

**EURASIAN INTEGRATION AS A RUSSIAN TOOL OF RESISTANCE TO
GLOBALIZATION**

By

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Abstract

Today in the era of globalization, the world can see that a lot of attempts to establish regional integration took place. One of them is the Eurasian Integration with dominant role of Russia. The paper provides a theoretical background in order to understand what are regionalism and globalization, their relationship and theory of intergovernmentalism that explains the Eurasian Integration. Thesis tracks the history and analyzes the foreign policy of Russia, how the country is using EI as a tool of resistance to globalization, Russian attempts to create a geopolitical region due to struggle for sphere of influence and need to strengthen own position in Eurasian region and. Also the author discusses how Russia uses the aspects that make the Eurasian Integration as antiglobalization process: economic and political. The thesis concludes that EI is an objective reality; the project is developing and deepening due to what the member-states inherited from the Soviet Union: common history, culture and close relations.

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Introduction/ Study Background

In the world of twenty-first century everyone knows about two processes in which states are participating: globalization and regionalism. These processes emerged after World War II and were aimed to develop the economies of the member-states. Regionalism and globalization are about unification of states into single space based on economic cooperation and cultural similarities which has a potential to become a political project. The processes can complement and hinder each other. This paper argues that regionalism is an antiglobal phenomena based on the case of Eurasian Integration. Theory of intergovernmentalism helps to explain the presence of a strong leader in the regionalism, in Eurasian Integration Russia plays the role of a leader as it is the biggest, richest and historically the strongest power. Its presence pushes the development of the integration and it is the one who bears the responsibility and the costs of the cooperation.

The Eurasian Economic Union is mainly dominated by the Russian Federation and due to that Russia is using the integration as an instrument to achieve political, geopolitical and economic goals. For the last few decades regional alliances became the tools of political power. Geopolitical crisis in Ukraine proved that and showed that the opposition of the Western world vis-à-vis Russia is an actual and real contestation.

The USSR was a statist economy meaning that it was a state-directed economy where the state owned, controlled and chose in which way the economic structure should develop. Because of the ongoing Cold War the main sector of state expenditures was the military-industrial complex. However the new market relations and process of globalization with its economic and political changes brought the end to the rule of the Communist Party Leadership and thus destroyed the Soviet Union. The breakup of the

USSR changed the world order, where the Western powers were dominating and various political, economic, and military blocs were reorganizing. Former Soviet republics, now independent countries became the subject for democratization, reorganization, rebuilding of the internal structures and globalization, while Russia was experiencing ten years of chaos. The transition period was very difficult time for the country, as it was rebuilding both economic and political structures simultaneously, it was re-building its reputation and it was the one who inherited all the foreign debts. During the period of 1993 – 1999 Russia, Kazakhstan and Belarus attempted to create a regional integration organization; however due to various political and economic reasons the project failed.¹ In 2000's with appointment of Putin as the Russian President the country was recovering its image and role in the world. If before the priority for Russian foreign policy was to establish Russia as a new ally of the Western world, 2004 became the crucial moment as the EU and NATO were enlarging to the states of the former Soviet Union, traditional sphere of Russian influence. After that Russia was regenerating the project of Eurasian Integration and in 2015 the world observes the Eurasian Economic Union. V. Putin is pushing the integration due to the existence of the European Union, the most developed version of regional integration and quite strong player in international relations and because he wants to end the dominance of the Western world and proclaim Russia as great power that can oppose the US and the EU with their globalization. Russia can do it with Eurasian Integration as it economically protects the market of Russia, Kazakhstan, Belarus, Armenia and further Kyrgyzstan by emphasizing the domestic production and

¹ Hans-Michael Wolfgang, Gennadiy Brovka and Igor Belozarov, "The Eurasian Customs Union in transition", *World Customs Journal*, accessed March 15, 2015, http://www.worldcustomsjournal.org/media/wcj/-2013/2/WCJ_V7N2_Wolfgang_Brovka_and_Belozarov.pdf

protecting the outdated industries. Eurasian Economic Union gathered states with authoritarian regime, thus it can be seen that countries are protecting their regimes from globalization which brings democratization and revolutions. This project is mainly the Russian instrument to secure the influence in the post-Soviet space and decrease the impact of Western powers.

This thesis aims to analyze the motives for Russia of establishing the Eurasian Integration and opposing the globalization process in the face of the Western world, and to answer the following question: Why does Russia use Eurasian Integration as a tool to resist globalization process? This paper argues that Russia is using Eurasian Integration in order to counteract Western world and its influence represented by the globalization process in its traditional sphere of influence – post-Soviet territory.

To answer the research questions and gather necessary information, the author used qualitative research method. The main literature sources were secondary sources (books, scholarly articles, policy papers, reports) with use of primary (official websites and documents). Content and textual analysis were applied; the content of written materials regarding the topic as books, articles, websites, laws and treaties was studied to make an accurate selection of the sources and be sure that sources are academic, valid and reliable.

This thesis consists of three main chapters. The introduction part includes the background of the research, research question, hypothesis and the methodology. The First Chapter is descriptive and it is dedicated to the theoretical framework of the research. Here the author determines the definitions of regionalism and globalization, their relationship and brings the theory of intergovernmentalism which helps to explain the

process of regional integration, particularly the Eurasian Integration. The Second Chapter is both descriptive and analytical as it tracks the historical evolution of Russian foreign policy and its attempts to integrate the post-Soviet space; also it focuses on the role of Russia in the Eurasian Economic Union and the reasons why V.V. Putin pushes the process of integration so rapidly. The Third Chapter shows Eurasian Integration as an antiglobalization phenomenon through two aspects: economic and political. The last part of the thesis provides the research findings and the conclusion.

Literature Review

One of the key sources of this paper is an article written by Timofei V. Bordachev and Andrei S. Skriba “Russia’s Eurasian Integration Policies”. The paper provides a general understanding of the Eurasian economic integration regime and historical track of Russian attempts to create a new association in the region. Authors see that right after the collapse of the Soviet Union, Russia needed to get used to new world order, where it had weaker role and power and that in order to rehabilitate the country needed to find new ways to promote its interests. One of the tools was the Eurasian Integration. The new Eurasian policy was looking for the establishment of a new kind of integration with the CIS members, with a peak point in 2015 – launch of the Eurasian Economic Union. In 2000’s a number of color revolutions took place and they were the trigger for development of new Eurasian policy, whose aim was to develop a regional policy that will secure Russian’s positions as a great power and counteract the EU’s policies in Eurasia.

A book “Regionalism, Globalisation and International Order: Europe and Southeast Asia” by Jens-Uwe Wunderlich is an important source as it provides a

theoretical explanation of the concept of regional integration. Theory of intergovernmentalism or neorealism says that states are the major actors in the system of international relations, they are very rational and act in a way to pursue own interests, such as protection of national security and sovereignty. Also the theory supposes that regional integration will have a strong leader which will be the driving force of the regional bloc and bear the most of the responsibilities. This theory is important as it suits the case of Eurasian Integration where the Russian Federation is the strongest and the richest country, and it pushes the development of the regional bloc.

