Irina Busygina, Mikhail Filippov

RUSSIA AND THE EURASIAN ECONOMIC UNION: CONFLICTING INCENTIVES FOR AN INSTITUTIONAL COMPROMISE

BASIC RESEARCH PROGRAM

WORKING PAPERS

SERIES: INTERNATIONAL RELATIONS
WP BRP 31/IR/2018

This Working Paper is an output of a research project implemented at the National Research University Higher School of Economics (HSE). Any opinions or claims contained in this Working Paper do not necessarily reflect the views of HSE.
RUSSIA AND THE EURASIAN ECONOMIC UNION: CONFLICTING INCENTIVES FOR AN INSTITUTIONAL COMPROMISE

The Eurasian Economic Union (EAEU) is the first and relatively successful attempt to establish strong multilateral institutions of post-Soviet regional integration. The EAEU has greater scope of supranationalism compared to all previous post-Soviet integration projects and the Union’s multilateral institutions are based on the formal recognition of equal status of all the members. However, such a union is unlikely to promote the Russian economic and political dominance in the region, at least compared to what would be attainable through bilateral deals. On contrary, the post-soviet countries got opportunities to act more independently from Russia. We argue that it was the Ukrainian crisis in spring 2014 and the need to promote the domestic image of Russia as “great power” that created incentives for Russian leadership to accept institutional compromises necessary to initiate the Eurasian Economic Union.

JEL Classification: D74, F02, F15, P30, P48.

Keywords: Domestic Legitimacy; Eurasian Economic Union; Incentives; Belarus; Kazakhstan; Russia; Bilateral Relations; Multi-lateral Relations; Sovereignty; Ukraine crisis.

1 National Research University “Higher School of Economics” in Saint Petersburg; E-mail: ibusygina@hse.ru; ira.busygina@gmail.com
2 Binghamton University (SUNY), USA E-mail: filippov@binghamton.edu
Introduction

Perhaps the main challenge in analyzing Russian policy toward post-soviet countries is that Moscow has pursued “a basket of different objectives” (Cooley 2012: 51). Literature identifies such objectives as ranging from pragmatic short term urgent priorities to the long term strategic geopolitical goals. The multiple objectives often conflict with each other, require trade-offs and changes in policy priorities. However, there is one dominant priority that could explain most recent choices of the Russian government – that is building domestic image of Russia as regional and world “great power.” Surveys indicate that Vladimir Putin’s legitimacy rests on three pillars: domestic order; economic prosperity; and the image of Russia as great power (Hutcheson & Petersson 2016). Since 2008 economic crisis there was less economic prosperity in Russia but greater reliance in domestic politics on the public image of Russia as “great power”. The policy choices that promoted the domestic image of Russia as “great power” were increasingly in conflict with other foreign policy objectives and more pragmatic economic goals. Sometimes it might even appear that the Russian leadership engaged in sub-optimal policy choices. An alternative explanation could be that behind such choices are trade-offs of sustaining domestic legitimacy. In this paper we analyze such trade-offs using the case of Eurasian economic union.

The Eurasian Economic Union (EAEU) is the first relatively successful attempt to establish strong multilateral institutions of post-Soviet regional integration. The scholars emphasize that the EAEU has greater scope of supranationalism compared to all previous post-Soviet integration projects (Dragneva and Wolczuk 2017; Popescu 2014; Vinokurov 2017). Moreover, the Union’s multilateral institutions are based on the formal recognition of equal status of all the members of the Union; the main institutions - the Union Commission and the Court - are based on equal representation of the member states. As Hartwell argues, the EAEU has a system of formal institutions necessary for a successful project of economic regionalism.

The institutional design of the Union is described as an outcome of unexpected compromises (e.g. Zagorski 2015; Czerewacz-Filipowicz and Konopelko 2017). There is no consensus among the scholars about the motivations of the member states to support such an institutional compromise. Why would be the Russian leadership interested in the equal

---

4 Officially, the Eurasian Economic Union (EAEU) was launched on 1 January 2015. It was formed on the basis of previously functioning the Customs Union (2010) and the Common Economic Space (2012).
institutional status for all members of the Union when these members are much smaller and asymmetrically depend on economic ties with Russia? Moreover, it remains unclear why Russia agrees to build a new strong multilateral institution in the post-soviet space, as arguably it could obtain better deals though bilateral bargains with much weaker counterparts.

