

EURASIAN INTEGRATION AT THE CROSSROADS

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The article provides an overview of the process of the Eurasian integration, analysing its origins, problems and current tendencies. The following topics are addressed: the Eurasian integration as a reaction to the European integration and NATO enlargement, the Eurasian integration in the security field, stages of the Eurasian economic integration, the Eurasian Economic Union (EAEU) in the European context, conjugation of the Eurasian Economic Union with the Belt and Road Initiative of China, prospects of the Eurasian integration.

Key words: integration; Eurasia; Republic of Belarus; Russian Federation; Kazakhstan; Armenia; Kyrgyzstan; European Union; Belt and Road Initiative; Customs Union; Collective Security Treaty Organization; NATO enlargement; economic integration.

ЕВРАЗИЙСКАЯ ИНТЕГРАЦИЯ НА ПЕРЕПУТЬЕ

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Рассматривается процесс евразийской интеграции, анализируются его истоки, проблемы и современные тенденции. В центре внимания автора следующие вопросы: евразийская интеграция как реакция на европейскую интеграцию и расширение НАТО, евразийская интеграция в сфере безопасности, стадии евразийской экономической интеграции, Евразийский экономический союз в европейском контексте, сопряжение Евразийского экономического союза с китайской инициативой «пояса и пути», перспективы евразийской интеграции.

Ключевые слова: интеграция; Евразия; Республика Беларусь; Российская Федерация; Казахстан; Армения; Кыргызстан; Европейский союз; инициатива «пояса и пути»; Таможенный союз; расширение НАТО; Организация Договора о коллективной безопасности; экономическая интеграция.

Introduction

In the age of globalization when market forces heralded by the Transnational corporations (TNCs) and Transnational banks (TNBs) conquered every corner of the world economy the nation states are desperately trying to retain some control over the economic situation. And one of the most effective tools they invented was the tool of integration. Thus, one could conclude that globalization had become a foundation

for the process of interstate economic integration. For the purposes of this article we would consider “integration” as a process of creating and maintaining close collaboration between previously autonomous parts of the system.

The European States started the integration process in the 1950s and eventually ended up inside the European Union as a product of economic and political

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integration. The North American States found themselves in NAFTA. The States of South-East Asia created ASEAN. By this article we would like to prove a hypoth-

esis that the Eurasian integration was developing both as an answer to the economic needs and as a project to meet Russian Federation security interests.

USSR as a basis for the Eurasian integration

The first model of the Eurasian integration was, in fact, the Russian Empire. It is an interesting subject to determine what was the driving force for the Moscow State's expansion to the East, West and South. Obviously it was not a search for the new markets because there were no large manufactured or agricultural surpluses in the Moscow State that would demand new markets. Most probably the Russians were looking for some geographical borders that would provide for their security needs. Finally, by the end of the XIX century these geographical borders were reached and Russia was properly secured by the Arctic Ocean, the Baltic Sea, the Carpathian Mountains, the Black Sea, the Caucasus Mountains, the Central Asian deserts, the Pamir, the Tian Shan and the Altai Mountains, by the Amur river and the Pacific Ocean.

With the exception of Poland and Finland the borders of the Soviet Union coincided with borders of the Russian Empire. Notwithstanding some difficulties, the Bolsheviks managed to reinstate their control over the vast Eurasian space, rugged and sparsely populated. The Soviet centralized administrative economic system became a powerful tool to keep the different regions of the diverse USSR together. There was, of course, a "socialist market" where main goods were produced in a Soviet republic using components brought from other republics and later distributed all over the country in an orderly manner (planned economy). The centralized economic system allowed to concentrate scarce resources for the fulfillment of main tasks of the national economy. It provided for the mobilization of labour and capital to build the socialist industrial base in mostly rural country.

All main political and economic decisions were taken by the top political leadership in Moscow and scrupulously implemented by the local governments of the Soviet republics. The mobilization potential of such system functioned especially well during war time and allowed Stalin to claim victory over Hitler. The deficiencies of the system's functioning became obvious

during peace time. It was not able to satisfy the basic needs of the individuals. The quality of life in the Soviet Union was gradually falling behind the capitalist economies. The Soviet Union did not loose the competition with the West in the arms race, it was defeated in the competition for the consumer goods.

