This chapter looks at the experience of both formal and informal regionalization in Eurasia, focusing on the post-Soviet states and the Eurasian Economic Union in particular. Regional integration in this part of the world does not follow in the footsteps of the West. By taking a defensive stance toward neoliberal globalization practices and ideologies, new regionalism in Eurasia blazes its own path of development. Resuscitation of mutually beneficial ties of the late Soviet era and the state-guided developmentalism of a market variety are two defining features of this phenomenon.

Regional integration of states is a tool to advance their political and economic fortunes. Specifically, interstate regionalism, i.e., the close cooperation and integration of several states that belong to the same political-geographic community, advances the trade and well-being of the participant nations, promotes international and national security and facilitates the so-called four freedoms of movement across the national borders: the movement of goods and services, finances, labour and business entrepreneurs. Interstate regionalism may also be seen as the newest manifestation of traditional politics of alliances. It has a discernible geopolitical underpinning and clearly serves to enhance the international clout of a regionally leading state.

Explaining regionalism

Theories of regionalism have been determined by historical developments or what some scholars refer to as the “four waves of regionalism” (Mansfield and Milner 1999). In such a count, the first wave supposedly occurred in the latter half of the 19th century and was mostly confined to Europe. The second wave, which took place between the World Wars, was based on preferential trade arrangements between sovereign nation states. The third wave, from the late 1950s to the 1970s, had brought to the fore the European Economic Community (EEC) and the Council for Mutual Economic Assistance (CMEA), not to mention multiple trading blocs formed by developing countries. The fourth “wave” occurred at the end of the Cold War and was marked by the United States’ active attempts to steer the process within a multilateral framework of the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO).
While the “waves” came and went, the nature of an international region remained pretty much the same. As noted by Raimo Väyrynen (2003, 26), “during the Cold War, most regions were either political or mercantile clusters of neighbouring countries that had a place in the larger international system.” Arguably, the same definition rang no less true for the preceding time periods. Whatever other factors could intervene in regionalization processes, security considerations and power politics were paramount. Regionalism remained “an essentially political process transformed by multidimensional economic and strategic factors” (Beeson 2005, 970). Because of that, regional studies were the traditional pastime of political geographers and security analysts.

It can be argued that what we see now is the fifth wave of regionalism, characterized by the global spread and diversification of regionalist arrangements, institutions and agreements. This diversification grows parallel to the progressive decline of the American hegemony and factual pluralization of the regional centres of power. China’s growing might and Russia’s newly found assertiveness in Eurasia contribute to the erosion of the American hegemony. The tremendous fiasco that the United States suffered in the Middle East has undermined its capacity to steer regionalization processes into the “golden straitjacket” (Friedman 1999, 87) of neoliberal rules of behaviour. Regionalization in Latin America takes little heed of US interests in the area. New regional developments are not subject to the political will of a single hegemon and do not necessarily reflect systemic distribution of power capabilities in a single international system. Whether we enter the era of multipolarity or “ambipolarity” (Nossel 2016) in international relations, one thing is clear: Just as neoliberalism can no longer serve as a universal mantra of truth accepted by everybody, so regionalism can no longer conform to a single set of standards derived mostly from the West European experience.

Unconditional opening of the markets or democratic reforms in the Western style may not be top priorities for a number of regional groupings in the developing areas of the world. New regionalism here is both more complex and more varied in quality. The “underdog” regions are using local integration movements to tilt the global economic balance, albeit slightly, to their own benefit. Moreover, regional drives in the global South are also about identity and culture, national sovereignty and democracy. Even in today’s globalized world, developing nations understand democracy to primarily mean reflection of the popular will of the majority of their own nation rather than reflection of the Western understanding of what democracy should be “by the book.” Resistance to the imposition of Western views and practices intensifies, as local fights against globalist neocolonialism acquire regional dimensions.

International relations realists may argue that the new international order is not that different from what we’ve seen before: It is still characterized by “several regional powers dominating their geographical areas” (Rosecrance 1991, 373, 375). Neorealists see regionalism as the epiphenomenon of other processes of strategic interaction among states, for example, alliance formation “to counter the power of another state or group of states within or outside the region” (Söderbaum 2005, 224). Thus, regionalism becomes a predominantly geopolitical development defined by the systemic distribution of material capabilities and the power maximization strategies of the states. It is seen as “an essentially political process informed by multidimensional economic and strategic factors” (Beeson 2005, 970).

International relations liberals prefer to speak of regional cooperation rooted in common economic interests or similar preferences of societies. Liberalism provides more room to account for the activities of interest groups, corporations, industrial sectors, bureaucracies and civil societies. This body of thought draws heavily on the pioneering works of the early students of European integration: David Mitrany, Ernst Haas, Leon Lindberg and Philippe
Schmitter. The “neofunctionalist” approach to the European integration that these scholars developed represented regional integration as a product of trial and error interactions across the national borders where participating states and non-state actors equally “exploit the inevitable ‘spill-overs’ and ‘unintended consequences’ that occur” as a result of earlier interactions (Schmitter 2004, 46).

Finally, regions could be understood as primarily cultural entities. Culturalist and constructivist interpretations, ranging from Samuel Huntington’s “clash of civilizations” to the so-called “third generation” works on strategic culture, insist on the importance of cultural values that bind states together (Johnston 1995; Reus-Smit 1999). Students of international alliance politics observe that cultural values affect the evolution and functioning of strategic alliances. Peter Katzenstein (2000, 354) insists that regions are, among other things, social constructions created through politics. Constructivists emphasize “polity formation through rules and norms, the transformation of identities, the role of ideas and the uses of language” (Christiansen, Jorgensen, and Wiener 1999, 528). A discursively constituted regional entity, for a constructivist scholar, must be seen as a systemic pattern of interactively constituted beliefs.