Bilateral relations between Russia and the post-Soviet countries, as well as rather unsuccessful attempts of building multilateral institutions prior to the EAEU are the subject of numerous academic studies and policy papers. However, as a rule the literature does not explain the choice of Russia between bilateral and multilateral cooperation with its smaller post-soviet partners. The literature rather assumes that such cooperation is the preferable choice of all post-Soviet nations, but it fails due to the lack of political will of the political leaders (Rowe & Torjesen 2008; Dutkiewicz and Sakwa 2014; Kobayashi 2016).

We, on the contrary, argue that Russia as the strongest and rising power in Eurasia is likely to benefit more from bilateral bargains than from multilateral arrangements in the region. Successful bilateral cooperation (bargains) with Russia is also the preferable choice of the Russian’s counterparts in the post-soviet space. The leaders of post-soviet nations do not trust Moscow and are reluctant to delegate national sovereignty to integration projects dominated by Russia. The specifics of the multilateral compromise adopted for the EAEU grant smaller member states an opportunity to be more successful in bilateral bargains with Russia. Overall, the choice of the Russian leadership to build a new strong institutional form of multilateral relations (in the form of the EAEU) reduces relative power of Russia in the post-Soviet space. Such a choice is rather puzzling.

After the Soviet Union collapse, the “bilateralisation of relations” was the core principle of the Russian foreign policy towards the post-Soviet states and the European neighbors (Sakwa 2008:429). Correspondingly, until the EAEU all projects of regional integration have primarily focused on bilateral relations between Russia and its counterparts (Cooley 2017; Gast 2017). Scholars agree that the bilateral mechanisms used by Russia to keep influence in post-Soviet countries have been so far much more successful than the multilateral ones (Krickovic 2014; Cooley 2017). The 1999 “Treaty on the creation of a Union State of Russia and Belarus” is known as the most advanced form of such bilateral integration.
Thus, the main question for our paper is why Kremlin would move away from the strategy of bilateralization and create a multilateral union such as the EAEU, with formally equal institutional status for all its members. We argue that such a union is unlikely to promote the Russian economic and political dominance in the region, at least compared to what would be attainable through bilateral deals. The creation of the Union was costly for Russia: in fact, the other members agreed to enter the Union under condition of getting substantial concessions from Russia. The maintenance of the Union requires from Russia to consent on more compromises and endless economic subsidies.

We argue that the EAEU does not increase the Russian influence in the post-soviet region. In fact, the post-soviet countries got opportunities to act more independently from Russia. More generally, the creation of the EAEU can’t be rationalized as contributing to the Russian geopolitical objectives.5

In our view, it was the Ukrainian crisis in spring 2014 that created incentives for Russian leadership to accept institutional compromises necessary to initiate the Eurasian Economic Union. After the annexation of Crimea, Putin urgently needed yet another “success story” for the domestic audience while facing growing international isolation and stagnating economy.6 It gave the leaders of Kazakhstan and Belarus a chance to exploit the momentum of Russian weakness. Put it simply, Kremlin had to pay significant price for the opportunity to declare a quick success of the Eurasian Union - a project of significant value for Russian domestic politics in 2014.

Predictably, Kremlin has lost much of the interest to the multilateral principles of the EAEU once it was created. Though the EAEU has strong multilateral institutional structures, the actual economic and political relations in the Union are mainly based on highly asymmetric bilateral relations between Russia and other member states. In the practice of the EAEU bilateral arrangements are not mere critically supplement, “but also often supersed, the multilateral framework of the EAEU” (Dragneva et al 2017: 11). The most important trade flows within the Union are also directed to and from Russia, while the shares of trade between Kazakhstan, Belarus, Armenia and Kyrgyzstan are very modest and show no signs of increasing since the

5 "Russia’s primary interest in Eurasian integration is to strengthen its own global influence.” (Dragneva and Wolczuk 2017:3)  
6 The Treaty establishing the EAEU was signed on 29 May 2014 by the leaders of Belarus, Kazakhstan and Russia, and came into force on 1 January 2015.
founding of the Union. The multilateral framework of the EAEU offers few economic benefits to Russia and to other member states in addition to the bilateral format (Dragneva and Wolczuk 2017). However, the multilateral arrangements of the EAEU equip smaller members with a new effective instrument *vis-a-vis* Russia: now the smaller counterparts can constraint Russia by blackmailing Kremlin that they would leave the Union.