The USSR was dissolved in December 1991 but its heritage remained. And this heritage contained a number of tools useful for the persistence of the Eurasian integration. First of all, there was a huge network of cooperative economic relations tying the Soviet republics and different regions together. Secondly, there was the Russian language that allowed the local elites and businessmen talk to each other without interpretation. Thirdly, there was a cooperation culture that allowed the representatives of different peoples to understand each other, to respect the cultural and religious differences.

It is understandable that after the dissolution of the Soviet Union the local national elites wanted and tried to reestablish and strengthen the national identity of the union republics which became independent states. And, in parallel leaders of some autonomous republics of the USSR and autonomous regions were trying to achieve a national sovereignty for their peoples. The latter lead to numerous identity conflicts, some of them became quite bloody ones. The Nagorno-Karabakh conflict, the South-Ossetian and Abkhazian conflicts, the Chechen conflict, the Nagorno-Badakhshan conflict, the Transnistrian conflict and some others became real security problems for the most of the newly independent states created on the territory of the Soviet Union.

Due to these conflicts the Governments of the NISs became much more inclined to accept the integration ideas. With the exception of the Estonian, Latvian and Lithuanian Governments that chose the European integration embodied in the European Union, the Governments of other former Soviet republics toyed with the ideas of the Eurasian integration.

The Eurasian integration as a reaction to the European integration and NATO enlargement

The traditions of the Eurasian integration lay down by the Russian Empire and the Soviet Union continued in different forms after the USSR dissolution. The governments of the NISs started using the integration tool in order to develop the national economy and to manage the identity conflicts and other security risks.

The leaders of the EU and NATO at first were not ready to accept the East European post-communist

States in their fold. US national security adviser Doctor R. Lake invented the Partnership for Peace Program to prevent these states from joining NATO. The idea was to create a format of military cooperation with NATO for those countries that had already had a tool of political cooperation in the form of the North Atlantic Cooperation Council (NACC) since 1991. But this trick did not pay off. The Governments of Poland,

Czech Republic, Hungary, Estonia, Latvia and Lithuania made up their minds and were adamant to join the alliance.

The NATO and EU enlargements were for the most part not the result of a Western strategy but a reaction towards the Eastern European countries' policies. Nevertheless, the enlargements that included all Central and Eastern European States posed a challenge to Rus-

sia in a situation when Moscow was trying to figure out a way to establish a security zone around the Russian Federation. In response to the European enlargements and in pursuit of its own security strategy Moscow created in 2002 the Collective Security Treaty Organization (CSTO) and a loose Eurasian Economic Community (EEC) within the Commonwealth of Independent States (CIS).

Eurasian integration in the security field

The Eurasian integration in the security field was mostly driven by Moscow interested in surrounding Russia by friendly armies. This desire intensified after Poland, the Czech Republic, Hungary, Estonia, Latvia and Lithuania pushed for NATO membership. The CIS countries, whose armies were equipped with old Soviet weaponry, were also interested in enforced security cooperation. At the beginning of the 1990s most of the former Soviet republics did not have any financial resources to buy new armaments and pay high military salaries. They were in need to repair the Soviet weaponry of their armies, to purchase the munitions, etc. Therefore it was easier for Moscow, which promised to supply the armaments, to get those countries sign the Collective Security Treaty in Tashkent in 1992. Fearing the Moscow diktat the Belarus political leadership refused then to sign the treaty. Nevertheless, it had to do this later on under the insistence of the Belarusian military and security elites.

In the 1990s the Russian Federation experienced enormous economic difficulties while trying to restructure the administrative economic system. It did not have any spare funds to assist the smooth functioning of the Tashkent Treaty.

The situation in security cooperation in the CIS area was somewhat changing at the beginning of the 2000s. The Russian Federation managed to implement most of the structural reforms and its economy started showing the signs of recovery. Faced with internal and external security challenges the Governments of

some CIS States were looking for ways and means to strengthen their military capabilities. At this juncture Moscow made a proposal to reorganize the Tashkent Treaty and create on its foundation a new security organization, which would in some way resemble NATO. In September 2002 the needed intergovernmental agreements were signed in Chisinau and after proper ratification processes a new security organization came into existence. The Russian Federation, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan became its founding Member States.

