

“Spaghetti bowl” in the Region of the Greater Mediterranean

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Abstract—The article deals with the the macro-region of the Greater Mediterranean (Mediterranean and Black Sea region), its place and role in international relations. The author gives a description of the concept of the «Great Mediterranean». The article examines the new trends in the development of international integration processes in different regions of the Greater Mediterranean.

Keywords—World Trade Organization (WTO), regional trade agreements (RTA), mega-regional partnerships, the Great Mediterranean, the Commonwealth of Independent States (CIS), the Eurasian Economic Union (EAEU), the European Union (EU), the Black Sea Economic Cooperation (BSEC).

I. INTRODUCTION

The modern world is undergoing a period of profound changes, the structure of international relations continues to become more complex. The contradictions associated with the disparities in countries' development, deepening of the gap the level of welfare of states, competition over resources, access to markets, and control over transport arteries are intensifying.

In the context of complexity and inconsistency of modern trends in the global market, integration groups are being created to address existing problems and contradictions with the aim of finding positive solutions. The ever-growing number of regional trade agreements (RTA) is a prominent feature of international trade. WTO members participating in these agreements are encouraged to notify the WTO when new agreements are formed. The formation and growth of the number of RTAs creates an environment of heterogeneity of trade rules, thereby thus distorting competition in the world market.

II. METHODS

General scientific methods, such as system, logical, historical, comparative, prognostic, as well as methods of analysis and synthesis, were used as scientific and cognitive tools and techniques.

III. RESULTS

The increase in the number of RTAs led to the so-called spaghetti bowl effect - when a number of countries simultaneously belong to different RTAs. This phenomenon was first called the “spaghetti effect” (“spaghetti bowl”) by the American scientist Jadish Bhagwati, known for his work on international trade [1]. The effect of “spaghetti” is most fully described in [2].

Within the framework of this article, it seems promising to consider the features of the integration processes in the Greater Mediterranean. The region of the Greater Mediterranean is strategically significant for Russia for a number of reasons, as stated in the Foreign Policy Concept of the Russian Federation in 2000 [3].

While considering the Greater Mediterranean as a connecting node for regions such as the Middle East, the Black Sea region, the Caucasus, and the Caspian Sea basin, Russia expressed its intention to pursue a course towards turning it into a zone of peace, stability and good neighborliness. This would contribute to the promotion of Russian economic interests, including a choice of passage routes of energy carriers.

The priorities of the Russian Federation's foreign policy are the development of bilateral and multilateral cooperation with the member states of the Commonwealth of Independent States (CIS), and further strengthening of the integration structures operating in the CIS with Russian participation. Though the Agreement on the Establishment of the CIS was signed over 25 years ago, the original form of free trade actually operating in the CIS was legally formalized by the FTA Agreement only on October 18, 2011. The FTA Agreement within the CIS was signed by 8 countries: Armenia, Belarus, Kyrgyzstan, Kazakhstan, Moldova, Tajikistan, Russia, Ukraine, Uzbekistan.

In parallel with the processes taking place within the framework of the CIS, attempts were made by a number of countries to form smaller regional groups with deeper connections and better developed forms of integration. As a result, the Treaty on the Eurasian Economic Union (EAEU) was ratified in 2014 (Russia, Kazakhstan, Belarus), open to other countries to join. Armenia and Kyrgyzstan joined it in 2015.

In adherence with the 2016 Foreign Policy Concept of the Russian Federation, Russia considers deepening and expanding integration within the EAEU to be one of its key tasks [4].

Following the President V. V. Putin's speech at the Munich Security Conference in 2007, the Russian regional megaproject of the “Greater Eurasian Partnership” has been initiated and now beginning to take shape. President V.V. Putin had announced the existence of the megaproject at the meeting of the St. Petersburg International Economic Forum on June 17, 2016 [5].

The goal of the megaproject is to turn Russia into the main center of integration activity and economic interest in Greater Eurasia. Russia aims at utilizing the benefit of its position in the Eurasian Economic Union (EAEU) and specifically in the Asian post-Soviet countries in the implementation of the megaproject. According to A. Tsvetov, Russia has put forward a regional integration project which is equivalent to American, Chinese and European megaprojects. In the first case we are talking about a multi-level integration model, a network of partnerships. The second is the Eurasian Economic Partnership as a multilateral institution like ASEAN, EAEU, etc. [6].

The modern world economy is also characterized by the development of mega-regional trade agreements (MRTA) between countries and the RTA with a significant share in world trade, especially in the context of a stalled WTO. Many authors include for the MRTA four emerging partnerships: the Regional Comprehensive Economic Partnership (REED), the Trans-Pacific Partnership (TPP), the Transatlantic Trade and Investment Partnership (TTIP), and the FTA between Japan, China and South Korea (JCKFTA). At the same time there are some authors consider a broader range of partnerships initiatives, but do not include JCKFTA [7, 8]. However, the actual implementation of the MRTA is not going well. The reasons for the stagnation in the development of comprehensive partnerships are, on one hand, the predictable factors, such as global economic turbulence, and “black swans” such as Brexit [9] and tramponomy on the other.