**Bilateral and Multilateral Cooperation in the post-Soviet space**

Since the dissolution of the Soviet Union, there were numerous attempts to promote post-soviet integration but in practice all projects of regional integration have primarily focused on supporting bilateral relations between Russia and its counterparts (Cooley, A. (2017). references). Overall, at least 29 regional organizations were formed by the post-Soviet nations, and 14 of them were still functioning in 2015 (Gast 2017). Practically all these projects were centered around Russia and all provided very limited level of authority delegation to the multilateral institutions (Gast 2017).

Noticeably, the institution created to replace the dissolved Soviet Union - the Commonwealth of Independent States (CIS) has failed as a multilateral institution. According to Sakwa (2008:427), from the very beginning “the development of the CIS was marked by the bilateralisation of relations between member states, undermining multilateral attempts to solve problems on a Commonwealth-wide basis.” Now it serves mostly as a forum for regular summit meetings where the Russian presidents and the leaders of post-soviet states engage in bilateral deals and exchanges of opinions.

There are compelling theoretical reasons to expect the prevalence of bilateral relations over multilateral cooperation in the post-Soviet area. First, Russia and its counterparts in Eurasia are not democratic nations. It is well known that non-democratic states suffer from the lack of mutual trust and are unable to credibly commit to any cooperative agreement or policy. Non-democratic states are usually represented by institutionally unconstrained leaders. While it is

---

7 There are from two to 13 member states in those organizations (Gast 2017:15). Among the most significant but at best marginally unsuccessful projects were Free Trade Agreement (proposed in 1994 to include all the CIS members); the Customs Union Treaty (initiated in 1995 by Belarus, Kazakhstan and Russia); the Eurasian Economic Community (2000) and the “Single Economic Space” (initiated in 2003 by the presidents of Belarus, Kazakhstan, Russia, and Ukraine).
easier for non-democratic leaders to sign and ratify international treaties, they face difficulties to make the cooperation work. Put it simply, non-democratic politicians cannot commit and do not trust each other to follow the cooperative agreements (Fang & Owen 2011; Vinokurov & Libman 2017). The theoretical arguments that democracies tend to be more attractive alliance partners to one another is consistent with the evidence (Horowitz & Tyburski 2016).

Second, the non-democratic rulers stay in power for a long time and as the rule they are personally involved in all important international interactions. It magnifies the importance of personal relations in deal-making but undermines the significance of institutions, in particular the role of the multilateral institutions. Finally, theoretical literature on the regional cooperation argues that bilateral deals are more flexible and efficient when the differences among participants are substantial (Saggi & Yildiz 2011; Thompson & Verdier 2014; Yilmazkuday & Yilmazkuday 2014). That is the case of the post-Soviet integration where Russia clearly dominates its counterparts and all members have different economic, political and security priorities. The bilateral bargains allow Russia to tailor deals to the specific economic and political circumstances of each partner.

There are both theoretical arguments and empirical evidence indicating that stronger and rising nations prefer bilateral deals as they provide them with asymmetric bargaining leverage and are less restrictive than multilateral arrangements (Chayes & Chayes 1993). The case of Nigeria could serve as an illustration (Talibu 2016). In March 2018 forty-four African heads of state signed an agreement to create the African Continental Free Trade Area, intended to limit most non-tariff barriers and eliminate tariffs on 90 percent of goods. However, Nigeria - the most populated African nation with the continent’s largest economy did not sign the agreement.8 Most recently, American president Donald Trump initiated heated debates in the United States about relative disadvantages of the multilateral deals (such as NAFTA) for the American economy. Donald Trump has made clear that he considers bilateral trade deals better than regional or multilateral agreements. Trump has also expressed concern, that in previous trade negotiations, and particularly talks involving several countries, U.S. negotiators have allowed them to gain at America’s expense. But, in one-on-one negotiations, as Trump suggested, the U.S. will have

greater leverage and thereby be able to capture a greater share of the gains from any agreement.9

The Russian leadership has repeatedly declared that it considered multilateral cooperation as unacceptably restrictive for Russia as a “Great Power.” For instance, then–minister of defense Sergey Ivanov stated that Russia did not want to be tied down in its relations with post-Soviet nations by multilateral arrangements (*Nezavisimaya Gazeta* on 7 February 2001, p. 5 as cited in Nygren 2007:29). *The Strategy for Russia: Agenda for President -2000*10 argued that Russian policy towards post-soviet states should be based ‘on bilateral relations with strong position in defending [Russian] national economic interests…’ (Karaganov et al., 2000, p. 99 as cited in Moldashev & Hassan 2017). Apparently, after the Soviet Union collapse, the “bilateralisation of relations” was the core principle of the Russian foreign policy towards the post-Soviet states (Sakwa 2008:429).