The Destruction of the Soviet Union: A Study in Globalization a book by David Lockwood is a very important source for this thesis as it about the collapse of the Soviet Union, specifically the changes in the world economy that led to the breakup of the USSR. Globalization is a process which left no part of the world untouched; it effected and restructured national economies almost of all the states. The main feature of Soviet economy was the political control of a national economy; however globalization was weakening the control of the states over their national economies while advancing the level of development of the productive forces. In case of Soviet Union, globalization was a destructive process that led to the disintegration of the USSR.

An article “Eurasian Integration: Russia’s Attempt at the Economic Unification of the post-Soviet Area” by Iwona Wisniewska tracks the history of the Eurasian Integration and analyzes the Russian attempts to integrate the post-Soviet space. The author points out that even though the integration process had a lot of limitations, small number of members and slow development, the EI is the most advanced integration project. The paper looks at the Russian interests in this project and indicates that the country is

motivated mainly by political factors rather than economic needs. Also it specifies that the member-states are integrating more in the conditions dictated by the Russian Federation, which are more protectionist than these countries had before. Article makes a significant contribution to this particular thesis as it provides historical analysis and shows the Russian interests in integration of the post-Soviet territory.

Aleksandra Jarosiewicz and Ewa Fischer wrote an article “The Eurasian Economic Union – more political, less economic” where they identify the Eurasian Integration as a political project rather than economic. Observing the development of the project, Russian aggressive policy indicates that the EAEU is a Russian tool to reinforce its influence in the post-Soviet territory and minimize the influence of the Western world. The economic benefits from the integration are limited because of the different economic potentials, while the political benefits are obvious for the Russian Federation.

Chapter 1.Theoretical framework

1.1 Regionalism and Globalization

Regional economic cooperation coincides with the new era of globalization² and today the world is dominated mainly by two phenomena: globalization and regionalism. Although everybody knows about globalization, there are nearly 300 in total of regional trade agreements that are brought in force. The relationship of regional integration and globalization can be viewed from different angles, regionalism as a response to globalization or as a process that proceeds from another process.

By the end of the twentieth century the world's governments were implementing economic policies that looked quite similar and emphasized the importance of the private sector, market force and individual initiative. These policies were the result of the emergence of a world market, and the potential for a global production system – globalization.³ Since the end of the World War II, the world economic system was managed by agreements such as GATT and trend of regionalism process, through which neighboring countries were making their economies more efficient by reducing trade barriers on mutually advantageous basis. Developed countries were enthusiastic about regionalism because of the expansion of the market and their influence, while developing states considered it as a way to promote economic growth because without internal tariffs and barriers trade usually increases among the members of the trade bloc. This tendency in recent years became even more dynamic as countries are trying to strengthen their relations with others. Although this term is widely known, there is no single definition of

²William D. Coleman and Geoffrey R.D., *Regionalism and Global Economic Integration: Europe, Asia and the Americas*, (London: Routledge, 1998), 5

³ David Lockwood, *The Destruction of the Soviet Union: A Study in Globalization*, (London: Macmillan Press LTD, 2000), 24

the regional integration which is internationally accepted. Generally it can be understood as a unification of countries into one large area. However people can refer to regionalism either as an outcome or as a process. Integration as an outcome is a stable phenomenon that takes place once the certain criteria was achieved. If the establishment of a Central Bank was of the main aspect of establishment of the Organization of Eastern Caribbean States then it can be said that a phase of regional integration took place.⁴ In case integration is considered as a process, it is a dynamic proceeding, when free trade area transforms into political integration. The example is the European Union which originated as an economic integration and now is considered as an economic-political union with supranational institutions. Another way was used by intellectual scholars to define this term so that further a common understanding would appear.

Regionalism as an economic integration has an ultimate objective of increasing the states' welfare. Agreements are set between the countries that have common borders to reduce or eliminate the trade barriers for free exchange of goods and services. Such agreements are used to coordinate the trade, fiscal or monetary policies of the participating countries. The trade between member-states will increase, therefore GDP will grow and states will end up with efficient economies. However there are different degrees of economic integration and economic policies. Hungarian economist and professor Bela Balassa came up with regionalism as an economic integration comprising of five stages: free trade area, customs union, common market, economic and monetary

⁴June Soomer, "Why Regional Integration Benefits", *Eastern Caribbean Currency Union's Financial Literacy Month Programme* (2003): 1, accessed January 30, 2015, <http://www.eccb-centralbank.org/PDF/newspaper3.pdf>,

union, and political union.⁵Free trade area (FTA) is an agreement between the states that eliminates partially or fully trade barriers on goods produced within member-states, while each country can keep own barriers to trade with non-members. The example is North American Free Trade Agreement or Central European Free Trade Agreement. Customs Union is the next stage with free trade area within the member-states and common external tariff on goods imported outside the countries. In 1995 the Treaty on the Customs Union was signed between Russia, Kazakhstan and Belarus with an aim to eliminate trade barriers, further in 2015 it transformed into Eurasian Economic Union. Common market is a customs union with common policies on product regulation, and further allowance of free movement of capital and labor within the member-states. European Union in 1993 was considered as a common market as free movement of goods, services, people and money was established.⁶ The fourth stage of economic integration is an economic and monetary union, which is a type of trade bloc with common market and single currency. The example is the European Union, where the member-states use a single currency, the Euro. So, as the degree of economic integration increases, the trade barriers between the member-states reduce. The last stage of economic integration or its final outcome is the political union. The economic foundation transforms into political integration, where the regional alliance develops its identity and thus generates basic interests. The typical example is the European Union with its European Parliament, European Council and Commission that comprise the law making.

⁵Amr Sadek Hosny, "Theories of Economic Integration: A Survey of the Economic and Political Literature", *International Journal of Economy, Management and Social Sciences* (2013): 133, accessed February 3, 2015, <http://waprogramming.com/papers/5157de7c463eb9.70128490.pdf>

⁶"History of European Union", *Official website of European Union*, accessed February 3, 2015, http://europa.eu/about-eu/eu-history/1990-1999/index_en.htm

In the framework of this paper regionalism is defined as a unification of states into single space on the basis of economic cooperation and cultural similarities which will transform into political integration. W.J. Ethiern in his essay “The International Commercial System” started with the economic process of regional integration that can be transformed into political. He identified regionalism with certain principles where one large state is a core of the arrangement.⁷ Small countries interconnect with one big influential entity, they make more concessions and undertake significant economic reforms, the arrangements almost eliminate the internal barriers, and further small countries diversify economic policies,⁸ which turn into political. Once these features are in the arrangement, regionalism takes place. The notion regionalism manifests itself in uprising of inter-state cooperation, appearance as an ideology (identity and values) and creation of norms.⁹ The inability of the countries to produce certain goods and services efficiently for themselves implies them to have close economic relations with neighboring countries. This relationship is mostly about removals of barriers for free exchange of goods to improve the economy of each country. The concept also is about the emergence of certain values, ideas and identity which together form an ideology. Each region is individual and unique in own way with an identity building that represents a specific region. Finally, regionalism represents a practice and process of norm creation.¹⁰ Institutions of regional integration serve as the guarantee of the agreement;

⁷ Wilfred J. Ethier, “The International Commercial System”, (International Finance Section , Department of Economics, Princeton University, 1998): 11, accessed February 12, 2015, http://www.princeton.edu/~ies/IES_Essays/E210.pdf

⁸ *Ibid*

⁹ Chunyao Yi, “Emergence of Regionalism: About State Preference Formation”, (School of Politics and International Studies, University of Leeds, 2007): 7, accessed February 15, 2015, <http://www.polis.leeds.ac.uk/assets/files/research/working-papers/wp23yi.pdf>

¹⁰ *Ibid*

they construct the framework for the state membership, norms and obligations, and ensure the commitment of national governments to the core.