The EAEU’s ability to “play an important role in harmonizing integration processes” not only in the Eurasian region, but also in the European one was noted for the first time in the 2016 Concept [10]. Thus the negotiations with Serbia on the unification of the trade regime began within the framework of the EAEU {in 2019.

Another strategic task in economic relations with the EU is to form a common economic and humanitarian space from the Atlantic to the Pacific Ocean on the principle of harmonization and unification of the processes of European and Eurasian integration, which will prevent the emergence of dividing lines on the European continent.

In the period of over twenty years, the Black Sea Economic Cooperation (BSEC) has transformed from an initiative to a full-fledged international organization. BSEC is the only full-frame organization in the Black Sea region aimed at the development of mutually beneficial cooperation, good-neighborly relations and increased stability.

However, the BSEC members regionalization indecision further disintegrates the region turning into a “buffer zone” or “a point of support” for projecting extra-regional interests. Today, all BSEC members are at various stages and levels of involvement in various organizations and projects. Thus, the three BSEC countries - Greece, Bulgaria and Romania - are members of the European Union; Azerbaijan, Armenia, Belarus, Georgia, Moldova, Ukraine are members of the European Neighborhood Policy and the EU Eastern Partnership program, which is currently under development. At the same time, Moldova became an observer country in the EAEU in April 2017. Albania, Serbia and Turkey have the official status of candidate countries for EU membership with negotiations ongoing. Russia and Armenia are members

of the EAEU. At the same time, only half of the BSEC countries have direct access to the Black Sea (Bulgaria, Georgia, Russia, Romania, Turkey, and Ukraine). It can be said that countries do not share a single vision of the future and an understanding of how the organization and the region as a whole should develop.

This discrepancy and conflicting integration formats can be observing between the EU and developing structures of Eurasian integration. For a long time, the EU observed a complete disregard for all integration formats existing in the post-Soviet space. Within the perspective of creating a “big Europe”, at least six post-Soviet states (Ukraine, Moldova, Azerbaijan, Armenia, Georgia, Belarus) were considered by the EU exclusively as field of promising economic interests. The arsenal of tools had been developed for this group of post-Soviet states: from association agreements with the EU to the Eastern Partnership programme, the 10th anniversary of which is being celebrated in 2019; without opening up the prospects for joining the EU to them. At the same time, it was aimed at preventing them from participation in the institutions of Eurasian integration.

Subsequently, the EU has three programs in the Black Sea region - “Black Sea Synergy”, “Eastern Partnership” and “Environmental Partnership for the Black Sea” [11]. The Black Sea Synergy created in 2008 offered a new direction of the European Neighborhood Policy.

Three of the six member states of this union - Ukraine, Georgia and Moldova - have announced entering the European Union being a focus of their foreign policies. They have signed association and free trade agreements with the European Union.

In a similar vein despite the fact that it is integrating with Russia in the Eurasian Union, Armenia has signed a comprehensive partnership agreement with the EU, which is slightly inferior in depth to the failed association agreement. Perhaps, the agreement with Azerbaijan, which is being developed, will be different.

Russia seeks to position itself within the framework of the BSEC at the level of state economic diplomacy. At the meeting of the Council of Ministers of Foreign Affairs of the BSEC Member States held in Sochi in July 2016, Russia initiated the creation of a mechanism for development of project cooperation in the Black Sea region.

At the BSEC summit in Istanbul in May 2017, the Chairman of the Russian Government D. A. Medvedev invited the member states of this organization to establish cooperation with the EAEU and the Shanghai Cooperation Organization (SCO) aimed at development of integration processes. However, since Turkey plays a key role in the BSEC, Russia's activity in this organization strongly depends on the dynamics of Russian-Turkish relations.

The economic importance of the Black Sea region is determined primarily by its role as a transport bridgehead, offering alternative (and most profitable) energy supply routes and transport corridors connecting Europe and Asia.

The attention of the EU is increasingly attracted by the growing markets of countries located in the region. Therefore, it was no coincidence that the Black Sea strategy was adopted in 2011, in which the Black Sea was called “the

European inland sea and geographically predominantly European region”.

