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Integration Processes of the Eurasian Region: an Analysis of the Main Stages¹

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ABSTRACT

This article is devoted to the questions of integration in the Eurasian union. The main features of the development of integrational process in the region and phases of evolution of eurasian integration are studied in this article.

KEY WORDS

eurasian integration, Eurasian union, CIS, EurAsEC, Customs Union

Integration processes in the Eurasian region are becoming a more and more important theme in the International Relations today and attract serious interest of the scholars of our country. We can see that international integration processes in Eurasian region are gaining momentum. New inter-governmental organizations appear and those already established are successfully developing. These are CIS, The EurAsEC, the Common Eurasian Space, the Customs Union to name just a few.

The process of integration in Eurasian region is characterized by a whole bunch of factors both boosting the integration and impeding it (anti-or disintegration factors). A distinctive feature of the process

of integration in Eurasian region, which makes it different from all other integration processes, is its reverse character. While the development of the European Union is evolutionary or progressive "from simple to complex", "from small to big", the Eurasian integration was preceded by disintegration period.

The traditions inherited from the times of the Soviet Union of cooperation and collaboration of the republics that were parts of that socialist superpower are now a powerful impulse for the development of integration. The necessity for the development of economy, for the restoration of the contacts that had been developed through decades have become a serious

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stimulus for exploring new opportunities for the structuring of the huge territory that occupies one sixth of the globe. Integration communities have emerged in the Eurasian region. They were aimed at the restoring and development of links between the former Soviet republics.

We can distinguish the following main features of the integration development, typical for the Eurasian region:

Disintegration before integration. As it was mentioned before, the integration at the post-soviet territory was, unlike integration processes in other countries, preceded by disintegration period. That period resulted in the breaking most of the links of the Soviet period that had been formed for many decades. To overcome disintegration trends, the EurAsEc countries had to start the development of integration in a very hard situation. Europe is deepening its integration process, while at the territory of former USSR there is fragmentation of post-soviet space into CIS [3, p. 51].

The Union of Soviet Socialist Republics was a superpower and a leading actor at the global scene. The economy of the USSR was developing as a highly integrated complex, where the parts were closely connected to each other, in spite of the fact that this division of labour was sometimes not justified from the point of view of the development of productive power. Breaking the established links after the collapse of the Soviet Union was extremely painful. According to expert assessment, from 1/3 up to 1/2 of the drop in GDP in 1992-1995 was the result of these links break¹.

The territory of the Soviet Union was 22,4 mln km² where there lived 293 mln people. Its collapse led to the emerging of 15 independent states of which many were not very interesting in terms of their geopolitics for the main actors of International Relations. An attempt to return to old, well established links, to upgrade the level of economic development was one of the reasons of bring-

ing into life of such integration unities as the Commonwealth of Independent States (CIS), the Collective Security Treaty Organization (CSTO), the Eurasian Economic Community (EurAsEC), Shanghai Cooperation Organization (SCO), the Common Economic Space (CES) and some others

1. *Dysfunction of integration processes.*

At the territory of former USSR there are many factors and presumptions enhancing integration processes among independent states, yet the speed of integration is rather low. This situation can be explained by the fact that along with the integration leading to the emergence of new communities and new functions of the old ones, the former Soviet space is characterized by a number of factors that cause disagreement and disintegration among the CIS member states, which results in the dysfunction of the integration processes being developed.

On the whole all the factors acting in the post-Soviet space, both integrating and disintegrating, are of contradictory and ambiguous nature. The factors inhibiting integration can be divided into two groups: disintegration and anti-integration. They are different in their vectors. Disintegration factors intensify disintegration processes at the post-soviet space, while anti-integration factors impede integration and act against it.

It is necessary to mention that the same factors may play either integrative or disintegrative role at different stages and under different conditions. Let us consider for example the problems of relations between the states: ethnic conflicts, illegal-working migrants, and lack of resources, terrorism religious extremism, and drug traffic. At the beginning of intergovernmental cooperation these problems have anti-integrative effect, but since they are a threat for regional and international security, therefore crossing the state borders, they need to be solved which provides the reason for consolidation of efforts at an international level.