Globalization is a very vague term and one of the key concepts of the twenty-first century. It is known as a new stage of human civilization that is beyond national borders, something universal which describes economic, political, social and cultural changes in the world. It is one of the most debated terms as many scholars were trying to come up with a specific definition and still no single one exists. These efforts highlight the individual approach of different disciplines towards defining globalization. Numerous academics emphasize the economic aspect of the term, while others point out the political, social or cultural. The term began appearing in the literature from 1980s. Initially it was more an economic phenomenon referring to the growth of economies, capital flows, movement of labor, economic transactions and global economic integration. Soon it started spilling over to other spheres as political since governments became more involved in the economy with international agreements and supranational institutions. Another explanation was cultural with the idea of global culture due to the increased multidirectional migration of people. Then was the social aspect with new social hierarchies, forms of inequality, and relations of domination around the world and in the global system as a whole.¹¹ The term globalization gradually transformed into a concept with global common principles such as democracy and respect of human rights, growing interdependence between the states and unprecedented revolution in information

¹¹ William I. Robinson, "Theories of Globalization", in *The Blackwell Companion to Globalization*, ed. George Ritzer, (Oxford: Blackwell Publishing LTD, 2008): 139, accessed April 4, 2015, <http://kisi.deu.edu.tr/timucin.yalcinkaya/Theories%20of%20Globalization.pdf>

technology,¹² and thus became a sophisticated and multidimensional concept. In the framework of this paper, globalization is defined as a process of international integration arising from the economic interdependence, interchange of cultural values, beliefs, norms, resulting in the creation of the global government. Here standardization of the society also takes place as this process leads to the common standards of economy, politics, culture and other spheres of countries' vital activities.

1.2 Intergovernmentalism

There is an important theory which helps to explain the process of regionalism. It is neo-realism/intergovernmentalism which provides the most adequate theoretical background for understanding this concept. Kenneth Waltz with his 1979 book *Theory of International Politics* is an important reference for most of the neo-realists as he explained the characteristics of the international system and the relations between the states, major actors of this system.¹³ Theory was based on realism and argued that states are the major actors of international relations. States were considered as actors following only their own interests depending on the distribution of their material capabilities. The main priority for these actors is national security, survival and accumulation of power.¹⁴ Intergovernmentalism provides some interesting theoretical background which may contribute to the understanding of the Eurasian regionalism: the importance of national

¹²Mohammad Abo Gazleh, "Globalization and Politics: The Effects of globalization on human life aspects", (paper presented at the International Conference on Malaysia and Globalization, University of Malaya, 2001), accessed April 4, 2015, <http://www.grin.com/en/e-book/110500/globalization-and-politics-the-effects-of-globalization-on-human-life>

¹³ Jens-Uwe Wunderlich, *Regionalism, Globalisation and International Order: Europe and Southeast Asia* (England: Ashgate Publishing Ltd, 2007), 18

¹⁴Anastassia Obydenkova, "Comparative regionalism: Eurasian cooperation and European integration. The case for neofunctionalism?", *Journal of Eurasian Studies* 2 (2011), accessed February 20, 2015, doi:10.1016/j.euras.2011.03.001

politics (autocratic and/or democratic regimes, transitional regime, etc.), perception of states as “rational actors” pursuing only their own interests and survival, as actors with purely strategic attitude towards integration.¹⁵ In this theory states are acting on the basis of their interests and powers. Powerful states have more authority to make decisions with beneficial perspectives for themselves. Thus approach supposes that regional integration will have a powerful leader as a core of the system. Also the theory notes that the presence of a leader is a boosting force of the integration and the one who is willing to cover disproportional cost of integration. In the Eurasian Economic Union, for instance Russia is the biggest, richest and the strongest powers that is pushing the regional integration to develop.

Regionalism is the continuation of the globalization process but on the local level, specifically on the level of individual states. Regional integration is a foundation for free trade between geographically close countries with increased communication and trade between them. Many theories see regionalism as a smaller version of globalization. Intergovernmentalism assumes the existence of a powerful center as a core of regional integration. On a bigger scale world-system approach divides the world into cores, semi-peripheries and peripheries. Two theories coincide in that both regionalism and globalization have relatively strong centers which help to maintain the dependence of peripheral areas and bear higher responsibilities in terms of economic losses and political actions.

According to intergovernmentalism regional cooperation is attractive due to the potential mutual benefits and aims for the states. They will tend to come together and

¹⁵*Ibid*

establish a regional bloc with an aim to strengthen their national security.¹⁶ In case of Russia, it is securing own traditional sphere of influence from the Western world.

Regional blocs are the tools of political power in the 21st century. They are not just economic, they are geopolitical and Ukraine crisis proved it. Historically Russia had strong and stable relations with Ukraine; Russia even considered it as a younger brother. Ukraine was also a major economic partner that Russia wanted to attract to the Eurasian Economic Union, as the state plays an important role in Russia's energy trade serving as a transit of natural gas to European markets. Efforts of the European Union to expand eastward to Ukraine were of alarming concern for Russia, as these initiatives open the doors to other Western institutions. The EU developed a special Eastern Partnership Program with the aim to strengthen relations with six former Eastern bloc countries, but Russia considers this program as a step forward to organizations such as NATO, whose eastward expansion Russia regards as a threat to its national security.¹⁷ It can be seen that three major powers Russia, the EU and the US were using their regional blocs as a mechanism in their geopolitical game.

In order to understand the nature of regional integration and to be able to explain its processes it is quite important to look at the political, economic and social conditions and the historical context in every single case. Even though European Union is the most developed model of regional integration, Eurasian Integration is another unique case. It is different due to the historical background, internal structure and ongoing regime-building problems of member-states. Intergovernmentalism was built on the experience of the European Union, and in the case of Eurasian Integration the theory can be re-

¹⁶Wunderlich, *Regionalism, Globalisation and International Order : Europe and Southeast Asia*, 18

¹⁷ Robert McMahon, "Ukraine in Crisis", *Council on Foreign Relations*, accessed March 12, 2015, <http://www.cfr.org/ukraine/ukraine-crisis/p32540>

conceptualized taking into account the features of the post-Soviet era and strong role of the Russian Federation in the regional alliance.

Chapter 2. Eurasian Integration

2.1 Historical analysis

The USSR was a state-directed, integrated economy in which the state (ruling elites) itself owned, controlled and directed the economic structure. Here the state plays the dominant and most important role, as it is able to make independent decisions in the national interests. David Lockwood refers to this kind of economy as 'statist'. Statist economy is marked throughout its existence by rapid industrialization for military purposes.¹⁸ The central part of the Soviet economy was the military-industrial complex due to the ongoing Cold War. However, the technological progress in the military race and following needs, the production of output which could be exported in order to be able to import, and the consequent necessity of improving the quality of Soviet products forced the USSR to integrate into the world market. One of the main requirements for the world market's functionality and its expansion was the new economic structure characterized by decisions made on a market basis.