The principle “rely on bilateralism” is also one of the cornerstones of Russia’s approach to the relations with the EU countries (Filippov & Busygina 2016; Cooley 2017). Then foreign minister Igor Ivanov (2004: 95) has argued that “one of the fundamental tenets of Russia’s European policy is the expansion of bilateral relations with individual countries.” As Leonard and Popescu (2007: 13–14) explained ‘Russia has sought to bilateralise both its deals and its disputes with EU member states, putting a strain on EU solidarity and making Russia the stronger power. …. It is, after all, natural for Moscow to deal with individual EU member states because that is how it sees international politics – as a series of tête-à-têtes between great powers’.

Most scholars are sceptic of the economic rationale for Russia to promote multilateral cooperation in Eurasia (Tarr, 2016; Kassenova, 2013; Aslund 2016). There is no evidence that the EAEU could enlarge Russia’s economic power. As Libman (2017: 88-89) notices: “the pooling of economic resources through the EAEU hardly improves the economic potential of the Russian economy.” On the other hand, Libman (2017) and Libman and Vinokurov (2018) provide evidence that “the EAEU is associated with an extensive redistribution mechanism in favor of smaller countries” (Libman (2017:91). According to Krickovic (2014, p. 505), “these states will undoubtedly play an important role in the integration process and Russia will have to

---


10 It was prepared by the Council on Foreign and Defense Policy (CFDP), an influencial think-tank
appeal to their interests and concerns.” Because economic benefits of the EAEU are limited for Russia, Dragneva and Wolczuk (2017) argue that the Russian leadership is motivated primarily by political reasons to promote the Eurasian Union integration project.

The Eurasian integration is an important part of the image of successful presidency

The re-integration of the post-soviet space is an important part of the Russian domestic politics. For the Russian leadership it is crucial to sustain domestically the image of «revival of Russia as a great power». As Kortunov observed, "judging by the polls, most Russians estimate the foreign policy of their country not just as successful, but also as a basis for national pride. This opinion today is more or less inherent in all social groups: from lumpens to political and business elites. Even among those who are very critical of the state of affairs in the economy or the social sphere, a proportion of those sympathetic to the Kremlin's international achievements of recent years is very large. Of these achievements, as far as can be judged, our society is most proud of two: "the restoration of state sovereignty" and "the revival of Russia as a great power."\(^{11}\) Modern Russian propaganda is able to present any development of integration project around Russia as an evidence of the restoration of its greatness.

According to Gleb Pavlovsky, a former adviser to Putin and currently the head of a political think tank, every Russian national election since 1996 has been accompanied by announcements of intentions to reintegrate the post-Soviet nations (as cited in Halbach 2012). The electoral campaign promises were often supplemented by specific steps aimed to show voters yet another success of post-soviet re-integration. In 1996, three months before the presidential elections, Boris Yeltsin and the leaders of Belarus, Kazakhstan and the Kyrgyz Republic signed “The Treaty on Deepening Integration.” The “Treaty on the Creation of a Union State of Russia and Belarus” was signed on 8 December 1999. It was 11 days before the important parliamentary vote that have served as informal primaries for the presidential ballot to replace Yeltsin). In September 2003, Putin and the leaders of Ukraine, Belarus, and Kazakhstan signed the agreement to form a single economic space. The agreement was ratified by all four countries in the spring of 2004. Duma elections were held on 7 December 2003 following the

\(^{11}\) https://www.kommersant.ru/doc/3607353
presidential elections in March 2004. In October 2007, the post-soviet leaders signed “the Agreement Establishing an Integrated Customs Territory and Formation of a Customs Union.” Legislative elections were held on 2 December 2007.