These problems cannot be solved by any country alone and create a threat for the interests of neighbouring states

¹ How has the joint GDP of CIS countries grown? [Internet resource] // Personal money. ru. 2011. URL: <http://www.personal.money.ru/txt.asp?sec=1528&id=1991823>

which may become an impulse turning anti-integration factor into a powerful integrating force, connecting the states facing mutual problems. Such kind of cooperation may not only facilitate the solution of the main problem that started the dialogue, but would improve the interaction and eventually may turn into economic and political integration. It is necessary to note that this process may involve not only the participants immediately interested in the solution of the problem, but other states that can provide support in that matter.

In this article we would like to use CSTO as an example of integration *community* aimed at strengthening of peace, of regional and international *security and stability*.

3. *Multi-rate model of integration.* Seeking for a mutually accepted model of interaction is not so simple in the conditions/reality of the post-soviet space since the member states are aiming at different variants of development. The process of development of West European integration has clearly shown that the ___14 movement of all the states at the same speed is a very complicated task due to varieties of level of economic and political capacities/ capabilities of the potential participants. The solution found for the Eurasian region was to apply multi-level and multi-speed integration model as it allows solving a dead-end situation when the decisions taken at the highest level are not implemented, as they are not obligatory for implementation from the very beginning.

The model of multi-speed, multi-format integration enables the group of leading member-states to upgrade the level of their development at a rate that makes it possible not to look behind to the other participants and not to push them to reach the same high level immediately and at any cost. The group of leading states of the Eurasian integration (Russia, Belarus, Kazakhstan), that are partners most interested in the integration process and the most developed economics, create the vector of development and serve a model

to other “integration partners/colleagues” that are weaker in this or that aspect, but would be able to follow this model when they are ready for it without a harm to their own interests. The states of the Eurasian region that share common interests, create centres of the increased intensity of cooperation, while flexibility and diversity of the forms of integration enable the partners to meet objectives, connected with cooperation improvement, in advance.

The necessary condition of such integration is not to harm the interests of the other CIS states that do not belong to superregional groups. The possibility of using the model of multi-level integration was described in Memorandum of the Council of heads of CIS member states “The main directions of integration development of the Commonwealth of Independent States. However there was no theoretical justification of “multi-speed” in that document [2]. If a state participates within the framework of multi-format and multi-speed integration it as practically no obligations of any kind, which enables the leaders of each state to determine the directions and speed of cooperation individually.

Thus, the way integration processes develop on Eurasian region allow us to see the specific features of politics and economy levels of certain countries, which reflects the regalia of post-soviet states. When the model was being accepted it was supposed that a group of leading states will perform economic and later political integration more actively and faster, thus creating the core of integration, and then other states will join the core as soon as they can. This is a crucial feature of multi-speed and multi-format model of integration, which makes it totally different from the model of integration shaped in the European Union [1, p.51]

This model of multi-speed and multi-format integration turned out to be really in demand at the post-soviet space, since it allows each state to develop integration at a pace that is optimal and enhances more productive cooperation, as the collaboration between member states is not a burden for others.

We can distinguish four stages of the development of integration at the post-soviet space since the collapse of the Soviet Union.

The first stage (1991–1997) was when the former republics of the Soviet Union became independent and turned into national states. That was a period of the start of new integration in the Eurasian region, which had been preceded by dramatic disintegration. That period was the consequence of the crash of socialist system.

The second stage is from 1997 till 2000. That was a stage of harmonization of inter-governmental political and economic relations. Clearly seen integration impulses in the region were balancing anti-integration and disintegration factors that had dominated. The states participating in the integration processes were taking efforts to set a balance. The leaders of the states put forward proposals of integration and by the end of the second stage these proposals became real rather than declarative in nature.

The third stage (2000–2010) was characterised by emergence of new prospective integration unities. EurAsEC, CSTO are created and integration processes start dominating disintegration processes.

The fourth stage started in 2010. The integration is developing and there has been a breakthrough of establishing supranational bodies.

Now let us analyze each of these stages in more detail. As it was stated before, there are many presumptions for the development of integration. The first stage was marked by the collapse of the Soviet Union due to a number of factors:

- An increase of centrifugal trends. The geopolitical centre of the country was getting weaker due to stronger focus on peripheral republics. The republics in their turn felt this weakening and were striving for independence;
- disadvantageous economic policy. It was characterized by the use of ineffective centrally planned economic system, while the West was developing market economy. The Soviet Union had an enormous resource potential, but the

economy chose extensive mode of development and the productivity of industrial enterprises was at the expense of introduction of new capacities. Having all the natural and labour resources, the USSR could have chosen the intensive mode, which would have significantly improved the situation in the country. Disadvantage of the economic policy lied also in the serious financial spending for the aid to the USSR Cold War allies, which in addition were less developed than the opponents/ adversaries of the Soviet Union. For example according to various assessments from 1960ies to 1980ties the USSR provided African countries with the aid of 60 to 150 bln dollars. Moreover mid-eighties were marked by the drop of prices for oil that was an important item of export of the USSR. The oil crisis of 1973 had boosted the export of oil from the USSR to the West. In 1980 the price of oil at the world market reached a peak of 35 dollars per barrel (about 70 in present day prices), which led to the shrink of demand for crude oil and a drop in its consumption and then to overproduction. Then the price for oil plunged, coming down to 10 dollars in 1986 (20 dollars in current prices). The drop in prices of oil was good for consuming countries (Western Europe, the USA, Japan) while for the USSR that was an economic shock;

- Strengthening of the movement for secession from the Soviet Union, which as a consequence led to the power of radically thinking leaders in Latvia, Lithuania and Estonia. Later in 1991 the State Council of the Soviet Union formally recognized their independence.

Thus on the one hand the countries that used to be parts of the superpower, one of the two poles of the bipolar world, became independent from Moscow, political and economic centre of the Soviet Union, on the other hand, after getting independent, they faced the burden of responsibility for each decision they make, they faced the necessity of building new and restore the old political and economic structures, to

guarantee stability and security within the state and develop cooperation in the field of energy. All that provided an impulse for integration and powerful presumptions for its development.

Commonwealth of Independent states¹ created on December 8, 1991 was aimed at building institutional and organizational, normative and legal community of the most of the states of the post-Soviet space, necessary for international integration, and international security was the basis of deepening of integration processes, which we are now observing and analyzing at the moment.

Centrifugal trends in Eurasian region continued to grow, which led to aggravating the crisis in spite of the attempts of the CIS to maintain economic links and the single market already established. The states that had become independent from the USSR continued their development as independent actors of the world community through the development of economic ties. The contours of bilateral cooperation between states are becoming more distinct.

The establishment of the Commonwealth was followed by the adoption of a number of normative and legal acts, regulating relations in various spheres of cooperation of member countries. 1993 was marked by the adoption of the Charter of CIS² that proclaimed the equality of all members of CIS in accordance with international legal norms. The charter highlighted the absence of any supranational powers of the Commonwealth, which was a guarantee of their sovereignty. That same year the Treaty of the establishment of Economic Union was signed. It suggested building up a Free Trade Zone within the Commonwealth. The agreement on the free trade zone which had been signed in 1994 proved to be ineffective at this stage since the parties to the

agreement had not agreed upon one part that is a general list of exemptions from free trade regime, which did not allow providing a multilateral regime of free trade.

The stage described is characterized by domination of disintegration factors in the Eurasian region that provided the leaders of member states of CIS with the reason to think of the policy of decisions making and their implementation. The issue of "non-fulfillment" of the decisions stresses the faults of the CIS structure, revealing and bringing to the surface the crisis that had been ripening within the Commonwealth. On March 29 2009 Russia, Belarus, Kazakhstan and Kirgizia signed a treaty 'On deepening integration in humanitarian and economic spheres'³ the text of which stated the main goals of integration, gave vector of the development of economic cooperation, as well as in the social and cultural spheres. The treaty also established joint bodies of governing the integration.

- *Intergovernmental Council*, the highest body of governing the integration
- *Integration Council*, an executive body, acting at a permanent basis, that is to take necessary measures to meet integration objectives;
- *Antiparliamentary Committee*, the body of interparliamentary cooperation, which is working out a legislation model to unify legislation of member states.

This treaty marked the transition to the second stage characterized by attempts to overcome critical situation. These were the creation of new integration sub regional unities, aimed at the development of these or those spheres of integration. In this respect we can mention the Union State of Russia and Belarus (USRB) created in 1997, Organization for Democracy and Economic Development that includes Georgia, Ukraine, Azerbaijan and Moldavia (GUAM). The goal of creating USRB was

¹ Statement of the heads of Belarus, the Russian Federation and Ukraine ("On the Establishment of the Commonwealth of Independent States" // Commonwealth: Information Vestnik of the Councils of the heads of the states and governments of the CIS. 1992. Issue 1.

² The Resolution of the Councils of the Heads of the States of the CIS // International Treaties Bulletin. 1994. № 1.