Soviet statist economy was very politicized and based on the preservation of national interests and sovereignty. While the market capitalism was gradually intruding into Soviet economy, a struggle within the Soviet ruling class took place as there were individuals who wanted to prevent capitalist intrusion.¹⁹ Without national ruling class which would defend interests and sovereignty of the country, the Soviet economy began declining and the Republics started to declare their independence. Mainly globalization with its economic and political developments meant the end of the rule of the Communist Party Leadership and destroyed the Soviet Union.

¹⁸David Lockwood, *The Destruction of the Soviet Union: A Study in Globalization*(London: Macmillan Press LTD, 2000), 56

¹⁹*Ibid*, 128

After the collapse of the Soviet Union in December 1991, the world could observe the disintegration of USSR into fifteen independent states. The breakup meant the end of the Cold War and victory of the Western world with its values as freedom, democracy and capitalism over control, authoritarianism and socialism. Now newly formed countries faced with a very challenging task: to reorganize political systems, to develop national economies and to deal with territorial disputes. All the states were making steps toward democratization, reorganization and rebuilding of their internal structures. The collapse of USSR changed the world order as political, economic and military blocs all over the globe were rearranged. Right after the dissolution of the Soviet Union, a regional organization for former Soviet republics was created in 1991. It was a good platform where countries were meeting on regular basis and discussing universal issues (political, economic, environmental, humanitarian, and cultural). In September 1993 the Heads of the CIS States signed an Agreement on the creation of Economic Union to form common economic space with four essential freedoms of movement (goods, services, labor force and capital), to elaborate coordinated monetary, tax, price, customs, external economic policy; to bring together methods of regulating economic activity and create favorable conditions for the development of direct production relations.²⁰

Russia, right after the collapse of the USSR the country experienced a decade of chaos. The transition period country was very tough as the Russian Federation was remaking its Soviet-era economic and political institutions at the same time; the country was re-establishing itself as a new player right after the disintegration of the union, and Russia was the only country that inherited the responsibility for all of the foreign debts. It

²⁰ “Commonwealth of Independent States”, *International Democracy Watch*, accessed March 15, 2015, <http://www.internationaldemocracywatch.org/index.php/commonwealth-of-independent-states>

was extremely hard for the country to pay them back. The military-industrial complex was the main sector of Soviet expenditures, with the end of the Cold War it was almost impossible to quickly remodel the equipment, retrain the workers and adjust the complex to the new economic structure. The Union's division into mono-industrial regions left Russia with few large industrial enterprises and led to the drop of the production and consequently to the high unemployment. All these obstacles brought the country into deep depression. Further the economy was hit by the hyperinflation and 1998 default crisis.

During 1993-1994 the former Soviet Republics tried to create an economic union. In September 1993, leaders of the countries signed the treaty 'on economic union'. The development of the union was proceeding as treaty on the establishment of a free trade zone was signed in April 1994.²¹ The same year the President of Kazakhstan Nursultan Nazarbayev voiced the idea of the Eurasian Union of States for the first time during his first official visit to Russia.²² Kazakhstan was the last republic that declared its independence in December 16, 1991 as the country was not ready for self-sufficient existence, thus close ties with Russia were one of the main priorities for successful development. A detailed integration project was submitted to the Heads of the CIS States. Customs Union existed within CIS organization. It had a good legal basis, but wasn't functional in reality. Russian Federation pushed Customs Union to become an independent organization. Thus in 1995 the Republic of Belarus, the Republic of

²¹Hans-Michael Wolfgang, Gennadiy Brovka and Igor Belozarov, "The Eurasian Customs Union in transition", *World Customs Journal*, accessed March 15, 2015, http://www.worldcustomsjournal.org/media/wcj/-2013/2/WCJ_V7N2_Wolfgang_Brovka_and_Belozarov.pdf

²² Timeline, *Eurasian Economic Union*, accessed March 10, 2015, <http://www.eaeunion.org/?lang=en#about-history>

Kazakhstan and the Russian Federation signed the Treaty on the Customs Union, aimed to eliminate any barriers hindering free economic cooperation between the Parties' economic agents, ensure free trade and fair competition, and eventually guarantee sustainable economic development of the Parties.²³ This treaty became the central point of the integration which now drives the integration process in the Eurasian region. The further action was that the presidents of the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation and the Republic of Tajikistan signed the Treaty on the Customs Union and Single Economic Space in February 26, 1999 in Moscow. Because of the economic union states were able to maintain the economic relationship that they inherited from the USSR. Nevertheless the integration process was not very successful to various political and economic reasons and during 1995-1999 no significant process was achieved.²⁴

In terms of foreign policy the Russian Federation under Boris Yeltsin wanted to reintegrate the post-Soviet space to build new relations with former Soviet republics, who immediately after the collapse became members of CIS. Second principle of foreign policy was to establish itself as a new player on the international arena not as an enemy of the Western world, but rather as a new ally. This trend was pushed also by internal processes as economic liberalization and privatization. Thereby Russia wanted to build a better image and reputation. The first Minister of Foreign Affairs of Russian Federation Andrey Kozyrev said that “democratic Russia should be and will be the same natural ally

²³ Timeline, *Eurasian Economic Union*, accessed March 10, 2015, <http://www.eaeunion.org/?lang=en#about-history>

²⁴ Hans-Michael Wolfgang, Gennadiy Brovka and Igor Belozarov, “The Eurasian Customs Union in transition”, *World Customs Journal*, accessed March 15, 2015, http://www.worldcustomsjournal.org/media/wcj/-2013/2/WCJ_V7N2_Wolfgang_Brovka_and_Belozarov.pdf

of the democratic countries of the West, as the totalitarian Soviet Union was the natural enemy of the West".²⁵ However such policy did not work out, as Western powers were seeking to expand the EU and NATO in Eastern Europe including former Soviet republics in 2000s. This expansion was viewed by Russia as an alarming threat to its political influence, economic interests and military security. Minor role and influence of the Russian Federation in the prevention of Western powers' enlargement shifted the course of foreign policy. Rising energy prices and growing expenses of other countries on oil and natural gas created favorable conditions for Russia to restore the economic damage which it experienced during 1990s. With the arrival of the new Minister of Foreign Affairs Evgenii Primakov the country returned to its initial foreign policy: to regain the influence that Russia had before, to recapture traditional spheres of influence and to have a uniting ideology "Eurasianism" to glue former Soviet republics. The Doctrine of Primakov was based on "selective partnership" with the West and promotion of counter-balancing policy against American dominance.²⁶

During Boris Yeltsin administration a lot of integration attempts were made as Customs Union of 1995 and following agreements of 1996, 1997 and 1999. However, in fact these initiatives were aimed at saving the reputation of President Yeltsin, who was becoming less popular in the country. A turning point was an appointment of a new Head of State Vladimir Putin at the beginning of 2000.²⁷ He was a vigorous leader and thus a breakthrough in terms of foreign policy was expected. In 2002-2003 under Vladimir

²⁵ Петр Авен, "Андрей Козырев: настоящий камикадзе", *Forbes*, accessed March 22, 2015, <http://www.forbes.ru/ekonomika/lyudi/74501-andrei-kozyrev-nastoyashchii-kamikadze>

