possible inclusion of the country will be in the long term. The EU is currently focusing on environmental issues in its relations with Belarus, because other chapters of cooperation are stalled by the internal political situation of the country³. The EU banned more than 200 people from the regime travelling to Europe and has frozen funds of some companies involved with the political elites⁴. The country is more likely to stay as a buffer area between the EU and Russia, with some especial agreements in the economy, but a rapid democratization of the country if the current regime collapse combined with a weaker Russian influence could lead the country to the EU. At the moment it does not seem possible a democratic revolution in Belarus after the breakdown of the opposition after the elections of 2010, and hence the country probably will not become member of the Union until the international arena will allow it **in a long term**.

UKRAINE

The country is a priority in the east for the EU. It suffered from a great political unrest with successive governments supporting a closer relation with the EU or other governments supporting special relations with Russia. After the Orange Revolution in 2004 it seemed possible for the country to become an official candidate country to access the EU, but the numerous internal problems stopped the process. The main problem facing Ukraine in order to get closer to the EU is basically its relation with Russia, which is problematic in different aspects like Crimea and Russian population in this area plus the Russian fleet based there, energy dependence on Russian supplies,

¹ http://ec.europa.eu/world/enp/welcome_en.htm

² http://eeas.europa.eu/belarus/index_en.htm

³ Wilson, A. (2011) *Belarus: The Last European Dictatorship*. New Haven: Yale University Press.

⁴ <http://www.europeanforum.net/country/belarus>

or the Russian minority in the country¹. Also **the enlargement is seen by some Russian leaders as a threat to Russia, and hence unacceptable because of security reasons**. On the other hand Ukraine also has many internal problems, as a high rate of **corruption** and crime, some **democratic deficit** according to the European Standards. The economy of Ukraine is based on market economy where the **privatization and renationalization of public companies** makes unstable the situation. It also has some structural problems that make difficult the integration in the European Market because it lacks enough competitiveness.

The country has made big efforts in terms of democracy and human rights, and its economic relation with the EU has been strengthening in the last years with the European Market. Currently they are negotiating the creation of **a free trade area** between the Union and Ukraine². The economic aid of the Union is helping the country to meet the basic criteria of convergence improving the local situation. If it continues to reform and sits a Democratic regime with a stable market economy the country could get closer to the EU. The Ukrainian parliament rejected in 2010 any perspective joining the NATO³, a military organization seen as the defense community of the EU and USA, as the enlargement to central and east Europe cited as an example, but at the same time the parliament reassured the compromise of the country with the EU. Ukraine could become a member of the Union **in the medium-long term, but just if the problems with Russia are solved**. Hence, the possibility of an enlargement will depend on the bilateral relations between Russia and Ukraine and a change in the internal Russian politics could accelerate the process or **simply stop it**, so it makes the situation difficult to foresee⁴. The strong support of Poland, whose territory previously included an important part of the current Ukraine, and the historical and cultural links between both countries, mean a **strong Polish support for the candidature of Ukraine**, and hence could pave the way for a future enlargement of the EU eastwards.

MOLDOVA

Currently the country is negotiating an Association Agreement with the EU, considered as a previous step for being accepted officially as a candidate country for joining the Union. The agreement will be focus on economic issues, as **free trade area**, and political issues as democracy. The main internal problems acting as obstacles for the integration of the country in the EU are the **Transdnister conflict**, a pro-Russian separatist region and under the protection of the Russian troops acting officially as peacekeepers, poverty, as Moldova is the poorest country of Europe, emigration, 1 million citizens or half of the working force have left the country in the last years, and political and media freedom. The external relations of Moldova are focus on three main partners, Russia, Romania and the EU with different views, as **Russia wants to keep its influence** over the area and Romania wants to get closer to a country where an important part of its territory, **Bessarabia, was part Romania until 1940 and whose language is the same than Moldovan**. The EU is a priority for the Moldovan government as the best option to keep its independence and raise the living standards of the local population⁵.

The Moldavian aspirations could benefit from the close cultural ties with an already member of the Union, Romania, and its **small size, easy to absorb** for the Union if the country can solve its internal problems⁶. Russia will play a determine role in the accession of the country and probably

¹ Kuzio, T.; Umland, A. (2007) Ukraine - Crimea - Russia: Triangle of Conflict (Soviet and Post-Soviet Politics and Society). Stuttgart: Ibidim-Verlag.