Thus, international regions are variously understood as mostly political-economic entities created to facilitate intraregional trade, mostly security arrangements united by common defence interests, mostly cultural communities, or mostly products of discursive practices that bind both states and non-state actors together by “intersubjective understandings that affect their behavior” (Ruggie 1998, 12). The understanding of the core functions performed by regional entities varies too. Some perceive regionalism as a “defence mechanism” against globalization, suggesting that there exists a mutual tension between globalization and regionalization (Väyrynen 2003, 32). Others contend that globalization does not necessarily elicit regional responses, and when it does, regionalism does not necessarily conflict with the movement to a more open economy.

New regionalism in the developing, or perhaps post-Western, world combines developmental agenda and preferential treatment of regionally cooperating countries with the promotion of active participation in international markets on the terms beneficial to the developing world’s participants. New regionalism approach (NRA) tries to capture the difference between new and old varieties of regionalism by focussing, in the words of one of its leading proponents, on systemic factors, for example, globalization and the region’s position in the emerging world order(s), showing a deeper concern for regional agency, the achieved degree of “regionness” and the constructed nature of the region. The state-led regional organizations are seen as a second order phenomenon compared to the bottom-up processes of regionalization, and regions as such are not taken for granted (Söderbaum 2008).

Compared to “old regionalisms” of the EU type, new regionalisms have been considered less structured and more fluid and open, converging on a variety of issues between the global and local that represent common interests of the neighbouring countries (Cooper, Antkiewicz, and Shaw 2007). Not infrequently, new regionalism implies regulating trade access to a particular region in order to protect it against the destructive influences of the unscrupulous agents of globalization (Väyrynen 2003). Thus, new regionalism aims at the expansion of the market while not shying away from “political intervention in defence of societal cohesion” (Hettne 2005, 548–549).

The Eurasian Economic Union, as conceived by Russia and Kazakhstan, and the “One Belt, One Road” initiative promulgated by China are both examples of this new regionalism—a type of regional cooperation that steers a third way between import substitution and trade liberalization, and is opposed to Western trade and financial dominance and cautious
of neoliberal globalization while seeking to derive most benefits of regional and global markets’ opening for itself. The paradox of the situation is that this post-Western regionalism of sorts still has to exist, grow and evolve in the presently functioning world order, which has been constructed and dominated by the West. It therefore becomes engaged in an implicit competition with the “old regionalism” of the West and the more current Western globalist manoeuvres. Sometimes, the “old” and “new” regionalist projects apply to the same region and may even bear the same or near-same names, which is the case with the US-promoted “New Silk Road” proposal and China’s “New Silk Road strategy.”

Competing regionalist projects do not exist in a political vacuum and cannot be seen as unaffected by power politics. Political pressures may either accelerate regional integration or impede it. Societies may play a larger or a more limited role in regional integration drives. Regionalization “from below” may complement or conflict regionalization “from above.” These debates and opposing arguments fully apply to regionalist processes in Eurasia. Before proceeding any further, it may be necessary to define what “Eurasia” in this context actually means.

**Eurasian regionalism: early steps**

The term “Eurasian” draws upon the tradition of Russian émigré thinkers of the early 20th century who posited the existence of the specifically “Eurasian” core to the Old World continent, which is neither Europe nor Asia as such but represents the “Old World’s centre,” the continental “torso” of the Eurasian land mass, consisting mainly of its three largest plains – East European (Russian), West Siberian and Central Asian – and their adjacent peripheries to the east. This Eurasia proper, *Eurasia sensu stricto*, is to be differentiated from the classic geographic concept of a continent spanning both Europe and Asia in their entirety, *Eurasia sensu latiore*.

According to one of the founders of the idea, the Old World land mass consists not of the two parts – Europe and Asia – as geographers typically claim, but of the three: Europa, Asia and Eurasia. The Eurasian part lies in the middle and plays the mediating role. It more or less coincides with the historic lands of the Russian Empire and its periphery. Thus, Russia has much more grounds than China to be called a “central state” or a “middle power” (Zhōng-guó in Chinese). Compared to the Russian core, both Europe and Asia in the same measure represent no more than the periphery of the Old World (Savitsky 2007).

The idea of the continental “trunk,” which bears an uncanny resemblance to Halford Mackinder’s (1904) Heartland, has carried weighty geopolitical implications: A historical mission of Eurasia proper, according to classic Eurasianists, was to be a unifier of the entire continent, the true “middle” world bridging both European and Asian “peripheries of the Old World.” Thus understood, Eurasia has been perceived as a naturally integrated entity predestined to remain whole and indivisible: In one formulation, “the nature of the Eurasian world is least conducive to “separatisms” of any kind – whether political, cultural or economic” (Savitsky 2007, 240).

Historically, Eurasianism as a concept connoted a modernized, post-monarchical version of Russian imperialism and multicultural, state-based nationalism. Some of the echoes of this reading still persist. However, the resurrection of the idea in the form of the Eurasian regional integration in the late 20th and early 21st century has nothing to do with the desire to recreate the behemoth state covering one-sixth of the world’s land mass. Eurasian regional integration today is about voluntary processes of predominantly economic cooperation. With economic cooperation at its core, it also engages social, political, administrative,
regulatory and normative exchanges indicative of the multifaceted coordination of governance among several post-communist states from Belarus in the west to Mongolia in the east.