²⁶ Elena Morenkova, "The Key Principles of Russian Strategic Thinking", *Laboratoire de L'irsem* (2014): 20, accessed April 15, 2015

²⁷ Iwona Wisniewska, "Eurasian Integration: Russia's Attempt at the Economic Unification of the post-Soviet Area", *Centre for Eastern Studies* (2013), accessed March 27, 2015, http://www.osw.waw.pl/sites/default/files/prace_44_eurasian-integration_net.pdf

Putin's administration Russia began a process of elevating geo-economics in its foreign policy in order to prioritize economic interests over issues of ideology and history in its relations with the CIS states as they were actively attempting to avoid the restoration of Russian influence and were unwilling to move closer to Russia by entering into regional integration.²⁸ However for Kazakhstan, Belarus and Ukraine Russia was the largest and the strategically important partner. The countries were interdependent in transportation, communication, infrastructure; they were expanding their markets and mainly cooperating in energy and natural resources sector. Thus closer and integrated relations between these countries were mutually beneficial. In September 19, 2003, the presidents of the Republic of Belarus, the Republic of Kazakhstan, the Russian Federation and Ukraine signed the Treaty on Establishment of the Single Economic Space ensuring free movement of goods, services, capital and labor.²⁹

2004 was the year of the EU and NATO enlargement to the states of the former Soviet Union. EU had negotiations with ten states, including five Eastern European countries and three former USSR countries – Estonia, Latvia, and Lithuania that were admitted in 2004. The same year NATO extended its influence in Bulgaria, Latvia, Lithuania, Romania, Slovakia, Slovenia and Estonia.³⁰ Due to this changing regional situation Russia was securing its interests and strengthening the influence over the post-Soviet area by creating a basis for reintegration of newly independent republics without losing them to the Western powers. During an informal summit held in Sochi in August

²⁸ Timofei V. Bordachev and Andrei S. Skriba, "Russia's Eurasian Integration Policies", *The London School of Economics and Political Science* (2014), accessed February 12, 2015,

<http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR019/SR019-Bordachev-Skriba.pdf>

²⁹ Timeline, *Eurasian Economic Union*, accessed March 10, 2015,

<http://www.eaeunion.org/?lang=en#about-history>

³⁰ Bordachev and Skriba, "Russia's Eurasian Integration Policies"

2006, the Heads of the Eurasian Economic Community Member-States decided that the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation should intensify their work to create the Customs Union in the format of three States with subsequent accession by the Kyrgyz Republic and the Republic of Tajikistan as soon as their economies are ready.³¹

Eurasian Integration was gradually developing. On October 16, 2007, the Treaty on the Creation of the Single Customs Territory and Establishment of the Customs Union of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation was signed.³² It was aimed to ensure free movement of goods, services and capital in mutual trade, foster favorable conditions for trade between the Customs Union and third countries, and promote economic integration. However, it was only in 2009 that the Russian administration, closely supervised by the Russian Prime Minister Vladimir Putin, embarked upon real formation of the institutional structures.³³ Russia, Belarus and Kazakhstan signed documents in 2009 and allowed the Customs Union between these countries to be established in 2010 with application of Common Customs Code on their territories. The Customs Union was the first real and serious stage in the process of regional integration. In 2010, the parties agreed to form the Common Economic Space between January 1, 2012 and the end of 2015, and signed seventeen primary international treaties, providing the basis for the functioning of the CES on December 9, 2010.³⁴

³¹ Timeline, *Eurasian Economic Union*, accessed March 10, 2015, <http://www.eaeunion.org/?lang=en#about-history>

³² *Ibid*

³³ Iwona Wisniewska, "Eurasian Integration: Russia's Attempt at the Economic Unification of the post-Soviet Area", *Centre for Eastern Studies* (2013), accessed March 27, 2015, http://www.osw.waw.pl/sites/default/files/prace_44_eurasian-integration_net.pdf

³⁴ *Ibid*, 11

In early October 2011, Putin offered his proposal to create EAU in an article in the Russian newspaper *Izvestia*.³⁵ The article says that Eurasian Union will be in no way a restoration or copy of the Soviet Union, but rather “a close integration based on new values and economic and political foundation is what the present time demands.”³⁶ The idea behind was that post-Soviet countries inherited a good infrastructure, communication, production facilities, cultural and linguistic ties from the Soviet Union to pursue common interests. In November 2011, during the meeting of the Heads of the Customs Union Member-States Russian President Dmitry Medvedev, Kazakhstani President Nursultan Nazarbayev, and Belarus President Alexander Lukashenko signed the Declaration on Eurasian Economic Integration, declaring successful operation of the Customs Union and announcing the transition to the next stage of integration, the Common Economic Space. In January 2012, the treaties entered into force, which provide the legal framework for the Single Economic Space of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation and also ensure free movement not only of goods, but also of services, capital and labor. Over 50 documents are being drafted to implement the “four freedoms” completely.

The idea of Putin started realizing in 2014 when in May 29 the Presidents of the CU and CES Member-States signed the Treaty on the Eurasian Economic Union (EAEU) at the session of the Supreme Eurasian Economic Council. The Treaty has become a landmark of the transition of the Eurasian economic project to a new, higher level of integration. In October 10, 2014 the Agreement on Accession of the Republic of Armenia

³⁵ Richard Stojar, “The Eurasian Union: A New Regional Dimension of Russian Foreign and Security Policy”, *Centre for European and North Atlantic Affairs*, accessed January 24, 2015, <http://cenaa.org/analysis/the-eurasian-union-a-new-regional-dimension-of-russian-foreign-and-security-policy/>

³⁶ *Ibid*

to the EAEU was signed in Minsk, during the session of the Supreme Eurasian Economic Council. In December 23, 2014 Moscow, the Presidents of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation, on the one part, and the President of the Kyrgyz Republic, on the other part, signed the Agreement on Accession of the Kyrgyz Republic to the EAEU.³⁷ From January 1, EAEU started its operation and for now it has four member-states: the Russian Federation, the Republic of Belarus, the Republic of Kazakhstan and the Republic of Armenia. The Kyrgyz Republic will become a member in late May 2015.

It can be said that the history of Eurasian Integration is quite complicated. In the beginning Russian attempts were not quite successful due to the economic depression and desire to be a part of Western world; however after extension of Western powers' influence towards Russian conventional outlets, Russia changed the course of its foreign policy and became more determined in their commitment to restore its power in international relations and regain the influence in the post-Soviet space.