² http://eeas.europa.eu/ukraine/index_en.htm

³ <http://www.europeanforum.net/country/ukraine>

⁴ Velychenko, S. (2007) Ukraine, The EU and Russia: History, Culture and International Relations. New York: Palgrave Macmillan.

⁵ <http://www.europeanforum.net/country/moldova>

⁶ Lewis, A. (2004) The EU and Moldova. London: Federal Trust for Education & Research.

will not support the integration of Transdnister region in the EU. Because of these reasons the **accession of Moldova could come after Serbia and Albania, perhaps at the same time than Bosnia.**

THE CAUCASUS

The Neighborhood policy includes three Caucasian countries, Georgia, Azerbaijan and Armenia, even when geographically and culturally can be doubts about the Europeanness of these territories. The three territories have in common their Soviet past and hence the influence of the Communism, secular society, Western literature, European art and economic connections. These ex-Soviet Republics have other historical ties with Europe, as the ancient Greek influence, especially in the case of Georgia because of the Black Sea, the Roman Empire, the Byzantine Empire, Christianity in the case of Armenia and Georgia and ethnicity in the case of Georgia. The geographical border between Asia and Europe becomes diluted in the Caucasus as it reaches the periphery of Europe, but a possible enlargement to Turkey will solve the geographical concerns in the enlargements of the EU.

ARMENIA

The country conducts its relations with the EU via a Partnership and Cooperation Agreement from 1999, and became a part of the European Neighborhood Policy in 2004. During the period of 2011-2013 the country benefited for an economic support of the Union of **157 million euro**. Armenia also is included in other programs such as the European Instrument for Democracy and Human Rights. Currently Armenia is negotiating an **Association Agreement** with the EU in order to link closer both areas and establish a **free trade area**¹. Some domestic issues are influencing the relation of the country with the EU, as the minorities, even when Armenia is a very homogeneous country, just 2% of the population comes from different ethnical groups, but there is a division between Armenians, Hayastantsis from proper Armenia, and Karabakhtsis from the **Armenian diaspora**. New legislation gives the Armenians living abroad, the predominant group in the local politics, the possibility of having **double nationality and hence vote** in the Armenian elections. The organization of the society **in clans** has an influence the political life, and hence on the democratic standards of the state, brings an important obstacle for the European concept of society and democracy, becoming more difficult any possible integration. A major issue is the conflict with Azerbaijan, which should be solved before any possible enlargement because it affects another possible candidate. Other problems are **poverty, corruption**, and the involvement of business in politics, **human rights**, gender representation, and weak media².

In the field of international relations Armenia **surprisingly has good relations with Russia, USA, EU and Iran, with difficulties with Azerbaijan and Turkey**³. The possibilities of accession to the EU will depend on third parties, as Turkey or Georgia, because the geographical position of the country will make impossible any enlargement if any of those mentioned countries do not access the Union as well. So Armenia is likely to join the Union if Turkey joins the organization and the relations with this country improve. Otherwise Armenia is going to become a strategic partner of the EU, but not a full member of the organization⁴.

¹ http://ec.europa.eu/armenia/index_en.htm

² Payaslian, S. (2008) *The History of Armenia*. New York: Palgrave Macmillan.

³ <http://www.europeanforum.net/country/armenia>

⁴ Bert, A. C. (2011) *Armenia - European Union Relations*. Germany: Chromo Publishing

AZERBAIJAN

The relations of the country with the EU are following a parallel way with the Armenian and EU relations: A Partnership and Cooperation Agreement, the inclusion of the country in the European Neighbourhood Policy, the extension of different European funds to Azerbaijan, and currently the **negotiation for an Association Agreement**¹. On the other hand, the internal situation of both countries is very different, Azerbaijan is a country with important oil and gas reserves and hence with important **financial incomes and a more strategic partner in terms of energy** for the EU. The political system is closer to a dictatorship than a democracy, with **average winning of the ruling party of 88% of the votes and constant accusations of electoral fraud by Western observers**. This political system is closing the country to Russia and separating it from the EU.

Other internal problems are the gender representation, with women clearly discriminated in the political life, the conditions of the refugees from the Nagorno-Karabakh conflict, the relation between **religion and state**, far from the European secularism of the society even when the Azeri government is strongly secular, **corruption and poverty**².