Regional integration in Eurasia parallels similar developments elsewhere in the world. This new regionalism represents, worldwide, not only an adaptive reaction to economic challenges, security dilemmas, uncertainties and risks of the global age but also a new way to “go global.” Moreover, in the case of Russia and its post-Soviet allies in the neighbourhood, regionalism has been a strategy of forestalling the further fragmentation and potential collapse that many feared with good reason after the breakdown of the former Soviet Union.

The end of the Soviet Union changed political geography of not one country but the continent. The super-state that occupied one-sixth of the land surface of the planet was gone, and fifteen independent states appeared in its stead. The question of a regional “home” for these states was pushed onto the agenda by the emergence of the new security dilemmas and economic challenges.

With the exception of the Baltic nations, finding a home in the West proved difficult for both European and Asian republics of the former Soviet Union. Asia was somewhat more accommodating: Soon after the end of the Union of Soviet Socialist Republics (USSR), Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan joined the Economic Cooperation Organization founded by Iran, Pakistan and Turkey. In the mid-1990s, Kazakhstan, Kyrgyzstan, Russia and Tajikistan joined with China to form the Shanghai Five; after the addition of Uzbekistan in 2001 the group renamed itself the Shanghai Cooperation Organization (SCO).

Even so, integration networks and infrastructure created over the seventy-something years of the Soviet rule left indelible marks on all newly independent states’ economies. Some form of economic cooperation above and beyond WTO-typical most favoured nation trade arrangements was necessary. Thus, an idea to engage one’s former sister republics in a confederate, or even more loosely defined regional arrangement of some sort, came rather naturally to twelve of the fifteen ex-Soviet states. Even if Russia tried to reconstitute its lost spheres of influence, other post-Soviet states sought to preserve Russian credit and trade subsidies, negotiate preferential tariffs and free-trade zones, pool resources and take advantage of integrated industrial and transportation links inherited from the ancien régime.

Reintegration of a collapsed multinational federation on a voluntary basis, no longer as a state but as a region comprising several independent states, is a task that is principally different from a typical regional integration exercise. Historically, territorially adjacent states banded together to facilitate free trade and security cooperation. The sovereignty of these states was never in question. Establishment of a region was seen by participants as an instrument of further promotion of state sovereignty: a solution to potential international conflicts that might arise inside or outside the regionalizing grouping; a vehicle to promote and expand national exports; or, perhaps, an opportunity to voice some “pan” identity claim.

In the post-Soviet Eurasian case, the situation was quite different. The states’ sovereignty was precarious. Its strengthening required, first, to complete the unfinished task of national consolidation, and, second, to court recognition from “old” members of the international community. Building international alliances with the established centres of power took priority over region building at home. International guarantees of sovereignty were preferred to the creation of collective security structures with equally insecure neighbours. The intraregional trade emerged out of Soviet dissolution with all the birthmarks of the old system: It was characterized by distorted prices, market irrationality, expected subsidies and kickbacks and the prevalence of gentlemanly agreements over contract discipline.
With regards to a common identity claim, the situation was even more complex. Identity claims of regionalizing states tend to be based on some pre-existing designation deemed of importance and value by all of the participants. It may relate to some form of pan-nationalism (e.g., Arab, African or European), or to a shared international position vis-à-vis external centres of power (Mercosur, ASEAN, the Union of South American Nations), or to a common set of values of political and ideological nature (NATO, OSCE). While the newly independent states of Eurasia did share a common identity, it was fully grounded in the Russian imperial and Soviet past. Moreover, this common past was perceived as something to be rejected, rather than upheld.

In spite of all these hurdles, reintegration of the former Soviet republics started almost synchronously with the disbandment of the Soviet Union. During the December 8, 1991, meeting in Belovezh, Belarus, the leaders of Belarus, Ukraine and Russia signed an agreement proclaiming the establishment of the Commonwealth of Independent States (CIS). The Agreement committed the parties to the development of cooperation in politics, economics, culture and education; coordination of foreign policy; cooperation “in the formation and development of a common economic space, all-European and Eurasian markets” (Art. 7). A week later, leaders of the five Central Asian republics met in Ashkhabad (currently Ashgabat) and declared their readiness to become “equal co-founders” of the CIS. The process was formalized at the December 21 summit in Almaty, Kazakhstan, where the Central Asian states, together with Armenia, Azerbaijan and Moldova, received recognition as “high contracting parties” responsible for the creation, “on an equal basis,” of the post-Soviet Commonwealth, together with the East Slavic trio of Russia, Belarus and Ukraine. With the formal ascension of Georgia in 1994, the Commonwealth temporarily united all of the former Soviet republics save the three Baltic states.

The CIS’s main purpose was to preserve essential economic ties within the former Soviet space, while creating a platform for gradual opening of these predominantly uncompetitive economies to the global market. It also offered an interstate community of belonging – an international family that these nations longed for. While political reintegration was not on the agenda, preservation of the essential trade ties was needed for economic survival. Extensive coordination of monetary, customs, employment, tax and investment policies was the only way to soften the shock of transition from the formerly planned economy to the unknown shores of the market.

Over the years following its inception, new institutional forms were proposed. In September 1993, CIS countries signed an Economic Union Treaty, which envisaged creation of a free-trade area. The treaty was followed by a series of subsidiary agreements on free trade (April 1994), payments (October 1994), customs (January 1995), legal harmonization (January 1996), customs classification lists (February 1996) and railway tariffs (October 1996). The member states committed themselves to the achievement of free movement of goods, services, capital and labour, and promised to follow the agreed-upon monetary, taxation, price, credit, customs and foreign economic policies. They also pledged to develop compatible and similar instruments of regulation and encourage establishment and continuation of direct links between firms and industries.