2.2 Eurasian Integration with focus on Russia

Since the breakup of the Soviet Union the Russian Federation wanted to restore its traditional sphere of influence over the post-Soviet area and for that goal President's administration used a wide range of strategies and tools. Eurasian Integration became one of these mechanisms in the past decade. What the world observes now is the Eurasian Economic Union, an international organization for regional economic integration. It has international legal personality and is established by the Treaty on the Eurasian Economic

³⁷ "Timeline", *Eurasian Economic Union*, last accessed March 10, 2015, <http://www.eaeunion.org/?lang=en#about-history>

Union. The EAEU ensures free movement of goods, services, capital and labor, pursues coordinated and single policy in the sectors determined by the documents which are adopted by the members of the Union. The Member-States of the Eurasian Economic Union are the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation. This Union serves the purpose of increasing the effectiveness, competitiveness and cooperation between the economies of member-states, as well as sustainable development of the countries with the aim of improving life conditions for the population in the EEU.³⁸

Russia is the biggest country in the Eurasian region; it is an important trade and economic partner for almost all Central Asian countries. Kazakhstan is the largest economy in Central Asian region, thus the presence of these two states in any regional integration will affect not only their economic relations, but also the neighboring countries. Mostly Russia and Kazakhstan were the ones who initiated most of the attempts to establish the Eurasian integration.³⁹ Even though Russia is a core of the Eurasian integration and has prerogative strength, close cooperation benefits all of the members. The energy, water and other natural resources are asymmetrically distributed across the member-states while one country supplies another and vice-versa. According to theory of intergovernmentalism states act rationally in order to pursue national interests and the integration is formed through interstate bargaining, and the interests and

³⁸“General Information”, *Eurasian Economic Union*, accessed March 17, 2015, <http://www.eaeunion.org/?lang=en#about>

³⁹Evgeny Vinokurov and Alexander Libman, *Eurasian Integration: Challenges of Transcontinental Regionalism* (England: Palgrave Macmillan, 2012), 13

decisions of more powerful states have more weight. Thus it implies that the region will have a leader⁴⁰ who will be a driving force of successful operation of regionalism.

However it is not only about politics it is also about historical legacies and geopolitics. The Russian Federation plays the central role in the Eurasian Integration and due to this role and following responsibility it was pushing forward the realization of the project in 2009. It is a big power with imperialistic goals and interests, throughout the history one can observe that the country was a Great Russian Empire with Russia as its successor nowadays. Russia's background shows that the state has an expansionism and imperialism since the tsarist period, and the efforts by Russia to regain the influence over neighboring states, can be seen as a new imperialism. If in the past Russia was building the empire through territorial expansion, now it is trying to impose influence through the integration institutions.⁴¹ Then it becomes obvious that the membership of former Soviet republics in NATO or EU became a threat to the Russian sovereignty and security in early 2000s and that Russia should become more active.

The idea of Eurasianism is a concept of the Russian political thought which originated in the 19th century. Throughout the history the Eurasian idea was voiced by different individuals as Gumilev, Yeltsin, Nazarbayev, and recently, Putin. Russia's President Vladimir Putin has described the collapse of the Soviet Union as "the greatest geopolitical catastrophe" of the 20th century⁴² and his view can be considered in the context of the Eurasian integration. Soviet Union to some extent was a realization of the

⁴⁰ Anastassia Obydenkova, "Comparative regionalism: Eurasian cooperation and European integration. The case for neofunctionalism?", *Journal of Eurasian Studies* 2 (2011), accessed February 20, 2015, doi:10.1016/j.euras.2011.03.001

⁴¹ Valerie Pacer, Review of *Putin's Wars: The Rise of Russia's New Imperialism*, by Marcel H. Van Herpen, *E- International Relations*, August 5, 2014, <http://www.e-ir.info/2014/08/05/review-putins-wars-the-rise-of-russias-new-imperialism/>

⁴² "Putin deplores collapse of USSR", *BBC News*, last modified April 25, 2005, <http://news.bbc.co.uk/2/hi/4480745.stm>

concept of Eurasianism. Both Russian President Yeltsin and Putin proved by their decisions and actions that without a non-imperial bloc around Russia and under its leadership, the continuity of the Russian state is itself at risk.⁴³ Approach of current Russian President V. Putin shows that the integration process of post-Soviet countries is driven by history; it is advanced by deep economic ties and social similarities which once helped to build the European Union. Thus the process of regional integration on post-Soviet territory is inevitable. However in 1990's and early 2000s Eurasian Integration was a very slow process with almost no significant results. Only in 2009 V.V. Putin started boosting the integration process skipping very quickly the economic stages. Aggressive policy of Putin indicates that the Eurasian Economic union has become mainly a political project while economic aspect becomes less important.⁴⁴ The reason is that the world has a strong regional power in the face of EU that was criticizing throughout 2000s the regime of Vladimir Putin in areas of human rights and freedom of press. However many people welcomed the stability that Russian President brought, even at the cost of some democratic freedoms. The existence of the European Union gives more certainty to Russia to deepen Eurasian Economic Union as both integrations united certain regions based on economic cooperation and social congeniality, they protect own security and have strong leaders.

When V. Putin became the President in 2000 he started establishing policy according to which Russia is a country that not just responds to the events, but rather

⁴³S. Frederick Starr and Svante E. Cornell, "Putin's Grand Strategy: The Eurasian Union and Its Discontents", *Central Asia-Caucasus Institute & Silk Road studies Program*(2014): 15, accessed March 29, 2015, <http://www.silkroadstudies.org/resources/1409GrandStrategy.pdf>

⁴⁴ Aleksandra Jarosiewicz and Ewa Fischer, "The Eurasian Economic Union – more political, less economic", *Centre for Eastern Studies* (2015), accessed April 2, 2015, <http://www.osw.waw.pl/en/publikacje/osw-commentary/2015-01-20/eurasian-economic-union-more-political-less-economic>

moves them. Informally the policy is known as the Putin Doctrine. The national agenda included a new important and main goal: recovery of economic, political and geostrategic assets that were lost during the collapse of the Soviet Union.⁴⁵ While foreign policy was about economic reintegration of the former Soviet territory under Russian leadership which will gradually transform into social, political and military. In 2012 V. Putin during his speech called "deepening of the integration" of post-Soviet space the "heart of our foreign policy."⁴⁶ The following explanation of why V.V. Putin accelerates the regionalism is that he wants to solidify the power of the Russian Federation on the international stage and further project its identity. Ukrainian crisis shows that Russia is strong player that can oppose the Western world using hard foreign policy. Initially Russia wanted to prevent the entry of Ukraine into the EU and NATO, to make Ukraine a loyal satellite as Belarus and to have a free presence of Russian business in the Ukrainian market. The invasion of Ukraine and annexation of Crimea left Russian goals unachieved, but confirmed the readiness of Russia to fight in the geopolitical war with the West and belief of Putin that Russia is a pure empire and it can survive only if it has a sphere of influence that secures and protects Russian national interests and sovereignty. Putin has made this clear from his speech to the Duma in March 2014 to his recent remarks saying that Kazakhstan was never a state before 1991. Over the last generation, these ideas have been expounded by a series of "geopoliticians" and Eurasianists, Aleksandr Dugin being the most prominent among them.⁴⁷ Aleksandr Dugin is a Russian

⁴⁵ Leon Aron, "The Putin Doctrine", *American Enterprise Institute*, accessed April 12, 2015, <http://www.foreignaffairs.com/articles/139049/leon-aron/the-putin-doctrine>

⁴⁶ Leon Aron, "The Putin Doctrine", *American Enterprise Institute*, accessed April 12, 2015, <http://www.foreignaffairs.com/articles/139049/leon-aron/the-putin-doctrine>