The EU sees Azerbaijan as an important partner because its energy supplies, but the integration of the country seems difficult. Beside the internal problems, the fact that **the majority of Azeri people are living in Iran, and the problems with Armenia** could block any accession³. The integration could just come with a previous access of Turkey to the EU, and it's probably support for the Azeri bid. So probably the EU will encourage economic relations and currently promotes a **pipeline from Azerbaijan via Georgia to Turkey** as a way to improve the energy independence of Europe and influence the country, but the accession seems really unrealistic nowadays.

GEORGIA

As Armenia and Azerbaijan a Partnership and Cooperation Agreement and the inclusion of the country in the ENP conduct the relations between Georgia and the EU⁴. It is probably the most European state of the Caucasus because its historical relations with the Greek civilization and its integration in the Russian Empire and afterwards in the Soviet Union. In some extent could be said that the Mediterranean influence over Georgia includes the country culturally with the northern shore of the sea. The Mediterranean was long divided between Christians and Muslims, between European and Africans and Asians, the Christian orthodox religion of the country could have helped with the integration of Georgia with the European Mediterranean states and with Russia, being effectively a link between both influences. Also its historical confrontation with the Ottoman Empire situates the country with historical similarities with the Balkan states⁵.

The internal situation of the state after the independence from the Soviet Union was extremely unstable, with important conflicts, as in the Georgian territories of **Abkhazia and South Ossetia**, and poor economic performance. After the Rose revolution, the political situation of Georgia changed, closing its relations with the Western world and the EU⁶. But the recent conflict in South Ossetia and the Russian intervention have made clear the difficulties of the country to escape away from the Russian influence. **The main obstacle for Georgia joining the EU is its relation with**

¹ http://ec.europa.eu/azerbaijan/index_en.htm

² <http://www.europeanforum.net/country/azerbaijan>

³ Goltz, T. (1999) *Azerbaijan Diary: A Rogue Reporter's Adventures in an Oil-rich, War-torn, Post-Soviet Republic*. Armonk: M.E. Sharpe.

⁴ http://ec.europa.eu/georgia/index_en.htm

⁵ Gamakharia, J. (2007) *The History of Georgia*. Tbilisi: Intelekti.

⁶ Coppieters, B.; Legvold, R. (2005) *Statehood and Security: Georgia after the Rose Revolution*. Cambridge: American Academy of Arts and Sciences & MIT Press.

Russia, the main power of the area and aggressive in its relation with Georgia because of the Western interest of the Georgian government in Western organizations as NATO or EU.

Beside the fight between the Western world lead by USA and Russia to be the dominant power in Georgia, and hence in the Caucasus, the country has several internal problems making more difficult its approximation to the EU. The gender equality is almost inexistent in the national politics, with an overwhelming majority of men in the parliament and other political institutions, there is a widespread **corruption** strangling the modernization process started by the president Saakashvili, **poverty** is another important internal problem in the country even when **the economic performance has been good in the late years**. There are also environmental concerns about the impact of the construction of a pipeline from Azerbaijan to Turkey¹.

A possible EU enlargement to Georgia seems very unlikely at the moment even when the country has a foreign policy based on that approach mainly because of the current dominance of Russia over the area. Just a change in the Russian policy in the Caucasus and the solution of the conflict with the separatist areas could pave the accession of the country. The geographical situation of the country, even when it has a common border with the Union with the Black Sea, seems **complicating any accession until Turkey joins the Union**, giving unity to the EU territory. These are too many premises to be fulfilled in a short or medium term, and hence any enlargement to Georgia seems very unlikely to happen unless the international situation changes radically. Anyway, there is an obvious European interest in the country, and hence it will foster the bilateral agreements and contacts between both areas and Georgia will become the main partner of the EU in the Caucasus area, influencing also other states located in the area.

RUSSIA

The relations of the EU with Russia are very important for both areas, but in terms of accession to the EU it is a completely chimera to think about Russia joining the European organization. Geographically Russia have some parts of its territory in Europe and the majority of it in Asia, but in terms of population more Russians live in the European side of the country than in Asia. The main ethnic group is Slavic, a predominant group in many other states of Europe. The geographical extension of Russia, **the biggest country of the world**, makes impossible any enlargement because the **Union lacks the capacity to absorb Russia**. Any enlargement to Russia will mean the end of the organization with its current shape leading to a mere free trade area. The cultural matters also have an important influence in the possibilities of expanding the organization to Russia, because **the Russian identity is not really European, and even not Asian**, because the country has created **its own identity** stronger than any identification with Europe, forming its own block.

