

Contents lists available at [ScienceDirect](#)

Journal of Eurasian Studies

journal homepage: www.elsevier.com/locate/euras

Eurasian Economic Union: Evolution, challenges and possible future directions

Golam Mostafa ^a, Monowar Mahmood ^b

^a College of Security and Global Studies, American University in the Emirates, Dubai 503000, United Arab Emirates

^b Bang College of Business, KIMEP University, Almay 050010, Kazakhstan

ARTICLE INFO

Article history:

Received 8 December 2015

Accepted 30 May 2018

Available online

Keywords:

Kazakhstan

Russia

Eurasian Economic Union

regional integration

economic development

single economic space

ABSTRACT

Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia formed the Eurasian Economic Union (EEU) with the aim of fostering closer economic cooperation among member states for the well-being of the people of the region. This paper critically analyses the history and evolution of the EEU as well as its success, challenges and prospects. Despite numerous attempts and initiatives, the EEU's actions have hardly achieved any significant success because most of its goals have either been declarative in nature or politically motivated and not taken seriously. Russian domination, influence, control and pressure may also be reasons for lack of progress and success. Long, bitter historical memories and distrust among the member states also made the integration process difficult. The article concludes that this latest attempt at integration in the former USSR region seems to be in trouble and may result in failure because of deteriorating economic conditions in Russia, the crisis facing the ruble, Russia's continuous conflict with Ukraine and distrust among the member states.

Copyright © 2018, Asia-Pacific Research Center, Hanyang University. Production and hosting by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

1. Introduction

Economic integration at the global, regional and sub-regional levels is considered an important initiative for achieving economic growth and development, and the formation of EEU is seen as a move for better economic growth and success among select post-Soviet states (Mahmood & Mostafa, 2017). The first such attempt at closer political and economic integration occurred on December 8, 1991, when the leaders of Belarus, Russia and Ukraine signed an agreement on the dissolution of the USSR and the creation of the Commonwealth of Independent States (CIS) as a successor entity. The new alliance, i.e., the CIS, was open to all USSR

successor states, and in December 1991, eight additional former Soviet Republics, Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Turkmenistan, Tajikistan and Uzbekistan, signed the Alma-Ata Protocol and joined the CIS. However, the CIS was ultimately an ineffective and inefficient organization amid regional wars, political and ideological tensions, and conflicts among its member states; it also faced a lack of mutual trust and commitment among those states.

Since then, subsequent attempts to form this type of regional alliance with a narrower and more specific focus have been initiated. One of such attempt was the creation of the Free Trade Zone consisting of Armenia, Belarus, Georgia, Moldova, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Ukraine and Uzbekistan in 1994, but it never came into effect because of Russia's refusal to ratify the plan. The Eurasian Economic Community (EurAsEC) was created in 2000 in Astana, Kazakhstan, for economic and trade cooperation. It

Corresponding author. College of Security and Global Studies, American University in the Emirates, Dubai 503000, United Arab Emirates.

E-mail address: golam.mustafa@ae.ae (G. Mostafa).

<https://doi.org/10.1016/j.euras.2018.05.001>

1879-3665/ Copyright © 2018, Asia-Pacific Research Center, Hanyang University. Production and hosting by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

consists of Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan and has the specific and highly ambitious goals of creating a customs union (CU) (Kazanstsev, 2008; Qoraboyev, 2010). In 2006, Russia, Kazakhstan, and Belarus announced a proposal for a new CU and agreed to develop a common code to replace domestic laws and formally launch the CU in 2010. In January 2012, the three signed an agreement to create a Single Economic Space (SES) to harmonize a wide range of domestic economic and trade policies, which ultimately led to creation of the Eurasian Economic Union (EEU) in January 2015. Critics see the EEU's creation as a Russian initiative to expedite the regional integration process to form a continental bloc and create a multipolar world. These critics affirm the EEU as a counterbalance to the EU in the West and China in the East, as it seeks to limit and restrict Chinese economic influence and penetration in Central Asian markets (Black, 2014). Beyond these considerations, the union allows Moscow to present an image of itself as a great Eurasian power that enhances its own self-esteem and, supposedly, its standing in the eyes of foreign audiences.