⁴⁷ S. Frederick Starr and Svante E. Cornell, "Putin's Grand Strategy: The Eurasian Union and Its Discontents", *Central Asia-Caucasus Institute & Silk Road studies Program*(2014): 15, accessed March 29, 2015, <http://www.silkroadstudies.org/resources/1409GrandStrategy.pdf>

political thinker who became known as Putin's brain or the one who inspired Russian political leader to act in a certain manner. He introduced the concept of Neo-Eurasianism, where the world had Atlanticist world represented mainly by the United States and the United Kingdom, and Eurasia with Russia, Central and Eastern Europe and Asia. According to the concept Atlanticist world and Eurasia have a constant and irreconcilable confrontation with the latter forced to resist US-led globalization.⁴⁸

Thus in the context of the Neo-Eurasianism Putin uses every opportunity to proclaim that Russia is reestablishing itself on international arena as a great power to counterbalance Western world. Also there is a concept of pragmatic Eurasianism which describes Russian desire to be present in the region both politically and economically. This approach is not about shared history and common culture, but rather about political and economic relationship between the states.⁴⁹

⁴⁸ Anton Shekhovtsov, "Putin's Brain?", *Academia.edu*, accessed March 25, 2015, http://www.academia.edu/8249892/Putins_Brain_on_Aleksandr_Dugin_

⁴⁹ Evgeny Vinokurov and Alexander Libman, *Eurasian Integration: Challenges of Transcontinental Regionalism* (England: Palgrave Macmillan, 2012), 24

Chapter 3. Eurasian Integration as Antiglobal Phenomenon

3.1 Economic aspect/ Economic protection

Economic integration is an important tool which helps to increase trade and industry specialization of the member-states, thus to bring economic growth and stability. Once national economies are integrated, they are expected to operate more efficiently which will result in economic development.⁵⁰ Looking back at the history one can see that there are a lot of failed customs unions and nowadays the world has only one developed and well-functioning union – the European Union. Other are either incomplete or have tensions regarding the redistribution of benefits and costs. Unions like these can become successful through mutual commitments to the common political initiative as well as agreement to give up autonomous trade policies. The European Union was able to avoid miserable fate of other unions. According to the European Union Institute for Security Studies “the EU is part of an ‘ever closer union’ designed to consolidate a liberal political and market order on the European continent, for the sake of which member states have agreed to relinquish part of their national sovereignty gradually and voluntarily.”⁵¹ As other customs unions, the Eurasian Economic Union has the perspective of becoming a successful union through mutual obligations to a shared political initiative with an initial raise of the average levels of trade protection of the member-states vis-à-vis the outside world.⁵²

Recently, the establishment of the Customs Union of Belarus, Kazakhstan and the Russian Federation is the most significant change in the trade policy. It addresses the

⁵⁰ Simon Lester, “A Call for Integration”, *The International Economy*(2014), 61

⁵¹Iana Dreyer and NicuPopescu, “The Eurasian Customs Union: The Economics and the Politics”, *European Union Institute for Security Studies* (2014): 2, http://www.iss.europa.eu/uploads/media/Brief_11_Eurasian_Union.pdf

⁵²*Ibid*, 3

issues as high internal trade costs. Liberalization of trade takes place within the territory of the union in such sectors as alcohol, tobacco, flour, or sugar, and border controls are mostly disappearing. An analysis indicated that trade between Customs Union countries increased significantly in the last two years, “the turnover of trade between Kazakhstan and Russia in 2011 increased by 28 % in comparison to 2010, and the 2011/2010 growth rate of trade between the CU and OCAC is 19 %.”⁵³ However “one of the most immediately noticed impacts of the Customs Union was the rise of the import tariffs in Kazakhstan.”⁵⁴ Due to the fact that Russia accounts for 86% of the regional block’s GDP, Kazakhstan - 8% of GDP and the Belarussian economy - approximately 5% of the total, Russia as a larger market was the most influential state to dictate the suggestions on the common external tariff (CET).⁵⁵ With the change of the common external tariffs, goods that are produced by the members of the Customs Union became more protected in comparison to the similar imports. “The CET means a tariff increase for Kazakhstan in a number of sectors - to 10.29%, or nearly a 60% increase. But Russian tariffs fell to 10.7%, nearly a 20% cut; and Belarussian tariffs by 10%.”⁵⁶ Thus Eurasian Integration was emphasizing the domestic production and securing the national industries. The study of integration revealed that Russia and Belarus had more protected sectors than Kazakhstan, thus “in the CET for most of these highly protected sectors a mutual protectionism can be observed”, sectors that were not protected before in partner markets

⁵³ Roman Mogilevskii, “Customs Union of Belarus, Kazakhstan and Russia: Trade Creation and Trade Diversion in Central Asia in 2010-2011”, *Institute of Public Policy and Administration* (2012), <http://www.ucecentralasia.org/downloads/UCA-IPPA-WP12-TradeCreationAndDiversion-Eng.pdf>

⁵⁴ Arevik Mkrtchyan, Hinnerk Gnutzmann, “Mutual Protectionism? An Assessment of the Eurasian Customs Union”, *Department of Economics of European University Institute*, 31, <http://www.etsg.org/ETSG2013/Papers/386.pdf>

⁵⁵ *Ibid*, 6

⁵⁶ *Ibid*, 8

become more protected.⁵⁷ For instance, European Union adopted Common Agricultural Policy, the common agricultural policy price intervention into certain agricultural products to stabilize markets, increase productivity, secure availability of supplies and provide consumers with food at reasonable prices. The same happens in the Eurasian Integration, the Treaty secures agreements on coordinated agricultural policy as well as on energy policy, pharmaceuticals and medical devices, transport policy, and macroeconomic policy. Economic protection of the Eurasian Integration is a policy which contributes to the increase of trade between the member-states, especially during the financial and economic crisis. Due to protectionism partnering countries are able to secure themselves and their economies as they have the markets for goods and services and thus decrease the economic damage and losses.

Eurasian Economic Union is a protectionist union as Russia is able to secure its outdated industries and businesses. Nargis Kassenova, an associate professor at the Department of International Relations and Regional Studies at KIMEP University, was interviewed on the Eurasian Union. On the question of what are the economic arguments of Russia regarding the Union, she answered:

“For Russia it made more sense economically, because Russian industries are more competitive compared to our businesses. For them that was a good market to capture. But we had a free trade agreement so no major barriers were removed. But the customs union helped. We do see a considerable increase of Russian imports to Kazakhstan. With

⁵⁷Arevik Mkrtychyan and Hinnerk Gnutzmann, “Mutual Protectionism? An Assessment of the Eurasian Customs Union”, *Department of Economics of European University Institute*, 3, <http://www.etsg.org/ETSG2013/Papers/386.pdf>

Belarus, yes there was an increase, but there was a very slow start and now it sort of stabilized. The main gain was made by Russia - the main economic gain for Russian businesses. Our businesses complained that on paper it looks like they are free to go to Russia and do business, sell their goods. But in fact what happens is that they go there but the local authorities use all kinds of excuses to block that. For Russian goods it's fairly easy to come here. For Kazakhstani goods it's not so easy to trade in Russian markets."⁵⁸

Thus it becomes clear that the Union is a tool that Russia uses in order to secure itself economically; it gets access to new markets that are loyal to the big power and to a certain extent protects a sphere of influence from the globalization which once destroyed the Soviet Union.