However, the post-Soviet Commonwealth’s performance has been very uneven, if not lacklustre. The CIS agreements expressed intentions, but did little to create working mechanisms. Few of the signed documents were implemented in full. Slightly more than a half were formally enacted. An average implementation rate of the enacted agreements stood at 55 percent. As a result, by the time of its twentieth anniversary, the CIS executive bodies had to dump near one-third of all the documents signed throughout the previous two decades (CIS Executive Committee n.d.).
The Commonwealth’s role in facilitation of intraregional trade of its core states appeared minimal and steadily declined until a temporary breakthrough related to the formation of the Customs Union in 2010. Instead of growing into a tightly knit union with coordinated trade, monetary and economic policies, the CIS shaped out as a loose consultative forum, an instrument of a “civilized divorce,” as Vladimir Putin himself acknowledged in 2005. Annual summits grew shallow, while the working groups made little progress on key issues. By the end of the 2000s, many of the participant states’ leaders were convinced that the CIS had played its role. The Kremlin’s insiders gravitated to the idea that the emphasis in Russia’s foreign policy should be put instead on “those structures that have future,” such as the Eurasian Economic Community or the Collective Security Treaty Organization (Rosbalt 2007).

In spite of this thorny road, the CIS did not collapse and continued providing venues for interstate negotiations and multilateral meetings, starting with the regular meetings of the councils of the heads of state, heads of government, ministers of foreign affairs and, for the eight members, ministers of defence. It allowed institutionalization of the relatively unrestricted movement of labour, coordinated legislative and regulatory acts, maintained energy flows and created common markets in agriculture, transportation and information technologies. It established the multilateral Economic Council, Economic Court and the Interparliamentary Assembly of the CIS member states. It branched out and sponsored a number of specialized agencies, such as the Antiterrorist Centre, the Interstate Bank and the Electric Energy Council; the interstate councils on emergency situations, antimonopoly policy, aviation and air space use; the Council of the Heads of Customs Services and so on. Cooperation in science and information exchange produced the International Association of the Academies of Sciences; the Interstate Foundation for Humanitarian Cooperation; the Council for Cooperation in Science, Technology and Innovations; the Hydro-meteorological Network and the Interstate Statistical Committee, among others.

The CIS had also facilitated cooperation in military and security spheres, including joint membership in a unified system of air and missile defence. Under its auspices, four peacekeeping operations were launched, with varying degrees of success, in Moldova, Abkhazia, South Ossetia and Tajikistan. In spite of criticism endured by Russia for its use of the CIS peacekeeping to pursue its own foreign policy agenda, the operations did succeed in stopping bloodshed and separating warring parties. Peacekeeping and peacemaking in Tajikistan (1993–2000) brought an end to a prolonged civil war and helped in the conclusion of a definitive peace agreement between the government in Dushanbe and the United Tajik Opposition. This has helped to alleviate tensions in the region and brought Tajikistan closer into the orbit of regional integration processes in Eurasia.

The opposite experience of pushing a member out of the organization started with the CIS (predominantly Russian) peacekeeping in Georgia. As the events of the Russian-Georgian war in 2008 had shown, the Russian peacekeepers in South Ossetia essentially took the side of the Ossetian separatist forces. In spite of the fact that the war itself was launched by a surprise Georgian attack on the separatist capital Tskhinvali, the subsequent intervention by the Russian army helped transform the internal conflict of secession into the international conflict between two of the CIS members – Russia and Georgia. The Georgian government’s decision to quit the Commonwealth a few days later, when the Russian army came close to occupying Tbilisi, came as no surprise to other CIS members and the international community at large.

In a similar fashion, Ukraine’s decision to quit Commonwealth came in the wake of Russia’s annexation of Ukraine’s predominantly Russian territory – Crimea – and the start of a separatist rebellion in the eastern Donbass provinces. Leaving the CIS would render 223
collective treaties that Ukraine has signed since the CIS inception null and void, and damage the country’s relations with a host of countries beyond Russia. Because of that, Kiev decided to keep its nominal CIS membership without actually participating in the organization’s executive organs.

By the CIS’s 25th anniversary in 2016, it was clear that even Russia stopped treating the CIS as a regional integration priority. Even so, the organization is not dead and may still transform itself into something useful. Moreover, it is important to remember that the CIS helped to achieve what was possible under the circumstances. The dissolution of the USSR could, in fact, happen in a much more chaotic and even violent way, and the conflicts in Transcaucasia, Tajikistan or Trans-Dniester could drag for decades. The Soviet succession and the division of assets, albeit negotiated mostly on a bilateral basis, were facilitated via debates in the multilateral CIS bodies. The annual CIS summits institutionalized regular exchange of opinions and helped develop a sense of joint membership in a regional family of nations, which could seem, at times, dysfunctional and at other times, irrelevant, but nonetheless remained a sturdy fact of political and economic geography. The “branching out” of the several post-Soviet states into subregional integration projects without Russia can also be attributed to the international socialization and learning experience received within the framework of the CIS. Even when critical of the Commonwealth’s performance, these states did build on their CIS experiences in various attempts to outgrow the confines of the post-Soviet regional cooperation.

