

BULLETIN

No. 106 (323) • November 23, 2011 • © PISM

Editors: Marcin Zaborowski (Editor-in-Chief), Joanna Troszczyńska (Executive Editor),

Jarosław Ćwiek-Karpowicz, Beata Górka-Winter, Artur Gradziuk,

Leszek Jesień, Beata Wojna

Russian Proposals for Economic Integration in the CIS Region and European Prospects for Belarus

Anna Maria Dynier

A Russian proposal to deepen economic integration in post-Soviet areas aims to prevent individual countries from cooperating more closely with the European Union or from taking part in alternatives to Russian integration projects. For Belarusian authorities, this proposition is attractive because it is associated with immediate economic benefits and unlike the EU's offer does not require the democratisation of the political system. However, the final acceptance of the Russian proposal by Belarusian authorities will lead to even greater economic and political subordination of the country by its eastern neighbour.

The Russian Proposal. News about the participation of Vladimir Putin in the presidential elections in Russia in early 2012 coincided with the announcement of his proposal for integration of members of the Commonwealth of Independent States (CIS). The project assumes the formation of a Eurasian Union (EAU) based on the existing customs union among Russia, Kazakhstan and Belarus, which on 1 January 2012 will transform into the Common Economic Space (CES).¹ The new union will have an open formula and membership is open to any CIS country. The determination of Russia to pursue the economic reintegration of most post-Soviet areas also included the signing in St. Petersburg on 18 October 2011 with representatives of eight CIS countries of an agreement establishing a free trade area composed of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan and Ukraine. This zone may later turn into a further form of economic integration, such as a customs union. This is demonstrated by the declaration signed by the presidents of Russia, Kazakhstan and Belarus on 18 November in Moscow to deepen Euro-Asian economic integration. In addition to the signed declaration, the heads of state of the customs union signed an agreement on the establishment of the Eurasian Economic Committee, which is to take over the current tasks of the customs union.

In his proposal, the Russian prime minister calls for the introduction of the free movement of capital, services and people (currently free movement of people is only valid within the Union State of Russia and Belarus) as well as the establishment of a single visa policy (modelled on the Schengen system) and a common policy on migration in the EAU's framework. Prime Minister Putin announced the abolition of previously existing quotas on the number of workers coming from future EAU countries that would be employed in Russia as well as the total abolition of border controls within the Union.

The main aim of the draft presented by Putin is not only the economic reintegration of the CIS countries but also the increased presence of Russian economic entities in partner countries, thanks to the facilitation of trade and investment that will be involved with the creation of the Eurasian Union. The project provides facilities for business activities by enterprises from all member states in the whole territory of the Eurasian Union, such as the trader's choice of registration country and equal rights for companies from member countries when applying for government contracts. The creation of a common border with partner countries, and especially with Kazakhstan, is important

¹ More about the project the Customs Union and Common Economic Space: Anna Maria Dynier, "Customs Union of Russia, Belarus and Kazakhstan", PISM Bulletin No. 103 (711), 8 July 2010,

for Russia, both from a strategic point of view because it will transfer border control a few hundred kilometres to the south, as well as financial, since it will save some money spent on border infrastructure and border service employment.

The proposal to create a Eurasian Union is not the first by Russia to offer integration for most countries of the former USSR. Its announcement shows that despite the failure of previous integration projects Russia is working hard for the economic reintegration of a significant part of the post-Soviet areas. Russian authorities also seek to prevent the development of an alternative to Russian integration projects, primarily those involving the European Union (in Eastern Europe and South Caucasus) and China (in Central Asia).

Belarus' Attitude Towards the Russian Economic Integration Project. In Belarus, Prime Minister Putin's proposal for a Eurasian Union is a deepening of the existing cooperation within the Union State and the Customs Union/Common Economic Space. For Belarus, an especially valuable element of the Russian offer is a guarantee of energy supplies on identical terms as for Russian operators. The Russian proposal also is attractive for Belarusian authorities because Russia does not pose as a condition the democratization of the political system in exchange for deeper economic cooperation, a term that is necessary in order to deepen cooperation with the European Union.

Also, the possibility under Putin's proposal for Belarusians to accept jobs in Russia without obstacles is very important, especially since Belarusian salaries quickly lose their value. From the beginning of the inflationary period to 18 October, the inflation rate was 83.2%, while the devaluation of the Belarusian ruble during that period has amounted to about 300%. The possibility to work in Russia is valuable also because the citizens of Belarus will not have to pass complicated and time-consuming administrative and visa procedures as they would before going to the European Union, and emigration to Russia will not be a problem in terms of language and culture, which in the context of migration decisions are not irrelevant.

The adoption of the Russian proposal by the Belarusian authorities seems to be certain. President Lukashenka has referred enthusiastically to the Russian idea and said that Belarus will actively take part in forming the new structure. However, this will mean the exclusion of a number of possibilities for the economic cooperation of Belarus with the European Union because, as shown by past practice, no state can simultaneously be subject to two different customs unions. The acceptance of the Russian offer also would mean increasing the subordination of Belarus to Russia, not only in economic terms but also politically because the dominance of Russian companies in the Belarusian market will undoubtedly result in an increase in the political influence of Russia.

Recommendations for Poland and the EU. The Russian prime minister's proposal about establishing the Eurasian Union is a challenge for European Union countries. It may mean that in the absence of concrete action taken by the EU in the form of plans for integration with Eastern European countries, not only Belarus but also Ukraine and Moldova may decide to adopt the Russian offer, the only one of its kind. The European Union, but especially Poland as one of the initiators of the Eastern Partnership, should therefore make it clear that the Russian proposal is not the only integration offer available to the EU's eastern neighbours.

In replying to the Russian proposals, and President Lukashenka's announcement of his intent to adopt it, the EU should define its expectations and capabilities for Belarus. First of all, the EU should determine whether Belarus may rely on a deepening of economic cooperation, under which conditions (respect for human rights, the introduction of economic reforms and democratisation of the political system) and in what time frame, and it also should determine the possible degree of cooperation Belarus may receive from the EU. It would also require the EU to determine priority areas for funding of joint projects such as cross-border cooperation, energy cooperation, environmental protection, fighting against organized crime and promoting the development of democracy and civil society. Defining these last priorities of cooperation with Belarus will be particularly important for Poland as a country that supports the European aspirations of the Belarusian society while opposing human rights violations.

Even very limited forms of relations with Belarus will mean, however, that the EU will have to develop a model of cooperation with Belarus as a neighbouring country that does not want to increase the degree of integration and has no membership aspirations. Thus, there may be the need to develop a new, narrowly defined set of priorities for the formula of the Partnership and Cooperation Agreement (PCA). At the same time, regardless of the degree of cooperation with Belarusian authorities, the European Union should support the European aspirations of Belarusian society by increasing support for civil-society institutions such as independent media and NGOs.