³ The Treaty between the Russian Federation, the Republic of Belarus, the Republic of Kazakhstan and the Republic of Kyrgyzia. "On deepening the integration in economic and humanitarian spheres" // International Treaties' Bulletin. 1997. № 8. P.5-8.

bilateral deepening of integration processes in all spheres of intergovernmental relations. GUAM was positioned as a structure separate from CIS, aimed at the development of social-economic, transport, energy, science and technology and humanitarian potential of the participants.

From 1997 to 2000 the states were trying to harmonize political and economic relations within the Eurasian region, the process manifested in the consolidation of intergovernmental cooperation by means of signing new international agreements. In February 1999 Russia, Belarus, Kazakhstan and Kirgizia signed the treaty "On the Customs Union and Common European Space"¹ that became an important step in the development of Eurasian integration and logical continuation of the treaty "On strengthening integration in economic and humanitarian fields", signed earlier. Deepening integration in political and economic spheres resulted in the introduction of the idea of starting a Eurasian economic community. (EurAsEC).

The preamble of the EurAsEC Constitutive Treaty which was signed on October 10th 2000 best of all shows the atmosphere and conditions of the countries participating in the Eurasian integration at the end of the second and the early third stage of integration we described earlier. The Russian Federation, the Republic of Belarus, the Republic of Kazakhstan, Tadjikistan and Kirgizia 'are determined (as it was said in the treaty) to provide their dynamic development by means of agreeing the social and economic transformation processes conducted in their countries and effectively use economic potentials to improve their peoples' life standards"². Therefore

they created a solid basis for the future, strengthening the perspectives of further development of integration in the Eurasian region.

The next, third stage is characterized by activation of integration processes in all spheres of international cooperation. We cannot say that the factors hindering the integration processes in the Eurasian region were completely neutralized at this stage, yet since 2000 the balance was noticeably for integration intensification. The states participating in the process continued multi-faceted cooperation started earlier, while bilateral cooperation is getting more and more active.

After the ratification by the Russian Federation of the Treaty "On the Customs Union and Common Economic Space" in 2001 the implementation of the idea of closer cooperation in the Eurasian region got a clearer outline. This stage of Eurasian integration was marked by an important decision of the heads of the states to create a military and political union based on the treaty on collective security signed in 1992. The Charter of the Collective Security Treaty Organization defined the goals of cooperation in the area which is most important, i.e. the strengthening of peace, international and regional security and stability. In Article 12 of the Charter they defined an important condition aimed at the solution of the problem of inefficiency of the bodies created earlier in the framework of the Eurasian region. The decisions of CSTO became obligatory for the member states. Active cooperation of member states of the Eurasian integration made it possible to continue the enhancement of integrative cooperation, primarily in the field of economy. In the middle of the third stage (2003-2007) they partly completed legal and normative formation of the Free Trade Zone (FTZ). The executive committee of CIS worked out a list of 22 documents that regulated FTZ functioning.

A significant step in the development of economic integration was working out a mechanism of regulation of the processes of exemptions from free trade regime as well as minimization of non-tariff

¹ The Treaty "On the Customs 'Union and Common Economic Space" // The Complete Collection of the Legislation Documents of the Russian Federation 15.10.2001. № 42. Article 3983 The Treaty "On the Customs Union and Common Economic Space"

² The Treaty "On the Establishment of the Eurasian Economic Community" // The Complete Collection of the Legislation Documents of the Russian Federation 18.02.2002. № 7. Article 632.

barriers, the work on closer cooperation in the field of defending competition and anti-monopolist policy in the CIS market, building up coordinated economic and currency policy, cooperation in fighting tax crimes. We should also highlight the development of a Model Tax Code for CIS member states.

At that stage there was observed most active participation of the Russian Federation in all spheres of cooperation. Russia is definitely the most developed and participant of integration in the Eurasian region, in terms of both politics and economics. It strived to become the centre of integration, which was clearly seen by other states. Russia possesses a great resource and economy potential and together with Kazakhstan and Belarus constitutes the heart of the "core" of the Eurasian integration.

In the cultural capital of the Russian Federation, Saint Petersburg, there are located Interparliamentary Assemblies of CIS member states and of the Eurasian economic community as well as the Parliament Assembly of CSTO. No important document or legal act concerning the development of the Eurasian region is adopted without Moscow. All these facts gave obvious reasons for other member states of the Eurasian integration to be afraid of Moscow as they had become independent shortly before and were not completely competent of handling their sovereignty.