3.2 Political factors

Russia's decision to embark upon regional integration has been motivated primarily by political factors, and not by its economic needs. Regional integration had been one of the strategic interests in Russian foreign policy since the collapse of the USSR.⁵⁹ States are trying to project political identity, while globalization threatens these states in a number of ways. Economically, superior products threaten inferior Russian and Belarusian ones, culturally global culture threatens the state building rhetoric, popularizes color revolutions, and finally globalization supports existing Western powers by

⁵⁸Joanna Lillis and Dean C.K. Cox, "Interview 180: Was the Eurasian Economic Union a Good Deal for Kazakhstan?", *Eurasianet.org*, accessed April 20, 2015, <http://www.eurasianet.org/node/66694>

⁵⁹Iwona Wisniewska, "Eurasian Integration: Russia's Attempt at the Economic Unification of the post-Soviet Area", *Centre for Eastern Studies* (2013): 26, accessed March 27, 2015, http://www.osw.waw.pl/sites/default/files/prace_44_eurasian-integration_net.pdf

strengthening dominant Western institutions. Today, for countries that have a choice – Ukraine and Moldova, the EU is a more attractive bloc than the Eurasian Union as the EU is a product of globalization. In this case, the states will choose the bigger market. In June 2014, Ukraine, Georgia and Moldova signed Association Agreements with the EU meaning that these countries are deepening economic and political ties.⁶⁰

Globalization can be seen as a process that entails an emergence of global culture with the migration all over the world, the use of internationally spoken languages, rapid spread of information and consumption of similar goods and services across the countries and the world humankind will try to orient and shape the culture in a way that it coincides with a global one. However each region is unique in own way and the standardization of values, principles and society threatens the national identity or regional identity. Due to the aspects of globalization such as vast spread of information the colored revolutions that took place during the last decade are the direct consequences of the democratization process which can also be considered as a part of the globalization process. This process brings interconnectedness between the states and the relationship in which the political decisions are blocking each other. Thus this interlock transforms national political systems.⁶¹ Eurasian Economic Union is not a democratic union, but rather a club of authoritarian states. The Heads of the States want to protect their regimes and political systems and to filter globalization with its democratization.

Aggressive foreign policy of Russia changed the perception of Kazakhstan and Belarus regarding the Eurasian Economic Union. If at the beginning two states

⁶⁰ “EU forges closer ties with Ukraine, Georgia and Moldova”, *European External Action Service* (2014), accessed April 25, 2015, http://eeas.europa.eu/top_stories/2014/270614_association_agreement_en.htm

⁶¹William D. Coleman and Geoffrey R.D., *Regionalism and Global Economic Integration: Europe, Asia and the Americas*, (London: Routledge, 1998)

considered Eurasian Integration as a way to develop their economies and improve the trade relations, hard foreign policy of Russia in Ukraine and annexation of Crimea revealed the importance of the EEU project. The project is a tool which Russia uses to regain its influence in the post-Soviet territory and thus reduce the ties of former Soviet countries with the Western world.⁶²

While securing traditional sphere of influence Russia at the same time wanted to promote a multipolar world as it was not accepting the dominance of the United States on the international arena. The Eurasian Economic Union is a bridge between China and the European Union and as a good tool to undermine the cooperation between the EU and the United States, and to oppose the globalization process. In these circumstances, Russia and the members of the EAEU are benefitting from transits that will take place in Chinese development of infrastructural connections between the EU and China via the territory of the EAEU.⁶³ The EU, the US and China are the bright representatives of globalization, and when EAEU becomes the permanent transit zone and the constant component in the relationship between China and the EU, Russia discovers an opportunity to manipulate the union and further undermine the globalization.

Russian perseverance in deepening the Eurasian Integration process is a result of administration's ambitions: to increase the importance of the country on the international arena⁶⁴ and change the world with intent to show that time of the US hegemony had

⁶²Aleksandra Jarosiewicz and Ewa Fischer, "The Eurasian Economic Union – more political, less economic", *Centre for Eastern Studies* (2015), accessed April 2, 2015, <http://www.osw.waw.pl/en/publikacje/osw-commentary/2015-01-20/eurasian-economic-union-more-political-less-economic>

⁶³Anton Shekhovtsov, "Putin's Brain?", *Academia.edu*, accessed March 25, 2015, http://www.academia.edu/8249892/Putins_Brain_on_Aleksandr_Dugin

⁶⁴Iwona Wisniewska, "Eurasian Integration: Russia's Attempt at the Economic Unification of the post-Soviet Area", *Centre for Eastern Studies* (2013): 26, accessed March 27, 2015, http://www.osw.waw.pl/sites/default/files/prace_44_eurasian-integration_net.pdf

passed. The functioning and success of the Eurasian Integration depends primarily on Russia, as it was the one who pushed the development of the Union and it is the strongest economic power capable of subsidizing the economies of the member-states. “Russia is the driving force behind the integration process, and its aim is to integrate more in those areas in which Russia benefits the most, as evidenced by the Russian plans to introduce a common currency or create an EEU parliament. As a result, the EEU will only strengthen mutual dependencies, consolidating the trend whereby the problems of the EEU’s economically strongest member, i.e. Russia, spill over to the other member countries (for instance, the depreciation of the rouble has been driving pressures towards devaluation in Belarus and Kazakhstan)”⁶⁵

Eurasian Integration is a new kind of regionalism as “integration within a country, or in a region, will always be able to go further than global integration. People tend to share values with the neighbors as they have common history, similar cultures and frequent interaction. People trust their neighbors more than they trust those on the other side of the world.”⁶⁶ Eurasian Integration process is an objective reality; it has both supporters and opponents but even though this process will be developing and deepening similar to what was going on in Europe because the member-states share the common Soviet background and culture, and they inherited close ties from the USSR. An important point in the process of becoming a full member of this society is that it is necessary for entering state Kyrgyzstan and future participants to put the political independence in the first place and do not lose the sovereignty of the state.

⁶⁵Jarosiewicz and Fischer, “The Eurasian Economic Union – more political, less economic”

⁶⁶Simon Lester, “A Call for Integration”, *The International Economy*(2014), 63

Conclusion

The twenty first century is the time when countries are strengthening their economic relations and becoming the participants of the world market. Simultaneously the states are integrating regionally, and these two phenomena are supplementing each other based on the example of the EU. However in case of Eurasian Integration, regionalism is an antiglobalization process. This paper analyzes the interests that stand behind the Russian desire to establish the Eurasian Union and why this EAEU is an instrument of Russian foreign policy. Nowadays the countries are using regional blocs as a tool of political power. The process of Eurasian Integration has become a new important factor in the shaping of international relations, especially concerning the East-West opposition. Conclusively, Russia uses this process as a tool of reshaping global politics by strengthening their alliances with regional states and powers, which became possible because of the shared culture, mentality and close ties shaped by common history.

Russia wants to secure its traditional sphere of influence because in the beginning of twenty-first century the Western powers were expanding their interests in Eastern Europe, former Soviet republics. Thus regional alliances are not just economic, they are more geopolitical and Ukrainian crisis proved it as Russia used hard foreign policy in order to counteract the Western powers. Also Russia is re-establishing it as a new great power that wants to end the US dominance and counterbalance Western world and its influence represented by the globalization process. The result is that Russia actively promotes the deepening of the Eurasian Integration which is developing and has already reached the fourth stage of economic integration, coming to the political integration.

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