Although the formal EEU came into effect on January 1, 2015, it could be considered as going through the formation process before it was firmly established as an institution of its own. The significance and importance of the EEU in the global geo-political and economic landscape has gained enormous attention among the politicians, governments, and academicians as well as in the corporate world. Although many academicians, governments and policy makers are critical of the stated goals and objectives of the EEU, in reality, it is functioning and aims to expand further in the near future. However, research on the prospects and challenges of the EEU are quite limited. Although a few studies were published, they are mostly based on personal observations and from a critical perspective rather than providing guidelines from a constructive perspective. Amid the dearth of research on the prospects and challenges of the EEU, this paper aims to provide both insights into the positive aspects of the EEU for the member states and some guidelines to help the EEU overcome future challenges and become more effective.

The scope of the paper is very specific, and it aims to contribute to the existing literature in the following ways. First, it will provide a chronological overview of the creation and evolution of the CU, the SES and the EEU to a wider audience. Second, beyond the critical assessments and potential doubt of the future of the EEU, it will assess the benefits of the integration process for a few select aspects with objective and authentic data. Third, it will try to identify the major challenges to the proper functioning of the EEU. Finally, it will provide recommendations for the governments and policy makers of the member states to accrue benefits from the newly formed regional integration process.

2. Methodology

The main research questions of the paper focus on identifying the challenges of the EEU and possible future directions amid unforeseeable uncertainties. The study follows a qualitative methodology. Data are collected from secondary sources published in journal articles, profession-

al magazines, conference papers, working papers, reports published by national and international organizations, unpublished archival documents, and online resources from different government and non-government organizations. The collected data were analysed and presented in table formats and used logical reasoning to make inferences in the study. A substantial amount of information was collected from sources published in the Russian language, which were translated to enrich the content of the article. The findings will hopefully add new information to existing knowledge and provide new insights those governments and policy makers can use to both understand the problems and challenges of integration and introduce appropriate initiatives for the desired and successful regional economic integration to benefit the people there.

3. The history and evolution of Eurasian Economic Union

3.1. The background of Eurasian Economic Union initiative

The ideas and proposals for the creation of a Eurasian Union, modelled on the EU, were initiated by the leader of the Russian Federation, President Vladimir Putin. At his annual State of the Nation Address to Russia's Duma on April 25, 2005, President Putin noted that, "First and foremost, it is worth acknowledging that the demise of the Soviet Union was the greatest geopolitical catastrophe of the century" (Putin, 2005). Critics believe that behind the integration process, Russia's real objective is to restore the USSR in its old territory in some form or other beginning with economic ties and then deepening the "integration" to include political, security, and cultural spheres (Starr & Cornell, 2014). President Putin later elaborated on his vision and the goals of the Eurasian Union when he wrote an article in Russian Newspaper *Izvestiya* in 2011. He stated, "the project is, without exaggeration, a milestone not only for our three countries but also for all post-Soviet states. ...we propose a model of a powerful supranational union capable of becoming one of the poles of the modern world and of playing the role of an effective 'link' between Europe and the dynamic Asia-Pacific region. ...we propose to the Europeans that they think about creating a harmonious economic community from Lisbon to Vladivostok, a free trade zone and even more advanced forms of integration" (Putin, 2011).

The leaders of Belarus and Kazakhstan, the other members of the CU, supported and welcomed President Putin's initiatives but simultaneously developed their own visions and perspectives. In an article published in the Russian Newspaper *Izvestiya* on October 25, 2011, President Nursultan Nazarbayev of Kazakhstan focused on the principles of economic pragmatism, voluntary participation, equality, sovereignty and mutual respect among the members. He also elaborated on the principles of the economic union as a global partnership, a global competitor, a developed part of the Euro-Atlantic and Asian areas, and a "bridge between dynamic developments in the EU, the East, the South-East and South Asia" (Nazarbayev, 2011). For Kazakhstan, the idea of regional economic integration was easy to adopt, as the country had been doing very well econom-

Download English Version:

<https://daneshyari.com/en/article/8942572>

Download Persian Version:

<https://daneshyari.com/article/8942572>

[Daneshyari.com](https://daneshyari.com)