Thus, several states that sought to overcome their dependence on Russia had banded together to create the GUAM (Georgia-Ukraine-Azerbaijan-Moldova) grouping and, fresh out of Ukraine’s 2004 “orange revolution,” proclaimed the Community of Democratic Choice to unite “all democratic states in the Baltic, Black Sea and Caspian regions” (Torbakov 2005). That organization was soon transformed into the Organization for Democracy and Economic Development (ODED-GUAM). The Baltic-Black Sea cooperation process was pushed along with no small help of the European Union (EU) and the United States. However, it has not “lived up to expectations” (Manoli 2012, 45). A number of Central Asian initiatives, such as the Organization of Central Asian Cooperation, took off and continued independently from Russia until 2005. The Conference on Interaction and Confidence-Building Measures in Asia (CICA) was proposed by Kazakhstan’s President Nursultan Nazarbayev and led by Kazakhstan from its inception in 1999 until 2010.

The military-political dimension

The Collective Security Treaty Organization (CSTO) has been an essentially Eurasian entity since its inception. Its “Eurasianness” relates to the fact that the very creation of the CSTO was prompted by security threats emanating from the largely lawless parts of Central Asia and Transcaucasia. The signing of the Collective Security Treaty (CST) had actually preceded the establishment of the eponymous organization by good ten years. Rather than launching a new military alliance, the CST original signatories – the three Transcaucasian republics of the former Soviet Union, the four Central Asian states (all but Turkmenistan), Belarus and Russia – were more concerned with the containment of the ongoing civil conflicts in Tajikistan and Georgia and the cessation of hostilities in the Nagorno-Karabakh area disputed between Azerbaijan and Armenia.

Before the CST treaty was signed in 1992, Russia aired the idea of transforming the ex-Soviet army into a new CIS force under a “joint” (in effect, Russian) command. It did not fly with other newly independent states (NIS). Very soon, the armed forces inherited
from the USSR were “nationalized” by the respective NIS governments. The CIS proved of little value in sorting out the Soviet nuclear inheritance. This question was resolved with the help of the United States through the invocation of the Nuclear Non-Proliferation Treaty with respect to Belarus, Kazakhstan and Ukraine. All of the three reverted to the non-nuclear status, transferring their nuclear weapons to Russia.

As expectations of using the collective security provisions of the CST for stopping the internal (Georgia) and external (Azerbaijan) conflicts were not realized, these states left the Treaty in 1999. So did Uzbekistan, whose leaders felt the country was abandoned by Russia to face the threat of militant Islam emanating from Tajikistan and Afghanistan on its own. However, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan proceeded to launch a treaty-based organization to build on existing military and political ties and meet the challenges of transnational terrorism, extremism, criminality and drug trafficking together. Uzbekistan rejoined the CSTO in 2006, following the bloody suppression of the Andijan protests in 2005 and the subsequent fallout with the United States over regime’s human rights violations.

The Kremlin views CSTO as “a key instrument to maintain stability and ensure security” in its “zone of responsibility and adjacent regions” (Foreign Policy Concept of the Russian Federation 2013). The main stated purpose of this alliance is protection of territorial integrity, sovereignty and independence of its member states from the external aggression committed by a state or a group of states. While international observers occasionally present the CSTO as “a small scale analogue to NATO” (Mankoff 2012, 162), the organization protests such characterization. “NATO is a military bloc seeking a global role,” said CSTO Secretary General Nikolai Bordyuzha. “The military factor is not the foremost one in the activities of the CSTO” (Novosti SNG 2008). This, however, may be a handicap. Even though the organization would like to position itself as a regional security guarantor, it did not intervene to stop a bloody uprising that toppled Kurmanbek Bakiyev’s regime in Kyrgyzstan in 2010 and refused to grant the new government’s request for peacekeepers to deal with ethnic riots in the southern Osh and Jalalabad regions.

The CSTO was slow in establishing its Collective Rapid Reaction Force (CRRF or KSOR, per its Russian acronym), which had been discussed, intermittently, since 2001. Until the CRRF were, finally, created in 2009–2010, the CSTO Collective Forces of Rapid Deployment (CFRD) were called forth to provide security in Central Asia. Based on the national contingents from Russia, Kazakhstan, Kyrgyzstan and Tajikistan, ten battalions altogether, CFRD comprised about 4,500 troops with a core formed by Russia’s 201st Motorized Rifle Division that remained stationed in Dushanbe, Tajikistan, since the Soviet collapse. Moscow had also suggested that the Russian air base in Kant, Kyrgyzstan, were to be counted as part of the CFRD. The other areas of the CSTO responsibility – the Eastern European and the Caucasus regions – have been covered, so far, by the forces “native” to the region: Belarusian and Russian in the first case; and Russian and Armenian, in the second case (UNU-CRIS 2008, 40–41).

The CFRD, in Dmitry Medvedev’s opinion, remained a paper tiger with no real fangs or muscle. While announcing the CRRF (in the Russian abbreviation, KSOR) creation as that of “an effective and universal instrument to ensure unconditional… maintenance of security throughout all of the CSTO space,” Medvedev allowed himself of a pun on the official name of the Collective Forces of Rapid Deployment: “Of course, they do deploy fast, but they have never been deployed by anyone anywhere as yet. And these forces’ value still exists on paper only” (Prezident Rossii 2009).

Creation of the CSTO collective peacekeeping forces has been a glacial undertaking, too. A decision to create joint peacekeeping forces of the CSTO member states on the basis of
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the respective national contingents was made back in 2007. It took four years to complete
the formation of the force, which, according to the agreement, may be used to deal with the
conflicts arising from both inside and outside the territories of the member states. In addi-
tion to the bona fide peacekeeping missions, the force may be deployed for counterterrorism
missions, as well as operations to combat drug trafficking and illegal migration. Since the
conceptual differentiation between peacekeeping, peacemaking and peace enforcement has
not made it into the CSTO discourse or its foundational documents, it is safe to assume that
CSTO peacekeepers might be called upon to perform tasks of either type (UNU-CRIS
2008, 41).