The North American model of the territorial reorganization of the post-Soviet space of the Organization for Democracy and Economic Development (GUAM - Georgia, Ukraine, Azerbaijan, Moldova, 1997) is the format of co-opting small (local) spaces into a road map, according to which the global actor enters the strategic space (universal region) of a competitor. Another negative feature of such aggregations is their economic incapacity resulting from the isolation of the object from both its natural habitat (in this case, the Eurasian space) and the economy of its integrator. The absence of the economic component, which is the main motive for integration in the modern world, defines the GUAM community as an intermediate region, where its participants are deprived of their unique development resource, i.e. the advantages of their location [12].

Georgia and Ukraine have become zones of civil wars and color revolutions. The same fate befell Tunisia, Egypt and Libya - participants in the dialogue format of the Euro-Mediterranean region and the Greater Middle East.

The Greater Mediterranean is an important link in the PRC project “One Belt - One Way” and the initiative of Russia “The Great Eurasian Partnership” [13]. In the future, this will make the EAEU economically attractive for the members of the organization themselves and many other potential participants, especially the CIS countries and SCO [14].

Russia can use the positive experience of the Euro-Mediterranean partnership, its cooperation mechanisms, elements of regional integration, but on condition of equality of the parties.

The “differentiated integration” model is based on the fact that the geographical expansion of the EU should change the concept of integration, and implies a differentiation of the speed of integration processes for different countries. Like the “stepwise”, the “differentiated” integration pursues the goal of deepening the integration processes, but at the same time eliminates the need to sign contracts and limit the time.

The Euro-Mediterranean Regional Integration Project relies on two processes - the liberalization of North-South relations in the format of the Euro-Mediterranean Partnership (EMP), and the liberalization of intra-regional South-South relations in order to create a common zone of prosperity and to accelerate the economic convergence of Euro-Mediterranean partners with southern neighbors to their integration model.

The most successful regional entity in the Southern Mediterranean is the Union of the Arab Maghreb (CAM), created in 1989 (Morocco, Tunisia, Algeria, Libya, and Mauritania).

An important step towards the development of intraregional integration was signing of the Agadir Agreement on the establishment of an Arab-Mediterranean free trade zone (Morocco, Tunisia, Egypt, and Jordan) in February 2004.

These countries are the most active participants in the EMP, and their initiative was aimed at establishing closer trade and economic relations between the Maghreb and

Mashreq countries. Israel and Jordan have already signed a free trade agreement, and Morocco, Tunisia, Syria, Egypt, Jordan and Israel have similar bilateral agreements with Turkey.

The Big Arab Free Trade Zone (GAFTA) was formed in January 2005. Since that time, almost all trade between the participants of this zone (18 states of the region) had become duty free.

Following the introduction of the new neighborhood policy, the relations between the two regions became more bilateral with further progress made in the economic integration of the South and the North of the Mediterranean: customs tariffs in the goods trade were abolished and cross-border cooperation projects have been launched.

The novelty of the Union lies in the fact that the cooperation will be built around specific projects (within the planned areas), with funding allocated not only from the EU budget, but also from member countries and private investors [15].

According to the report on the activities of the Union in 2016, the main areas of cooperation are the problems of sustainable economic development, as well as sustainable development in areas such as higher education, science and women's entrepreneurship. 47 projects have been launched in these areas by the end of 2016 [16].

However, it was noted that the organization's budget of only 8.4 million euros is far from sufficient to finance its projects [17].

Some European experts believe that the EU should abandon excessive expectations in negotiations with Arab countries, and implement more ambitious plans. Neighborhood programs must undergo a significant adjustment for Mediterranean partners [18].

Thus, constant attempts are being made to improve the trade and economic blocs. A number of models for the further development and deepening of European integration have been developed as part of the EU enlargement (due to new countries joining it), such as the models of “stepwise integration”, “Europe concentric circles”, and “differentiated integration”.

The first two models are based on the idea of creating a “core” of the most developed countries within the EU, and countries with weaker integration forming circles around it.

The EU Union for the Mediterranean (UfM) Initiative promises to strengthen multilateral interregional cooperation and sub-regional integration through the FTA, as well as ensure the gradual entry of neighboring countries into the single EU internal market thus creating a more extensive institutional framework for EU-Southern Mediterranean relations [19].

UfM is an intergovernmental institution bringing together the 28 European Union Member States and 15 countries from the Southern and Eastern shores of the Mediterranean to promote dialogue and cooperation.

IV. CONCLUSION

Regional economic integration in the Greater Mediterranean is continuing at varying speeds and in varying

shapes of membership. This is an acknowledgment of the fact that this is a region where regional economic integration continues apace, not least in the context of the rapidly evolving economic architecture that covers two major plurilateral agreements, the Union for the Mediterranean and the putative the Greater Eurasia, which is receiving a new lease on life through “One Belt - One Way”.

It is important for Russia to study the unilateral nature of the institutional structure of the UfM, especially when Russia faces a particularly urgent task of promotion of the idea of creating the Greater Eurasia with the center at the EAEU.

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