The Moscow's intention was to make the CSTO a full-fledged regional security organization, which would be internationally recognized and used by the United Nations in conflict management. Unfortunately, this never materialized. NATO did not react to the CSTO appeals to establish bilateral ties. The NATO leadership did not want to uphold the CSTO international status by providing it with official recognition. The United Nations duly registered the CSTO as a regional security organization and all but forgot about it.

Today the CSTO remains a valid security organization in the Eurasian area. Under the CSTO umbrella a number of activities take place. Military exercises in different military fields are regularly conducted. The cooperation between CSTO Member States in combating terrorism is developed. The supplies of military equipment and munitions are ensured. Obviously, the Russian Federation plays a pivotal role in the NISs' military cooperation.

Stages of the Eurasian economic integration

If we focus on the Eurasian economic integration after the dissolution of the Soviet Union we could determine some stages of its development. *The first stage* (1991–2001) would be associated with the attempts to preserve the economic ties that existed in the USSR and to alter them by using the CIS institutional mechanisms. *The second stage* (2001–2010) could be associated with the creation and functioning of the EEC. It was established in 2001 as a regional economic organization in order to facilitate the development of economic cooperation between the post-Soviet States and to promote the formation of the Customs Union and the Single Economic Area in the CIS. The EEC included six members (Belarus, Kazakhstan, Ky-

rgyzstan, Russia, Tajikistan and Uzbekistan) and three observes (Armenia, Moldova, Ukraine). *The third stage* (2010–2014) was mainly associated with the functioning of the Customs Union of Belarus, Kazakhstan and Russia. And *the fourth stage* began in 2015 with the creation of the Eurasian Economic Union (EAEU).

First results of the EAEU functioning were far from what had been expected. The positive economic dynamics that were characteristic of the Custom Union were replaced by the negative economic dynamics during first two years of the EAEU existence. In 2010 the volume of the mutual trade among the Customs Union Member States grew by 29,1 %, and by 33,9 % in 2011. In 2015 the trade between the EAEU Member States

went down by 25,8 % in comparison with 2014. Similar tendencies continued in 2016 [1].

Why was EAEU up for such a disappointing start? There were several objective reasons for that. We will mention just three of them.

Firstly, economic and political sanctions were installed against Russia in 2014 after Kremlin's decision to take over the Crimea. Many investment projects of Western TNCs and TNBs became either frozen or annulled. It meant that for years to come Russia lost access to Western credits and modern technologies. Foreign capital flew out of Russia and some Russian capital followed suit. International credits for economic development became much more expensive for the Russian companies and banks or became altogether unexcessible.

Secondly, the EAEU started functioning when the prices for hydrocarbonates in the international markets went drastically down. The price of oil went down at some point below 30 US dollars per barrel while at the beginning of the 2010s the price was well over 100 US dollars. As a result the Russian budget for 2015, which was calculated with a predicted assessment of 50 US dollars per barrel, became unrealistic. This lowered the purchasing power of the Russian Federation market and limited the volume of financial resources that Moscow could use to support the EAEU project.

Thirdly, the Russian political leadership was sure that the Western sanctions would not be too detri-

mental for the country's economy, that Russia could live through bad times by using earlier accumulated oil money. But when the price of oil went down the Russian Federation Government was too slow to readjust its economic strategy at such a short notice. Moscow tried to keep mostly unchanged the state appropriations devoted to the modernization of the armed forces and the social funds. In addition, the Russia's budget had to accommodate some new big demands such as maintaining economic stability in the Crimea, supporting the Donbass separatists and waging war in Syria. Under these unforeseen circumstances the EAEU project had to lose its priority for Moscow.

When Moscow is not able to devote proper resources to address the EAEU needs the political elites of Armenia, Belarus, Kazakhstan and Kyrgyzstan often choose a strategy of survival on their own. As political scientist from Moscow State Institute of International Relations K. Koktysh puts it: "Old concept of the EAEU died, and there is no new one. The EAEU was designed as a carbon copy of the EU. The dominance of three freedoms was proclaimed: movement of people, products and money. In practice this meant transfer of the resources from state to corporations. This plan did not work. And after the war of sanctions [against Russia] it became evident that the concept is not workable in principle. But the alternative one is yet to be suggested" [2].