By mid-2016, the CSTO Collective Peacekeeping Forces numbered around 3,500 men,
while CRRF numbered near 19,000 soldiers and trained actively. No longer a paper tiger,
the organization still lacks an unambiguous regional mandate and struggles for international
recognition. Internal discords between Tashkent, on the one side, Moscow and Minsk, on
the other side, led Uzbekistan to suspend its membership in June 2012. The prevalent view
in Tashkent at the time was dominated by concerns that CSTO membership could be used
to bring Uzbek national troops into a third-country conflict against that country’s wishes
and the best understanding of Uzbek national interests. However, the CSTO Statute pro-
claims that the decision to deploy troops will always be collective and consensus based and
can only follow an official request of a member state inviting peacekeepers to settle a conflict
on its own territory. Thus, the occasional fearmongering notwithstanding, the CSTO forces
will never be deployed to help Armenia settle a conflict with Azerbaijan over the disputed
territory of Nagorno-Karabakh: Only a direct aggression against Armenia itself might ne-
cessitate such intervention (Rustamov 2012).

CSTO’s regional relevance will be tested vis-à-vis the ongoing situation in Afghanistan
and on its borders. Russia’s responsible leadership of organization is crucial for its success.
Since it has been formed on the basis of Russia’s 98th Airborne Division and the 31st Air-
borne Assault Brigade, the CRRF force is essentially under the Russian command. While
maintaining its military bases in Kyrgyzstan and Tajikistan, Russia had succeeded in making
other CSTO members agree to the idea that any foreign bases on the territory of the CSTO
states should be vetted by all members of the organization. This, in fact, gave Moscow a
veto right with regard to any foreign basing plans in Central Asia. However, the question
remains, if American and NATO presence in Afghanistan is close to nil, can Russia and
Russia-led CRRF forces contain the threat of radical Islamization of the region without
external help?

Some analysts believe they cannot (Sputnik 2016). Critics charge that the CSTO rarely
delivers on its promises and looks more like a club for the preservation of authoritarian re-
gimes, rather than a security organization vested with a task of developing effective partner-
ships or finding collective solutions to common problems (Tarasenko 2011). For all intents
and purposes, the would-be bloc looks mostly as a Russian tool. Yet, in 2015, the CSTO
failed to back Russia with an unambiguous manifestation of support in its conflict with
Turkey over the downed Russian jet (Kucera 2015). The organization is under-resourced and
could not intervene decisively to stop, or even contain local conflicts in Central Asia. For
some observers, it is no more than an empty shell of a security institution (Blank 2014). Until
and unless CSTO shows itself as a real force capable, for example, of protecting its Central
Asian members from the threat of the Islamic State or Taliban’s intervention, or thwarting
drug trafficking from Afghanistan, or helping build confidence along the Tajikistan-
Uzbekistan and Uzbekistan-Kyrgyzstan borders, the organization’s mandate and relevance
will remain open to questioning.
From EurAsEC to the Eurasian Union

The early phases of the post-Soviet Eurasian integration process were steered by the Central Asian states. Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan had created the Central Asian Commonwealth days after the end of the USSR in late 1991. This was renamed the Central Asian Economic Union in 1994, when Kazakhstan, Kyrgyzstan and Uzbekistan signed the treaty establishing a single economic space. The presidents of the three states formed the Interstate Council and its Standing Committee, which supervised several working groups. They launched the Central Asian Bank of Cooperation and Development with capital based on budgetary transfers from the members. When Tajikistan joined in 1998, the organization renamed itself into the Central Asian Economic Cooperation, and in 2002, the Organization of Central Asian Cooperation (OCAC).

Its main activities were economic in nature; however, with Russia coming on board in 2004, it brought a renewed emphasis on security. The Kremlin argued that the OCAC’s key objectives should be joint struggle against international terrorism and religious extremism, drug trafficking, human trafficking and illegal migration. Russia had also offered help in addressing systemic economic issues, such as the creation of regional hydropower, transportation and food consortia. A year later, Russia succeeded in merging OCAC with the Eurasian Economic Community (EurAsEC) advocated by Moscow. Official statements on the occasion argued that the merger would permit eliminating duplication in the activities of the two organizations with a largely overlapping membership and help reduce financial and time-related costs. The EurAsEC inherited several OCAC’s portfolios on such issues as ecology, the hydropower-water supply nexus, healthcare and the burial of old uranium mining sites.

With EurAsEC appearing as the preferred vehicle for economic integration in the region, Nursultan Nazarbayev advocated creation of a regional development bank. Vladimir Putin supported the initiative, and the Eurasian Development Bank was founded in January 2006. Sensing new opportunities, several non-governmental business associations in Russia were keen to jump on the bandwagon. In 2008, the EurAsEC Integration Committee, the Russian Chamber of Industry and Trade, the Russian Alliance of Manufacturers and Businesspeople, and the Association of Financial and Industrial Groups of Russia sponsored creation of the Eurasian Business Council “to foster the development of trade and economic cooperation between EurAsEC countries, establish direct links between companies from these countries and encourage business circles to assist integration in EurAsEC” (Eurasian Development Bank 2009).