The political situation of Russia, where the whole population as a minor negative effect coming from the Russian condition vastly accepts the democratic deficit also separates the political systems of the EU and Russia. The especial conditions and historical background of the country have meant a development of **a pseudo democratic regime that the society feels acceptable** but according to the European standards is insufficient. On economic terms Russia has a market economy influenced by the unilateral decisions of the state to protect its interest. It means an important **interference of the State in the economic affairs** with decisions sometimes arguable from a juridical point of view. The Judicial system is united in many cases with the political power, against the basic principle of three independent powers in any European modern state. These are some of the main topics that make Russia different than Europe, and hence impossible to unite to the European integration².

¹ <http://www.europeanforum.net/country/georgia>

² Service, R. (2009) *The Penguin History of Modern Russia: From Tsarism to the Twenty-first Century*. London: Penguin.

Nevertheless it is an important country for the EU in economic and political terms as it is one of the main trade partners for the Union, a supplier of energy and an important consumer of European products. The stature of Russia in the international affairs makes it a containment area for the expansion of the European organization with a buffer area where both contenders dispute the dominance over it with their own weapons. The relations of Russia and the EU also affects the eastern borders of the Union, with **several conflicts with Estonia, Poland** and other states previously under the influence of Soviet Union, stressing even more the possibility of further enlargements eastwards. Obviously the **EU cannot include Russia in the European integration, Russia is not interested either in such integration**, and hence there is no possibilities expanding further the European organization in this area¹. The relation of Russia and EU will be focus on economic terms from a privilege position as both areas need each other and **the strength or weakness of Russia will determine the enlargement of the EU** to the countries included in the ENP.

THE CASE OF KAZAKHSTAN

The country geographically has an **important part of its territory in the European continent, even more than Turkey**, a country accepted as an official candidate to the full membership. Nevertheless Kazakhstan is commonly **considered as an Asian country** and hence without any possibility of joining the EU. Kazakhstan is seen culturally also as Asian although it belonged to the Soviet Union and hence experienced an important influence from the European and Russian communist intelligentsia². The relations between the country and the Union have been focused on energy and transport issues, as an alternative to increase the energetic independence of Europe.

There is a Partnership and Cooperation Agreement working since 1999 but the exclusion of the country from the ENP is an indicator of the impossibility of any enlargement in this direction. Kazakhstan has been included in another group by the EU, the Central Asia states, Kazakhstan Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, through the European Union and Central Asia Strategy for a New Partnership adopted in 2007. The geographic situation of the country, linked with the rest of Europe via Russia makes also difficult any closer relation with the EU. So, Kazakhstan will not be a member of the EU even in the long term, unless the European cultural perceptions change dramatically³.

The limits of the organization

The EU clearly will expand in the Balkan area in the coming years and depending on Russia will integrate some eastern areas of Europe. The limits eastwards are clearly define by Russia as the ultimate border of the Union. The Mediterranean area is more complicated because the situation of Turkey, and official candidate for full membership, but with numerous obstacles in its way makes more likely a preference relation than full membership. **The Caucasus states will depend on the enlargement to Turkey to join the Union**, and hence Armenia will face a dichotomy, as it will need a traditional opponent inside the Union to access itself the organization. The southern part of the Mediterranean is not on the EU Enlargement area of the organization because of geographical reasons, as the rejection of the application of Morocco showed. The north of the Union could include Greenland, a territory of Denmark previously part of the European Communities, but its impact in the Union will not be considerable. Other European states as Norway or Switzerland are possible candidates to the membership if their internal opposition changes and the economic

¹ Antonenko, O.; Pinnick, K. (2009) Russia and the European Union: Prospects For A New Relationship. Adington: Roulledge.

² Rosten, K. (2005) Once in Kazakhstan: The Snow Leopard Emerges. Lincoln: iUniverse.

³ http://ceas.europa.eu/kazakhstan/index_en.htm

performance of the Union improve. In the medium term the EU will reach its natural borders and then, an organization based on a continuous enlargement since its creation, will define itself again. Europe then will have to face the own essence of the Union and its practical matters with different options:

1- The European Federal State: The EU will have to increase the integration as a substitute for the territorial enlargement. The necessity of new markets will force the Union to integrate even more its own market. It will also need to obtain market access to other areas of the world. In that sense the EU will focus on larger areas than mere states, and hence will promote the integration of other parts of the world. **To deal with these other communities the Union must integrate politically**, and hence the end of the process will be the creation of the European federal state. This possible scenario has the disadvantage of promoting the creation of similar blocks around the globe because it could lead into a confrontation, in economic, military and political terms, between blocks.