The launching of the Eurasian Union project in fall 2011 was also a part of the electoral campaigning. In September 2011 Vladimir Putin announced that the incumbent President Medvedev would not run for re-election, letting him (Putin) to occupy again the presidential office. Two weeks later Putin declared that during his next turn as the country’s president he will bring ex-Soviet states into a “Eurasian Union.” He stated that “the project is, without exaggeration, a milestone … for the broader post-Soviet space.” The leaders of Belorussia and Kazakhstan promptly voiced their support of the Union; Russian media reported that leaders of some other post-soviet nations expressed some interest in the idea. One month later, on 18 November 2011, the presidents of Belarus, Kazakhstan, and Russia signed a Declaration setting a target of establishing the “Eurasian Economic Union” by January 1, 2015.

In 2011 most observers did not expect that the Eurasian Union project would result in any significant developments, perhaps until the next electoral cycle (2017-2018). Since 2011 the negotiations to form the Union have incrementally proceeded though non-transparent bilateral bargains with the potential members, including Ukraine. It was “centered on member states’ existing dependencies on Russia for energy, labor migration, finance and security” (Dragneva et al 2017: 11). However, the leaders of Belorussia and Kazakhstan insisted that the future Union has to be limited to the areas of economic cooperation only. In January 2013, Kazakhstan’s president, Nursultan Nazarbaev, publicly ruled out the evolution of Eurasian integration to the point of political union. Several days later, Belarussian president Alexander Lukashenka stated that “radical steps,” which Russia might want, were not acceptable.

The situation has drastically changed after Russia’s annexation of Crimea and further escalation of the Ukrainian crisis in spring 2014. Ukrainian crisis has played the role of the accelerator: it has brought to the agenda of the Russian leadership the goal to overcome the growing international isolation, so, to create the EAEU at this very moment became Russia’s priority.

12 http://www.izvestia.ru/news/502761
Most likely Russian leadership has anticipated that Russia’s annexation of Crimea would cause negative international reactions but they underestimated the scale of the reaction. After the Crimea, Kremlin faced not only increasing international isolation but also stagnating economy. There is little doubt that the Kremlin cares deeply about the level of popular support for President Putin. Since becoming president in March 2000, Putin’s approval rating has never dipped below 60%. “Rally around the flag” effects in public opinion are usually short lived (Frye et al. 2017). It had to strengthen domestic consolidation of the nation and quick launch of the ambitious multilateral project in Eurasia - the Eurasian Union served that purpose.

On one hand, the Crimea crisis has magnified the fears of smaller post-Soviet states vis-à-vis Moscow. The annexation of Crimea and Russia’s support of the insurgents at the Eastern Ukraine indicated that the borders of the post-soviet states are not fixed and that Russia is ready to use both brutal military force against and the “soft” political influence on the Russian speaking population against the neighbors. The problem of the Russian speaking population is the most serious problem for Kazakhstan, with it significant (more than 20 percent) minority of ethnic Russians in the north of the country. After the annexation of Crimea, the post-soviet states lost whatever trust they still had in Moscow and, in particular, the risks of accepting membership of the Union dominated by Russia has significantly increased.

Apparently, Presidents of Kazakhstan and Belarus adopted the strategy of obtaining bargaining advantages by threatening to postpone the launch of the Eurasian Union (Roberts and Moshes 2016; Vieira 2016), while the Russian leadership urgently needed the deal to demonstrate the success of national foreign policy to the domestic audience. Importantly, the Ukrainian crisis has demonstrated that to apply too much pressure on the post-soviet leaders is dangerous and could provoke political instability with unpredictable outcomes. Thus, in order to make the leaders of Belorussia and Kazakhstan to sign the founding treaty Moscow had to grant them substantial concessions. It had to agree on increased institutional capacity of the established Union, and also grant economic concessions to the potential members individually.

In order to involve smaller countries in a common multilateral agreement and to obtain their consent precisely at the right moment for Moscow, and this was critically important, the Russian leadership had to make significant economic concessions to each potential member individually and Russia provided each candidate with convincing incentives for accession. In
comparison to other EAEU member states, Kyrgyzstan got the highest amount of concessions and compensations. In 2015, according to the Kyrgyz State Migration Service, 700,000 Kyrgyz citizens worked abroad, the majority of them in Russia. Other estimates vary between 600,000 and one million Kyrgyz labor migrants (approx. one third of the Kyrgyz workforce). In 2016 remittances added to approximately 30% of Kyrgyzstan’s GDP, making the country one of the top-five remittance receivers in the world.\textsuperscript{13} Since Kyrgyzstan accession to the Union in 2015, many of the restrictions for migrants have been removed. Patents, and examinations on knowledge of Russian language, culture, history and law have been abolished, Kyrgyz labor migrants were exempt from the procedure of recognition of documents on education and received the right to equal social security\textsuperscript{14}.