EAEU in the European context

Before the Customs Union came into existence in 2010 the Republic of Belarus made an official proposal to the Russian side to jointly work on formation of the common economic area between the Customs Union and the EU. It was understood in Minsk that the Customs Union and the European Union were natural strategic partners in the European continent with non-confrontational economic interests. And no political prejudices can change this.

Belarus media often underlines that it was a Belarusian idea to form a common economic area from Lisbon to Vladivostok. In all justice I should say that this idea was simultaneously developed in Minsk and Moscow. Vladimir Putin elaborated on this idea for the first time in 2010 in his interview to German newspaper "Süddeutsche Zeitung". In his article "New Integration Project for Eurasia – the Future that is Born Today" V. Putin wrote: "Economically logical and balanced system of partnership of Eurasian Union and EU can create real conditions for the changes in geopolitical and geoeconomic configuration of the entire continent and would have undoubtedly positive global effect" [3]. Before the presidential elections in the Russian Federation in 2012 V. Putin made a proposal: "I again suggest to work for the benefit of creating a harmonic economic community from Lisbon to Vladivostok <...>. Then we will get a common continental market trillions of euros worth" [4].

The official Russian position towards integration of integrations is also reflected in paragraph 56 of the Concept of the Foreign Policy of the Russian Federation signed in February 2013: "Main task for Russia as an undetachable organic part of European civilization in the relationships with the European Union is to move towards creation of a single economic and humanitarian space from the Atlantic to the Pacific Ocean" [5].

While Moscow was hurriedly assembling the EAEU in the beginning of the 2010s it had some geostrategic considerations in mind. Firstly, Moscow leaders assumed that being a head of the EAEU Russia could conduct negotiations with Brussels on a more equal footing, from a stronger geopolitical position. Secondly, Russia would participate in formulating the ground rules of integration of integrations. And finally, being the EAEU leader actively engaged in negotiating a common economic area from Lisbon to Vladivostok with Brussels Russia could become a real global player, whose interests would be taken seriously in Washington and Beijing. But Kremlin's position during the Ukrainian crisis of 2013–2017 put on hold all plans in this respect. As professor of Saint Petersburg University N. Mezhevich rightly noted "currently there is no integration of integrations but a struggle of integrations" [6, c. 56].

Nevertheless, the best practices of the European integration could be of great value for the development

of the EAEU. First lesson that EAEU could draw from the EU experience is as follows: most attention should be given to the institutions' building. Only institutional system with proper checks and balances can ensure smooth and non-discriminative functioning of an integrated body. Second lesson: the best way of conducting the institutions' building is to follow the principle of subsidiarity meaning that most economic and political decisions should be taken at the lowest possible level of power, only the most disputed issues should be dealt with at the supra-national level. Author of this article is in complete agreement with Director of the integration studies of the Eurasian Development Bank E. Vinokurov, who noted that "a conservative approach based on subsidiarity principle should be applied for the development of political aspects of the EAEU" [7].

EAEU in the Asian context

It is well known that one hundred countries voted in the UN General Assembly in 2014 against the Russian annexation of the Crimea. Moscow actively resists international pressure and the Western sanctions applied as a consequence of the Kremlin's position during the Ukrainian crisis of 2013–2017. At this juncture the Russian leaders had to find a powerful ally that could help to withstand the pressure. Right after the introduction of the Western sanctions in 2014 Moscow started to build closer ties with Beijing luring it with some concessions in Central Asia and bilateral relations.

The signing of the EAEU Treaty in May 2014 was assessed in China as an attempt of Moscow to shelter its interests in the EAEU Member States against foreign interference. In the light of Moscow's refusal to create a Free Trade Zone (FTZ) in the Shanghai Cooperation Organization (SCO) Beijing viewed the EAEU creation as a part of the Russian policy to limit the Chinese influence in Central Asia and in the markets of other EAEU Member States.

The signing of the EAEU Treaty coincided with the intensification of the Western policy to contain the Chinese growth by using economic megapartnerships. In 2013 negotiations started on formation of the Trans-Atlantic Trade and Investment Partnership (TTIP), which would create a common economic area between the USA and the EU, and on the EU – Japan FTZ. In 2016 an agreement on creation of the Trans-Pacific Partnership (TPP) was signed by 12 countries of Asia-Pacific Region, excluding China. All these events were rightfully considered by the Chinese side as an attempt of Washington and Brussels to rewrite the rules

Third lesson: the creation of supra-national structures should be conducted with taking into account interests of *all* the partners. Fourth lesson: the transfer to the supra-national structures of new powers from the nation states should be made gradually with a thorough respect of the national positions and priorities.