At the fourth stage the Eurasian integration moves to a new level of development, the torque of international cooperation is getting bigger. The mechanisms of regulation of integration processes are enhanced and improved, supranational bodies come into existence.

In 2010 the Customs Code of the Customs Union (CCCU) came into effect. It substituted national legal acts of the member states of the Customs Union in the sphere of customs regulation. The novelty of the CCCU is the cancellation as of July 1st, 2011 of the customs control at the borders between Russia, Belarus and Kazakhstan, which is one more step in reaching the goals of the Treaty of the Establishment of EurAsEC. In November

2011 there was organized the Eurasian Economic Commission, a united permanent regulative body of the Customs Union and Common Eurasian Space. The decisions of the Commission are binding for the Parties, which is also important for the development of integration.

The obligation of member states to follow the decisions was fixed in the establishing documents of the new organizations in the Eurasian region. This fact can be considered a typical feature of the end of the third and the beginning of the fourth stage of integration. At long last we have something, which allows us to speak about a serious development of the Eurasian integration, the instrument, which facilitates effective cooperation of member states impossible without it even at the top level. The main reason for the ineffectiveness of the work of the organizations was the absence of obligation of the member states to follow the decisions, while now this is clearly stated in the law.

In 2012 the pace of integration development continued to increase, resulting in the creation of Common European Space (CES), which includes four freedoms: freedom of goods movement, freedom of services movement, freedom of human and financial capital movement within the Customs Union. This too is a major step towards the formation of the Eurasian Union.

Speaking about development prospects in the Eurasian region, it should be noted that for the states, participating in EurAsEC, it is typical to show involvement in economics and its state regulation. This is by all means a stimulating factor for the development of integration processes. The main condition of effectiveness of the Eurasian integration is the existence of regional markets for food, energy and investments. The strong incentive for integration in the Eurasian region is the necessity to set and meet objectives shared by member countries of EurAsEC.

One of the conditions of effective integration cooperation is the equal size of the participants. Speaking about size, we do not mean their territories in square kilometers, though this has its meaning as well,

but rather economic and political weight of all the participants of the Eurasian integration, their development level. It has been noted more than once that in the case of Eurasian integration we can see a powerful group of integration leaders with the most developed economy and clearly formed interests, their similarity being a dynamic force for their cooperation. This is Russia, the centre and the main link of the integration in Eurasian region, this is Belarus, a state with a strong economy, now creating “Union State of Russia and Belarus”, a project with Russia which has a strong political and economic prospects. This is Kazakhstan, the partner of Russia and Belarus in the Customs Union and in Common Economic Space bordering China, Kirgizia, Uzbekistan and Turkmenistan.

We think that a special role in the integration belongs to supranational bodies that have recently appeared in Eurasian integration. The similarity of size mentioned above is important in this case because when starting cooperation and forming supranational bodies the states have to “sacrifice” part of their sovereignty to get benefits from cooperation in future.

The conclusions from the analysis provided are as follows:

- First of all Russia, due to its size cannot become an equal and same weight partner for other participants of the integration and this fact should be taken into account while optimizing integration cooperation.
- Second, the process of integration, which has been going on for over twenty years, has moved up to a new level and is now increasing pace and amplitude, becoming truly effective. This process is in many ways enhanced by the formation of supranational bodies and legal fixation of the binding power of their decisions in all the newly formed organizations and communities
- Third, nowadays the idea of the Eurasian Union provides more real prospects for the development of the communities that have already been formed. The Eurasian region is satiated with various state communities and unions and it seems

impractical to create anything absolutely new now. Integration organizations created for the last 10 years demonstrate themselves as effective and perspective unities, able to solve present day problems and develop the region in future. It is necessary to apply most efforts to the development of the Customs Union, EurAsEC, Common Economic Space and Common Security Treaty Organization, gradually expanding the circle of participants of these organizations on a mutually accepted base and with a lot of power to governing bodies.

Analyzing the integration in the European Union a conclusion can be made that its viability is not based exclusively on their common economic interests. In this case there is shared social and cultural environment and similar mentality. In the Eurasian region an example of such unity can become the shared past and shared belonging to the former great power. Cultural and sociological values of the peoples, formed for several decades of the existence of the USSR, shared ideology, unity of views and goals might become a powerful integration factor, yet after 20 years since the collapse of the Soviet superpower many changes could happen. It is for that reason that to develop the Eurasian integration successfully the leaders of the state should pay attention to the development of cultural and historical links of the peoples along with serious attention to economic growth and political interaction at the top level.

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