The creation of the EAEU as multilateral agreement has very significant implications for the bilateral relations between Russia and smaller members of the Union. Most importantly, the development of multilateral relations has not increased, but relatively weakened Russia’s position in bilateral relations with other members of the Union. The balance in bilateral relations has been shifted in favor of smaller states and these states will try to maintain the new beneficial status. They will block the strengthening of Russia’s domination in the EAEU and its further geographic enlargement.

\textbf{The EAEU after Crimea: Treats of Exit, More Voice, and Less Loyalty}

After the quick launch of the EAEU in Spring 2014 the Russian counterparts got an opportunity to use the threat of leaving the Union to gain an advantage in their bilateral relations with Moscow. This threat was all the more effective after Russia failed to incorporate Ukraine into the Union. Now Kremlin could not afford to lose any member of the Union as it would inevitably undermine the credibility of the whole project and destroy the image of Russia not only as Great Power but even as Regional Power. The threat of exit was directly used by smaller members to define and for Moscow to accept the limits of Eurasian integration.

\textsuperscript{13} Kyrgyzstan and the Eurasian Economic Union – A Partnership with Obstacles http://osce-academy.net/upload/file/Kyrgyzstan_and_the_Eurasian_Economic_Union-A_Partnership_with_Obstacles.pdf
1) The limits of integration: This is only an economic union

What are the limits of the Eurasian integration and in the EAEU? Indeed, these were the efforts of the leaderships of smaller states that led to the fact that the EAEU founding treaty was much less comprehensive than the original draft (Vieira 2016). Later, the leaders of smaller nations continued to uphold the idea of a limited and a non-political nature of the Union. In this respect, the position of Kazakhstan’s president Nazarbayev is indicative. Kazakhstan’s leader is often portrayed as the most enthusiastic and energetic member of any kind of Eurasian union (Mostafa and Mahmood 2018). Moreover, the idea of an Eurasian Union was first proposed by Nursultan Nazarbayev in 1994. However, in the course of negotiations of the EAEU agreement in 2013, Nazarbayev assumed a strategy of resolute rejection of any infringements on the political sovereignty of participating countries. The leader of Kazakhstan sees the Union as “open economic association” and, does not exclude the situation when Kazakhstan would have to leave EAEU: "If the rules set forth in the agreement are not followed, Kazakhstan has a right to withdraw from the Eurasian Economic Union. I have said this before and I am saying this again. Kazakhstan will not be part of organizations that pose a threat to our independence. Our independence is our dearest treasure, which our grandfathers fought for. First of all, we will never surrender it to someone, and secondly, we will do our best to protect it". In fact, Nazarbayev has since 1994 consistently defended the principles of equal rights for all member countries as the only possible for integrationist scheme in the post-Soviet space. According to Dmitri Trenin, director of the Carnegie Moscow Center, “the sovereignty that Kazakhstan agrees to give up will have to be compensated by the voice that Kazakhstan will receive in the councils of this integration organization, which will mean that Russia will have to give Kazakhstan a little bit more. So there's a trade-off in other words.”

The leaders of other EAEU members also did not hesitate to make statements about their possible withdrawal from the Eurasian initiative. For example, in November 2017 Armenian parliament has even started hearings on the issue of withdrawal from the Union. For Belarusian president Lukashenka imperative conditions of Belarus' membership in the EAEU include

---

16 A Cautiously Happy Kazakhstan: Eurasian Economic Union Implications https://carnegie.ru/commentary/56273
17 https://carnegie.ru/commentary/56273
protection of national interests and the principle of equality of all partners. As he stated, “The reliability and longevity of the new mechanism are ultimately determined by whether it provides a full protection of the interests of its participants. It is necessary to clearly realize that any infringements of their rights, which may seem small today, will create cracks tomorrow, which will destroy first the trust, and then the new structure created by an incredible common effort. … But only the equality of partners, including the equality of business conditions with equal access to a single energy and transport systems, will create a reliable basis for our Union.”