Until the mid-2000s, Putin’s reintegration initiatives evolved in more than one direction. Ukraine seemed, more or less, predisposed to tone down anti-Russian rhetoric and lost much enthusiasm about the GUAM following the essential failure of the July 2003 summit of the grouping. With EurAsEC gaining in speed and dynamics, Kiev showed more interest in collaborating with Moscow. The Single Economic Space (SES) agreement between Russia, Ukraine, Belarus and Kazakhstan was signed in September 2003 and ratified by the parliaments of all signing countries the following year. The SES was devised to provide for free movement of all factors of production and for the effective policy coordination across a range of macroeconomic issues. The 2004 summit in Astana (Kazakhstan) produced an agreement to levy the value-added tax on a destination-country principle. More than two dozen of foundational legal documents had been prepared for the next year’s meeting. However, Ukraine objected to the pooling of sovereignty and ceased its participation in the SES process a few years later. When ratifying the agreement, Ukraine’s Verkhovna Rada
(parliament) introduced a caveat that the SES provisions and obligations should not contradict the country’s constitution. In 2005, President Yushchenko decreed that Ukraine would need the SES compliance with the WTO norms and obligations and the requirements of Ukraine’s integration in the European Union. In opposition to the Russia-preferred vision of a customs union, Ukraine proposed to focus on a free-trade zone “without any exceptions and limitations.” Ukraine’s obstructionism led to the eventual collapse of the SES talks in their original format of four participating countries. Belarus, Russia and Kazakhstan decided to move further without Ukraine and relaunched the common economic space project within the framework of the EurAsEC.

By 2006, the Eurasian Economic Community included Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan (the latter suspended its participation in 2008). Armenia, Moldova and Ukraine each had an observer status. The EurAsEC promised to boost cooperation in trade, economic, social, humanitarian and legal spheres, with an idea of finding an optimal balance between national and common interests of participating countries. As a successor to the CIS Customs Union, it sought to complete formation of a free-trade area among member states and aimed at establishing a common external tariff and common customs border as first steps toward the creation of a full-fledged customs union. Other prospective goals included unification of foreign economic policies and non-tariff regulation measures, formation of common financial and energy markets, a common market for transportation services and a unified transport system, other components of a common market for trade in goods and services and undertaking measures to ensure free movement of people and the establishment of a common labour market on the basis of coordinated social policies.

The decision to establish a EurAsEC Customs Union (CU) was adopted in August 2006, with an understanding that Russia, Kazakhstan and Belarus would become its first members. The idea of multilevel, multispeed integration, borrowed straight from the EU lexicon, proved equally useful for Eurasia. An agreement on the formation of the unified customs territory was signed in 2007, yet negotiations over technical issues went on for two more years. On June 9, 2009, Vladimir Putin announced that Russia, Belarus and Kazakhstan would be joining the WTO together as a customs union. A common external tariff was launched on January 1, 2010. The treaty on the Customs Code of the Customs Union was signed on November 27, 2009, and ratified next year. The Customs Union Customs Code entered into force in all three countries by July 6, 2010, and by July 2011 transfer of controls to the external borders was accomplished, with full abolition of customs clearance for the goods moving between Russia, Kazakhstan and Belarus and intended for domestic consumption.

The Interstate Council of the EurAsEC acted as the supreme body of the Customs Union. The main regulatory institution was the Eurasian Economic Commission – EAEC (in 2009–2011, the Customs Union Commission, or CUC) – which consisted of the Commission’s Council and Collegium. The EAEC Council, just like its predecessor, the Customs Union Commission, was made of three deputy heads of government, one per each member state. The EAEC Collegium, which has replaced the CUC’s Secretariat, was made of nine people at the rank of a senior minister, or three members from each participating country. The transition from the CUC to the EAEC affected substantial changes in the voting procedure. The CUC’s budget was formed on the basis of national contributions of member states in the following proportion: Russia – 57 percent, Belarus and Kazakhstan – 21.5 percent each. The same proportion applied to the voting rights of the member states: Russia had 57 votes out of 100, thus exercising a de facto veto in the decision-making process (the decision was passed by two-thirds of the votes). The EAEC budget was formed based on the shares contributed by each member state in proportion to the national share of import duties received. Although
the distribution of import duties according to the 2010 agreement clearly privileges Russia, decisions in the EAEC are fully consensus based and not affected by the size of the country or the weight of its budgetary contributions.

In January 2012, Belarus, Russia and Kazakhstan had launched a common economic space. Three years later, in January 2015, the Eurasian Economic Union (EAEU) officially came into existence. The Customs Union officials forecasted that intensification of economic exchanges between the members of the Union would bring no less than 13–15 percent in extra GDP growth for all participant economies. A unified customs space forms the backbone of the EAEU, which is a common market with the guaranteed “four freedoms” of the movement – of goods, services, capital and persons. There are also plans for future transition to a common currency. The EAEU coming into existence was perceived as the next logical step in the evolution of the Customs Union. The Agreement on the EAEC describes the latter as “a single permanent regulatory body of the Customs Union and Common Economic Space.” The main task of the Commission is to facilitate the operation and development of the Customs Union and Common Economic Space and to develop proposals for further economic integration. The EAEC has been devised as a supranational institution and vested with a broad range of coordinating, policymaking and lawmaking responsibilities.

The creation of the EAEU resulted in the immediate economic gain from restoration of economic ties and the enlargement of the market, which at the end of 2012 stood at 170 million people. In a customs union, each member state expands its market to the limits of a joint economic territory. Because of the economy of scale effects, in 2011 the trade turnover between the three CU countries rose by 50 percent – almost twice the rate of Russia’s foreign trade growth with the rest of the world. Even more impressively, the trade turnover between Belarus and Kazakhstan alone grew five-fold, thanks not only to the removal of customs barriers, but also restoration of industrial cooperation and increases in foreign direct investment within the union.