The Eurasian post-Soviet integration that in reality started only with the establishment of the Customs Union lags behind the European integration. This fact has its pluses and minuses. The EAEU can avoid some mistakes of the EU and use its best practices. This is a plus. The EU project is quite successful, many European and non-European countries dream of joining the EU. In this situation the EAEU will have to prove once and again that it is no less effective than the EU. And this is a minus.

of world trade behind the back of the WTO by using new regional integration schemes [8, c. 144–145].

To counter the Western policy of containment Beijing came up with a suggestion to bolster international trade by building extensive connectivity between the states and world regions. It was famous China initiative of economic belt of the silk road that later became known as the Belt and Road Initiative (BRI).

Chinese President Xi Jinping made a proposal in Astana on 7 September 2013 to merge the potentials of China and the SCO to build an economic belt of the silk road from the Pacific to the Atlantic Ocean. Thus, from the very start the BRI and the EAEU looked like competitive initiatives.

In the framework of the BRI the development of six land corridors (belts) and two sea belts were envisaged. From the six land corridors three will pass through the landmass of the current SCO Member States and with India and Pakistan becoming Members five of the six economic corridors will pass through the Organization's territory.

Beijing plans to transfer the BRI ideology and practice into the SCO area. For many years the Chinese have been dissatisfied with the SCO inaction in the field of economic cooperation and decided to put the SCO "economic component" under the BRI umbrella.

To withstand the Western pressure Moscow had to agree on allowing Beijing to enter the EAEU through the back door by signing on 8 May 2015, a Russia – China agreement on conjugation of the BRI and the EAEU. And one could just wonder how Moscow could sign the agreement that involves the EAEU vital interests without proper consultations with its Member States.

Prospects of the Eurasian integration

Russia was and remains the main economic force in the EAEU. The fast development of Russia's economy, if it happens, would undoubtedly greatly

contribute to the strengthening of the EAEU. The growing Russian market would ensure the economic growth in other EAEU Member States. The prospect

of easing the Western sanctions at present is deemed but this could ultimately happen, if Moscow stops supporting the Donbass separatists and her cooperation will be needed to counter serious global security threats like international terrorism or nuclear proliferation.

There is a good chance that international oil market will soon be stabilized. This will allow Moscow to better plan its economic development and to replenish its emergency funds. Accelerating economic growth in the

USA, the EU and some emergent economies would also increase the Russia's chances to overcome the current stagnation.

Beijing would use the conjugation agreement for meddling in the EAEU affairs, especially in Central Asia. In the extreme scenario the SCO and the EAEU could become some decorative elements covering the massive economic offensive in the Eurasian region under the banner of the BRI. In this case not Moscow but Beijing becomes the main driving force of the Eurasian integration.

Conclusion

Unlike European integration the Eurasian integration develops itself not just as a multi-national but also as a multi-civilizational one. It involves multi-confessional Christian countries (Belarus), classic Eurasian countries like Kazakhstan (where young muslim leaders entered governmental program "Boshalak", under which 80 % of them attended universities in the USA and EU States), classic muslim countries with Asian culture like Kyrgyzstan, countries with Caucasian culture with a special sort of Christianity (Armenia), and finally Russia with its endless constellation of different cultures and religions.

Eurasian integration develops itself also as a multi-political one where each country so far keeps its sovereignty untouched.

The Eurasian integration develops itself with a different speed in different economic spheres and with different speed of implementation of the Eurasian Economic Commission's decisions in the Member States.

Moscow promoted the Eurasian integration in order to maintain control over the post-Soviet states' markets. It would be much more difficult for the Russian economy to compete with Western and Chinese goods in the open markets. Some would say that there are still exist imperial intentions in the Russia's policy in the post-Soviet space. Empirical or not but by forming the EAEU Moscow would like to play a role of regional hegemon in this space and to use the position of a EAEU leader as a tool to bolster its pretence to become a global player.

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