2) It is a Union with an equal institutional status of all members

Another feature of the Union was the nature of representation and its increased institutional capacity. First, the EAEU institutional design does not include any representative body (e.g. Parliament) that Russia would obviously dominate (as this was the case of the previous integration projects, such as the Eurasian Economic Community). Second, the main executive body of Eurasian Economic Commission – the Board – consists of ten members (ministers), with each member state represented by two such ministers. Such a representation scheme inevitably limits Russia's influence inside the Union’s main regulatory institution as Russia has only 20% of its total voting power. Now Russia can be outvoted by the others as all member states are equally represented and have two votes. Russia’s dominant position in the preceding commission of the Customs Union was guaranteed by weighted voting, with Russia having the majority of votes. The new system especially favors smaller member states like Kyrgyzstan and Armenia.

Since February 2016, the Commission has been headed by Tigran Sarkisyan, former Prime Minister of Armenia. Third, this principle of equal (2 representatives per nation) is also valid for the EAEU Court that consists of two judges from each member state. The decision of the Supreme Council of the Union of December 23, 2014 No. 104 approved the appointments of Alexander Fedortsov from Belarus as chairman of the Court, and of Zholymbet Baishiev from Kazakhstan as the deputy chairman. Indeed, according to Roberts and Moshes (2016), the EAEU is rather reproducing national sovereignty of the smaller member-states rather than limiting it.

---

20 https://lz.ru/news/504081
21 In the Interparliamentary Assembly of the Eurasian Economic Community Russia had 42 members, Belarus - 16 members, Kazakhstan - 16 members, Kyrgyzstan - 8 members and Tajikistan 8 members (the EurAsEC was formally dissolved on 1 January 2015).
Further, the whole bunch of benefits came as a result of this new, more profitable, bargaining position of smaller states vis-a-vis Moscow, that these have got individually (not through common multilateral arrangement).

3) **Impeding Russia’s cultural influence**

EAEU leaders try to complicate the process of exerting Russia’s cultural influence within their countries, primarily by counteracting the use of the Russian language in education and the media, and stressing the importance of developing their state languages. In Armenia, the Russian language has the status of a foreign language. In Belarus President Lukashenka has since 2014 been delivering speeches in Belarusian. The previously almost unconditionally accepted formula of relations between Minsk and Moscow, part of which were the restriction of the development of Belarusian culture, the restriction of the use of the Belarusian language and the turnover of products of independent Belarusian culture, the cultivation of the myths like "Belarus and Russia have common history," or "impossibility of Belarusian existence beyond friendship with Russia" is causing growing discontent in the Belarusian society.\(^{22}\)

In Kazakhstan, the authorities did a tremendous job - the state document flow has been transferred into Kazakh language. The next step was in the transition of Kazakh language to the Latin alphabet. With regard to the educational policy, authorities of Kazakhstan see their priority in integration into the global English-speaking educational space. Nazarbayev has emphasized “Tri-lingual policy” to develop three languages in Kazakhstan to prepare young Kazakhstan students for global competitiveness: Kazakh as the state language, Russian as the language of interethnic communication, and English as the language of successful integration into the global economy.\(^{23}\)

4) **Smaller members are not bound by the choice of the EAEU over the other powers**

Today the post-Soviet space has become largely internationalized, so smaller members of the Union would explore the alternatives developing relations with other powers. As Markedonov describes it, the interests of the European Union, China, and United States are

---


widely represented and impressive in various countries of the post-Soviet space. As Van der Togt et al. (2015:2) stress: “The Ukraine crisis has even led to new political divisions between Russia and other EEU member states, giving the latter more reason than ever to strengthen their preference for multi-vector policies, in which they hedge their bets in a primarily western (EU) or eastern (China) direction.”

The space of maneuver for Russia’s partners will continue to expand, and here an example of small and structurally weak Armenia is a good illustration. Given the country’s vast political and economic dependence on Russia, Armenia’s Eurasian trajectory is broadly viewed as ‘no choice option’ (Terzyan 2017: 186), therefore there would be all reasons to expect that Armenia would be unlikely to respond to EU stimuli for reform. And yet, in the early 2010s, Armenia vigorously adopted EU policy and institutional templates (Delcour & Wolczuk 2015). Moreover, on 24 November 2017 the EU-Armenia Comprehensive and Enhanced Partnership Agreement was signed in the margins of the Eastern Partnership Summit.