According to an official estimate, by 2015 the combined monetary gain from integration of these three economies could reach no less than $400 billion (Shevchenko 2010). Writing in early 2014, Putin’s advisor, Academician Sergei Glazyev claimed that creation of the Customs Union alone would bring up to $1 trillion, or about 15 percent extra in GDP growth, to its participant states by 2030. These would include $632 billion in extra growth for Russia, $170 billion – for Belarus, and $107 billion for Kazakhstan (Glazyev n.d.).

The reality proved somewhat different. After collapse of the oil price and imposition of Western sanctions in response to annexation of Crimea, Russian economy had barely grown in 2014 and shrank by 3.7 percent in 2015. A further contraction of 1.9 percent is anticipated for 2016. All members of the Eurasian Union have been affected. The economy of Belarus, down 3.9 percent in 2015, is expected to contract by 3 percent in 2016 and by 1 percent in 2017. Finally, Kazakhstan, the best performer of the three core EAEU countries, grew only 1.2 percent in 2015. The World Bank’s baseline scenario of summer 2016 envisioned Kazakhstan’s economy essentially stagnating through the end of the year, before rising to 1.9 percent in 2017 and 3.7 percent in 2018. Very little, if any, of that recovery might be attributed to positive effects of the Eurasian regional integration.

The Western sanctions exposed a rift between the EAEU members. When Russia responded with counter-sanctions, Belarus and Kazakhstan refused to follow suit. In December 2015, Kazakhstan joined the WTO on its own terms, agreeing to an average customs duty of 6.1 percent. The move was not coordinated with other members of the EAEU, where an average duty is 10.4 percent. On several occasions, Belarus and Kazakhstan used non-tariff measures to restrict imports of cheaper Russian goods, thus protecting domestic
markets from the effects of the rouble devaluation (Strzelecki 2016). Kazakhstan showed much more interest in China’s New Silk Road initiative, confirming the desire to connect its own “Bright Road” economic policy with the Silk Road Economic Belt plans promulgated by China. While the internal EAEU trade shows a tendency to decline, contracting by more than 25 percent in 2015 (Sokov 2016), the Sino-Kazakhstani plans to open a new transit route from China to Europe across Kazakhstan’s territory are well on track. The completion of the transcontinental transit line crossing Kazakhstan is scheduled for the end of 2016, and the whole route will be open to traffic in 2017.

The problem of leadership

Region building in the non-Western part of Eurasia will not succeed without strong regional leadership. Such leadership can only be based on the unequivocal readiness to pick up the inevitable costs of regional integration. Until recently, Russia could not become a “benevolent hegemon” for the region because both liberal and nationalist strands of its elite supported self-centred development and full withdrawal of ideologically motivated handouts to “friendly” nations. The stage of primary accumulation of capital did not invite acts of state-sponsored philanthropy across the border. Instead, the preferred type of the cross-border movement of money has been private capital flight to the offshore destinations. Russia’s energy subsidies to the “near abroad” were also self-serving: Apart from the country’s geopolitical goals, they allowed creation of numerous opportunities for arbitrage and corruption (Nemtsov and Milov 2008). In many other instances of trade negotiations between Russia and other post-Soviet states, the Russian negotiators used power, rather than interest-based approaches, and appeared unwilling to compromise.

The Eurasian states’ perceptions of Russia as a regional leader are marred by this experience. In addition, there is a new kid on the block, and the one that is hard to ignore. China skilfully uses the Shanghai Cooperation Organization and the One Belt, One Road to propel its geopolitical and business interests in the region. Beijing is willing to assume the paymaster function for Central Asia and the neighbourhood. Because of that, Russia’s dominance here is a thing of the past. Yet, China is not yet ready to antagonize Russia and consequently lays no open claim to leadership, preferring to hide, for the time being, behind the smokescreen of collective interests. Conversely, Moscow does not shy away from the limelight even if some other country should have been in its focus. At the same time, Russia’s economy today is simply not strong enough for the paymaster’s responsibilities. Russia needs to normalize its relations with the West to become attractive as a political and economic partner. The Russia-China duo could become a working “engine” for the Eurasian integration process, but until it has been established as such, the supply side of Eurasian regional integration will remain deficient.

These caveats notwithstanding, the multilateral interest in regional cooperation stayed and regional integration proceeded. True, there is still a long way to go, and the situation in the Eurasian Economic Union still resembles that “incomplete contract without supranational authority” that Cooley and Spruyt saw in Russia’s position in the CIS:

Supranational delegation is one way of signaling future compliance by stronger states, but if power asymmetries are stark, as in a hegemonic environment, the stronger state will not consent to such constraints of its autonomy.

*(Cooley and Spruyt 2009, 253)*
Yet Russia did choose to consent to the creation of supranational institutions on the basis of the EAEU. The pessimistic prognosis of the EAEU’s imminent failure did not work. One possible reason for that is analysts’ short-sightedness with regard to the role of agency – in this case, political elites of the participating countries – that has, once again, proved itself capable of overcoming structural constraints. New regionalism in Eurasia, be it in the EAEU form or through the Silk Road Economic Belt medium, or indeed in combination of several regional and subregional drivers, will evolve and thrive. What neoliberal globalization could not deliver, developmentally oriented interstate regionalism might still achieve.

References


New regionalism and Eurasia