2- The Western Block: the EU once reached its limits for further expansion could include countries culturally belonging to Europe even when geographically are far from the continent. These countries were mainly populated by European people during the expansion of Europe during the last centuries and could include such states as Canada, Argentina or Australia. The improvement on the transportation and in the communication will allow this option, but it is not very likely to happen, as USA is the current leader of the Western World, and would not allow this expansion of the Union. In that sense there could be **an economic integration between the culturally European states around the world including USA**, but the leading force of the process will probably be USA and not the European Union, and hence the result will be very different.

3- The World Union: According to Jean Monnet, the father of Europe, the organization should expand until it includes the world, without geographical borders. As the European integration is a peace process, expanding the project to other parts of the world will finally bring as a result a strong world organization where the conflicts can be solved by peaceful means. Something like the **UN but with real power and effective solving problems** between its members. A hardcore area will lead the integration or central states already with a high level of integration and the rest of states will be less integrated. The **periphery will look forward joining the central core** in order to have more power in the institution. It is a very idealistic scenario, and seems quite unrealistic nowadays but also the EU seemed unrealistic less than 100 years ago.

4- The collapse of the organization: As the Union will reach its limits the identification of the European people with the organization could decrease, as the homogeneity among the members will shrink. The economic integration will lead surely to political integration, and it will need more the European people as the real holders of the sovereignty. The **constant need of new markets will force the organization to expand and stress its limits destroying the identification of the people** and therefore the Union giving pace to a mere trade area.

Probably the EU will become some sort of mixture of these four options because the European building process has shown a great capacity of innovation in economic and political fields, adapting to the new situations by creating new models of integration by including diverse aspects of different theories and practices.

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Appendix 6.

CURRICULUM VITAE

1. Personal data

Name Archil Chochia
Date and place of birth 9 April 1983, Gagra, Georgia
E-mail address archilchochia@gmail.com

2. Education

Educational institution	Graduation year	Education (field of study/degree)
Tbilisi State Medical University	2006	General medicine, Major in medicine
Medical College of Tbilisi State Medical University	2001	Nursing
Tbilisi Secondary School No. 161	1998	Secondary school

3. Language competence/skills (fluent, average, basic skills)

Language	Level
Georgian	Fluent
English	Fluent
Russian	Fluent
Estonian	Average
Spanish	Basic skills

4. Special courses

Period	Educational or other organisation
2004	Public health, University of Scranton

1999-2004	Conflictology, NGO management, United States Agency for International Development (USAID)
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5. Professional employment

Period	Organisation	Position
2011-present	Tallinn University of Technology	Consultant
2010-present	ASHA Foundation, UK	Associate
2009-2011	Tallinn Law School of Tallinn University of Technology	Project manager
2009-2010	Estonian Human Rights Centre	Assistant
2007-2009	Minorities of Europe, UK	Project assistant
2007-2008	European Movement Estonia	EVS volunteer
2002-2007	Academy for Peace and Development	Programme manager
2005	CARE International	Team leader

6. Research activity, including honours and thesis supervised

Chochia, A.; Ramiro Troitino, D. (2013). The Common Agricultural Policy, its role in European integration and influence on the enlargements of the organization (case study: Georgia). *International and Comparative Law Review*, 13, xxx - xxx. [forthcoming].

Kerikmäe, T; Nyman-Metcalf, K; Gabelaia, D; Chochia, A (2013). Cooperation of Post Soviets with the Aim of not being "Post" and "Soviets" . N. Šišková (Eds.). *From Eastern Partnership to the Association. The Legal and Political Analysis* (xx - xx). Cambridge Scholars Publishing [forthcoming].

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ABSTRACT

The thesis is composed by five independent research papers, connected by the common topic, Georgia's economic and political transition in the light of European integration process, concentrating on five different aspects of the process, being three different models for Georgia's transformation, importance of agricultural sector in the European integration and finally the specifics of European enlargement process. First aspect of the thesis is dedicated to the single country based model of Europeanization for Georgia, taking into account Estonian experience. The second aspect covers region, group of countries, based model, using experience of three Mediterranean member-states, Greece, Italy and Spain. The third aspect of the thesis is dedicated to the model based directly on EU policy, exploring Georgia's cooperation directly with the EU through its foreign policy instruments. The fourth aspect of the thesis is about the Common Agricultural Policy of the EU and its role in European integration process. The fifth aspect of the thesis is dedicated to European enlargement process, its specifics and limits.