5) Position divergence with regards to Ukraine

However, the most striking manifestation of smaller EAEU member’s disobedience vis-à-vis Russia is that they openly do not share foreign policy priorities with Russia, and do not support Russian initiatives. Their stands are different in respect to Syria and Georgia, not recognizing sovereignty of South Ossetia and Abkhazia. Smaller states did not support Russia when it faced Western sanctions, they did not join in with Moscow’s ‘counter-sanctions’; this became another field of conflict, and marked the beginning of a series of accusations that Belarus and Kazakhstan had failed to comply with Russian regulations.

But the most telling example is Ukraine. While in Russia Ukraine’s interim leadership of 2014 was declared illegitimate, Lukashenka chose to immediately establish dialog with it (Vieira 2014b). Later both Lukashenka and Nazarbayev developed close relations with Ukrainian president Poroshenko and his government. Their positions were also almost fundamentally different from Russia’s with regard to the referenda in Eastern Ukraine. While in Russia these referenda were considered as legitimate expressions of popular will, Belarusian and Kazakhstan

officials made statements in support of Ukraine’s territorial integrity, sovereignty, and independence (Vieira 2016).

**Conclusion**

The practice of Eurasian integration illustrates that selection and, more importantly; the sustainability of Russia's foreign policy choices could be explained through the prism of maintaining the legitimacy of the political regime. Often the choices that promote the legitimacy of the regime by building the domestic image of Russia as “great power” are in conflict with other foreign policy objectives and more pragmatic economic goals. Our argument and evidence imply that the formation of the EAEU could hardly be rationalized as contributing to the Russian economic development or geopolitical objectives. The union does not strengthen Russian position in the post-soviet space. In fact, the post-soviet countries got opportunities to act more independently from Russia. It is also clear that the West is not likely to recognize the EAEU as a partner but would rather interact with the separate post-soviet nations.

The task of maintaining domestic legitimacy at different stages was solved through various foreign policy mechanisms. Most important is the creation of “enemies of Russia.” This role was played primarily by Georgia, Ukraine, Turkey, the Great Britain, Germany, the United States. On the other hand, “success stories” are designed to demonstrate the attractiveness of Russia for other countries, in particular for the post-soviet nations. The latter has been implemented for many years through integration projects around Russia, and most recently, the Eurasian Union.

It is important to emphasize that as a rule, the mechanisms of domestic legitimacy are tactical, short-term decisions that are subject to rapid changes and do not create a strategic policy commitment. And this is what we see in the case of the Eurasian Union, which is based on principals resulting from is a temporary compromise. It is a tactical move taken by the Russian leadership under the influence of special circumstances. Thus, it does not mean a true transition to multilateral relations and a withdrawal of Russia from bilateral relations with post-Soviet nations.
Until the EEU, Russia has refused to be constrained within the post-Soviet integration projects, as would be expected from a member of a common regional regime. After the Ukrainian crisis, relying on the growth in their bargaining leverage vis-à-vis Moscow, Belarus and Kazakhstan have obtained institutional concessions from Russia. Institutionally the EEU is more balanced against Russia than all previous regional organizations in the post-soviet space. One of the important questions is whether smaller states will be able to preserve such an institutional balance, or not. It seems that their reasonable strategy would be to cooperate and confront Russia with consolidated position within the EAEU. However, so far, we have no evidence of cooperation of smaller nations as a block standing against the Russia’s attempts to dominate in the region. One could think of several possible explanations: these states are too weak vis-à-vis Russia even together; they don’t trust each other and are not able to create credible commitments; they consider such attempts to be too risky having in mind their high, but at the same time asymmetric dependency upon Russia. Also Belarus and Kazakhstan cannot significantly increase their mutual economic co-operation for various reasons; including the fact the air distance from Belarus to Kazakhstan is 1,726 miles. Thus, it is more likely to observe not an enhanced cooperation between the smaller EAEU members to exert collective pressure on Russia, but rather attempts of specific nations to get maximum from Russia through bilateral bargain.
References


20
Nygren, Bertil. 2007. "The Rebuilding of Greater Russia: Putin's Foreign Policy Towards the Cis Countries."


Irina Busygina

National Research University Higher School of Economics

E-mail: ira.busygina@gmail.com

Any opinions or claims contained in this Working Paper do not necessarily reflect the views of HSE.

© Busygina, Filippov 2018