The aim of the thesis is to create a research-based opinion on composing Georgia's pre-accession strategy, defining three different models country can base its Europeanization transformation on, being: 1) One specific country based example, 2) Region, group of countries, based example and 3) Model based directly on the EU policy; and suggesting which model is more suitable for Georgia, by analyzing country's specific characteristics, as well as the EU enlargement processes through the theories of Europeanization process. The hypothesis of the thesis is that state transition in the light of Europeanization cannot be seen as an independent process and Georgia should compose its pre-accession strategy based on the evaluation of different models.

Analysis of the first aspect of the thesis, single country based model, focusing on the experience of Estonia, showed that taking into account Estonian experience has had positive results, as well as such choice made by the government is also likely to be supported by public and therefore necessary reforms, promoted as those of Estonian model, are likely to have more support from the public. The cooperation between Georgia and Estonia has been mainly a success. Historic links between the countries has made Estonia a priority choice for Georgian government as a cooperation partner. The countries have been very eager to cooperate and such cooperation has been a huge success. Finally, the public opinion in Georgia towards Estonia has been very positive, Estonia seen as country

with similar background and at the same time a success story on taking the same route Georgia is trying to take.

Researching the second aspect of the thesis, region, group of countries, based model, showed that how useful can such model be for Georgia, due its links with Mediterranean agricultural production and Mediterranean identity. It showed how important Mediterranean agricultural production can be in European integration process due to specifics of the Common Agricultural Policy. Furthermore, being a bridge between national identity and supranational, European one, Mediterranean identity plays important role in European integration process. Georgia can emphasize such links and its connection to Mediterranean identity, therefore having more connections with European culture and European identity.

The analysis of third aspect, model based directly on the EU policy, showed that Georgia has been more successful than its two neighbors from South Caucasus, Armenian and Azerbaijan, in implementing the EU policies, conducting economic reforms, improving investment environment, strengthening democracy, etc. One of the reasons behind such difference is the clear pro-European orientation of Georgian government, especially after the Rose Revolution, while two of its neighbors have tried to balance their relations with the EU and Russian Federation. However, the research also showed that even though the EU is interested in close cooperation with Georgia and the region as whole, and its foreign policy instruments, including the European Neighborhood Policy and the Easter Partnership, are meant to bring these countries closer to the EU and EU standards, they the aim of these instruments are not the EU membership.

The research into the Common Agricultural Policy of the EU and its role in European integration process showed that as one of the most important policies of the EU, the CAP plays important role in enlargement negotiations, therefore having agricultural sector reformed according to the standards of the CAP is very important for Georgia. The study explained that there is a historic tradition of agricultural sector in Georgia and natural possibilities to develop it, specially orienting on Mediterranean production due to its positive impact on country's Europeanization process. The CAP in keeping population in the rural areas by keeping them employed in agricultural sector that will be a positive aspect in Georgia's case, as if country develops its agricultural production, there will be less risks to expect exodus of the population to the west in case of membership. Nevertheless, research showed that in Georgia the main producers are the farmers with small size farms, which, due to modernization and sustainability issues, is not a priority for the CAP.

The analyzing of European enlargement process, its specifics and limits showed that enlargement process is experiencing fatigue, due to the problems related to current economic crisis, identity issues, public opinion, complicated decision-making process, etc. Furthermore, in addition to general criteria, member-states' decision on candidate's membership also depends on the evaluation of the effect this country will have on the decision-making process inside the EU.

The general conclusion of the thesis is that the road to the EU can be easy or more difficult depending on the choices made by the government of a possible candidate country, their knowledge about the EU, and the capacity of the state and its citizens to enjoy fully the benefits of the EU membership, decrease the risk of negative effects, also due to not fully understanding the European building process and therefore planning pre-accession strategy not in the best way possible. All these three models of Europeanization, Georgia can base its pre-accession strategy on, have positive and negative aspects for the country, as well as none of them are perfect due the new realities of the European enlargement process. Therefore, it is vital for Georgia to combine the models according to the field and the phases of its Europeanization, in order to be faster and more successful in this process.

KOKKUVÕTE

Euroopa lõimumise mudelid: Gruusia majanduslik ja poliitiline üleminek

Väitekirja koosneb viiest erinevast uurimistööst, mida seob ühine teema: Gruusia majanduslik ning poliitiline üleminekuperiood Euroopa integratsiooniprotsessi valguses, keskendudes viiele erinevale vaatekohale: kolm erinevat mudelit Gruusia ümberkujundamisel, põllumajandussektori tähtsus Euroopa integratsioonis ning lõpetuseks Euroopa laienemisprotsessi eripärad.

Väitekirja esimene vaatekoht keskendub Gruusia üksikriigina euroopalikustamise mudelile, võttes arvesse Eesti kogemuse. Teine vaatekoht võtab vaatluse alla regioonimudeli, toetudes kolme Vahemeremaa (Kreeka, Itaalia ja Hispaania) kogemusele. Väitekirja kolmas nurk on pühendatud otseselt ELi poliitikale, uurides Gruusia koostööd ELiga läbi riigi enda välispoliitika aktide. Väitekirja neljas vaatekoht räägib ELi ühisest põllumajanduspoliitikast ning selle rollist Euroopa integratsiooniprotsessis. Väitekirja viies teema keskendub Euroopa laienemisprotsessile, selle eriomadustele ja piiridele.

Väitekirja eesmärk on luua uurimistööl põhinev arvamus, mis koosneb Gruusia ELi astumisele eelnevale strateegiale, defineerides kolme erinevat mudelit, millele riik oma euroopastumise transformatsiooni saab rajada: 1) üksikriigil põhinev näide; 2) regiooni e. riikidegrupil põhinev näide ja 3) ELi poliitikal põhinev näide, soovitades Gruusiale paremini sobivat mudelit, analüüsides riigi eripärasid ning ELi laienemisprotsesse läbi erinevate euroopastumise protsesside teooriate.

Väitekirja hüpoteesiks pakutakse välja, et riigi üleminekuperioodi euroopastumise valguses ei saa vaadelda kui iseseisvat protsessi ja Gruusia peaks looma liitumisstrateegia erinevatele mudelitele hinnangu andes. Analüüsides esimest vaatekohta, üksikriigil põhinevat mudelit Eesti riiki silmas pidades, on näha, et saavutatud on positiivseid tulemusi. Samuti toetab rahvas riigi poolt vastuvõetud otsuseid rohkem, seega toetab vajalikke reforme, nagu Eesti mudelis, tõenäoliselt ka rahvas. Gruusia ja Eesti vaheline koostöö on enamjaolt olnud edukas. Ajaloolised sidemed kahe riigi vahel on soosinud Eestit Gruusia riigile kui peamist koostööpartnerit. Mõlemad riigid on olnud innukad koostööle, mis on kandnud head vilja. Kokkuvõttes on avalik arvamus Eesti kohta Gruusias väga positiivne olnud. Eestit nähakse kui riiki, millel on sarnane taust ning mis on saavutanud edu Gruusia planeeritavate sammude astumisel.

Uurides väitekirja teist aspekti, riikidegrupil põhinevat mudelit, näeme, kui tähtis on selline mudel Gruusia jaoks, arvestades riigi põllumajanduslikke sidemeid Vahemere maadega ning ühtlustunnet Vahemere maade identiteediga. See vaatekoht näitas, kui tähtis on Vahemere maade põllumajanduslik toodang Euroopa integratsiooni- protsessis tänu ühise põllumajanduspoliitika eriomasustele. Pealegi on Vahemere maade isikupära sillaks rahvusliku- ning Euroopa identiteedi vahel ning mängib olulist rolli Euroopa integratsiooniprotsessis. Gruusia võib selliseid sidemeid Vahemere maade identiteediga toonitada ja seega luua rohkem sidemeid Euroopa kultuuri ning identisusega.

Kolmas, ELi poliitikal põhinev analüüs näitab, et Gruusia on ELi poliitika elluviimisel, investeerimiskeskonna täiustamisel, demokraatia tugevdamisel ning majanduslike reformide läbiviimisel olnud edukam oma kahest Lõuna-Kaukaasias paiknevast naabrist – Armeenias ja Aserbaidžaanist.

Ühe sellise erinevuse põhjusena võib välja tuua Gruusia riigi positiivset ja pooldavat suhtumist Euroopasse, eriti peale roosirevolutsiooni, samas, kui Gruusia kaks naabrit on püüdnud tasakaalustada oma suhteid Euroopa Liidu ning Vene Föderatsiooniga. Niisamuti on uuring näidanud, et kuigi EL on huvitatud lähedastest koostöösidemetest Gruusia ning regioniga tervikuna, selle välispoliitika aktidest, k.a. Euroopa naabruskonnast ja ida partnerlusest, mis toovad riiki lähemale ELile ja tema standarditele, ei ole nende aktide eesmärgiks siiski ELi liikmesriigiks saamine.

Uuring Euroopa ühisest põllumajanduspoliitikast ning selle rollist Euroopa integratsiooniprotsessis tõestab, et see on ELi üks tähtsaim poliis. EÜP mängib olulist rolli laienemisprotsesside läbirääkimistel, seega on põllumajandussektori uuendus EÜP standardite põhjal Gruusia jaoks väga tähtis. Uuring selgitas, et Gruusias on ajalooline põllumajanduslik pärimus ning loomulikud võimalused seda arendada, orienteerudes just Vahemere maade toodangule ning selle positiivsele mõjule riigi euroopastumise protsessis. EÜP hoiaks rahvast maakohtades põllumajanduslikus sektoris tööl, mis oleks Gruusia jaoks positiivne, sest põllumajandusliku toodangu suurenedes väheneb risk rahvastiku väljarändeks liikmesriigist läände. Ometigi näitab uuring, et enamik Gruusia tootjatest on väikefarmerid, mis moderniseerimise ja vastupidavusnõuete tõttu ei ole EÜPle prioriteet.

Euroopa laienemisprotsessi analüüs, selle eriomadused ja piirid näitavad, et laienemisprotsessis on ilmnunud väsimustundemärke, mis on põhjustatud sidemetest hetkelise majanduskriisiga, identiteediprobleemidega, avaliku arvamusega jne. Peale üldiste kriteeriumite sõltub liikmesriikide otsus kandidaadi liikmeks saamise kaalutlusel ka sellest,

kui suurt rolli mängib uus riik ELi sisemistel otsustusprotsessidel. Väitekirja üldine kokkuvõte räägib, et tee ELi võib olla kergem või raskem, sõltudes kandidaatriigi valikutest, tema teadlikkusest EList ning riigi ja kodanike võimest ELi liikmeks olemisest tulu nautida, vähendades negatiivset muljet, mis põhineb Euroopa ehitusprotsessi mittemõistmisel ning seega planeerides liikmeks astumise protsessi mitte kõige paremal viisil. Kõigil neil kolmel Euroopastumismudelil, mida Gruusia võib kasutada, on riigile omad head ja halvad küljed ning ükski neist ei ole täiuslik Euroopa laienemisprotsessi uue tegelikkuse tõttu. Seega on Gruusia jaoks oluline kombineerida neid mudeleid, lähtudes oma Euroopastumise arenemisjärgkudest ja -väljadest, olles seega protsessis kiirem ja edukam.

**DISSERTATIONS DEFENDED AT
TALLINN UNIVERSITY OF TECHNOLOGY ON
*ECONOMICS***

1. **August Aarma.** Segmented Analysis of Bank Customers and Banking Information: Estonian Case. 2001.
2. **Enn Listra.** The Development and Structure of Banking Sector: Retail Banking in Estonia. 2001.
3. **Tatyana Põlajeva.** The Comparative Analysis of Market's Attractiveness. 2001.
4. **Tuuli Tammeraid.** Modeling Flow of Funds for Estonia. 2002.
5. **Ivo Karilaid.** The Choice in General Method for Investment and Performance Evaluation. 2002.
6. **Hele Hammer.** Strategic Investment Decisions: Evidence from Survey and Field Research in Estonia. 2003.
7. **Viljar Jaamu.** The Methods and Instruments for Solving the Banking Crisis and Development of the Banking Sector in Estonia. 2003.
8. **Katri Kerem.** From Adoption to Relationships: Internet Banking in Estonia. 2003.
9. **Ly Kirikal.** Productivity, the Malmquist Index and the Empirical Study of Banks in Estonia. 2005.
10. **Jaanus Raim.** The PPP Deviations between Estonia and Non-Transitional Countries. 2006.
11. **Jochen Sebastian Heubischl.** European Network Governance – Corporate Network Systematic in Germany, the United Kingdom and France: an Empirical Investigation. 2006.
12. **Enno Lend.** Transpordiühenduse ja logistikasüsteemi interaktsioon (Saaremaa ja Hiiumaa näitel). 2007.
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