

## **Where to From Here? Capitalising on the Eurasian Economic Union (EEU)**

*By Ms. Bethany Schoer for  
SAGE International*

**A**pproximately six months on from its official establishment, the Eurasian Economic Union has made a largely successful start in working towards its primary objective of facilitating regional economic integration among its member states, with a focus on the free movement of goods, capital and labour<sup>1</sup>. Central to this objective has been the creation of a customs union between Belarus, Kazakhstan and Russia<sup>2</sup>, along with a continual emphasis on the need for multilateral dialogue in order to accelerate and improve domestic growth in its two other member states, Armenia and Kyrgyzstan. How this organisation, which impacts over 175 million people over 20 million square kilometres of land<sup>3</sup>, can move beyond the diplomatic jargon of its founding documents to incite authentic and practical economic change remains a fundamental challenge. Such a challenge is best addressed by understanding Russia's enduring status as a historical, political and cultural hegemony in post-Soviet nations.

For the Eurasian Economic Union to flourish into a robust, effective international body capable of promoting regional cooperation with collaboration on numerous issues pertinent to all its member states, departing from a Soviet-style model is

---

<sup>1</sup> Eaeunion.org., 'Eurasian Economic Union'. N.p., 2015.

<sup>2</sup> Evrazes.com., 'ЕВРАЗИЙСКОЕ ЭКОНОМИЧЕСКОЕ СООБЩЕСТВО'. N.p., 2014. Web.

<sup>3</sup> Eurasiancommission.org., 'The Eurasian Economic Union The Republic Armenia, The Republic Of Belarus, The Republic Of Kazakhstan And The Russian Federation'. N.p., 2015. Web.

crucial, not only pragmatically, but also symbolically. Despite having occurred almost two decades ago, the political legacy of the collapse of the Soviet Union undeniably lurks in the shadows of economic growth in post-Soviet nations. The majority of these nations are still grappling with issues such as low gross domestic product, inflation and the eastward spread of foreign direct investment, from Central and Eastern Europe immediately post-Soviet collapse to Central Asia in recent years. Yet in spite of the shared nature of these problems, scholars such as Krivorgovsky and Eiseenseher<sup>4</sup> have accented the fact that approaches to these challenges in post-Soviet states, particularly in terms of economic growth and resource management, have varied significantly in accordance with varying social, political and economic conditions. Reconciling this idea with a system which still adheres to a certain degree to the Soviet model due to its centralised and Russia-centric nature will indeed pose a major challenge in the realisation of the Eurasian Economic Union's collaboration-based goals, given that such a system is liable to categorising former Soviet states based on similarities and at times, generalisations. The union must, above all, generate results in light of, rather than in spite of, divergent economic strategies, rather than striving to popularise the outdated idea of Russia as the default and additional member states as outliers.

This historical precedent has allowed Russia to maintain its status as a political stalwart within the region, which could continue to impede the sound development of this organisation. One critical question must be considered in reviewing contemporary Russian foreign policy and the formation of this group: in taking the reigns of the Eurasian Economic Union – is Moscow simply trying to bite off more

---

<sup>4</sup> Krivorgovsky, Victoria, and John Eiseenseher. 'Some Financial And Trade Developments In The Former Soviet States'. *Russian and East European Finance and Trade* 32.5 (1996): n. pag. Print.

than it can chew? Russia's lofty expectations for the expansion of the Eurasian Economic Union are concisely mentioned in Putin's potent declaration that member states were "creating a powerful, attractive centre of economic development, a big regional market that unites more than 170 million people"<sup>5</sup>. However, at its core, Russian foreign policy is punctuated by a clear bias towards the West, even if recent geopolitical events have partially shifted this focus. Additionally, aside from its decisive role in securing the resumption of Uzbek gas supplies to Southern Kyrgyzstan in December 2014, examples in which Moscow has served as a competent intermediary in dealing with former Soviet states are few and far between. This therefore supports the theory that a clear delineation exists between what Russia hopes to achieve in the Eurasian Economic Union and the extent to which its present-day political agenda will shape its behaviour in what is chiefly marketed as an organisation driven by economics.

Regional scholars and economists have also put forward the possibility of extending the mandate of the Eurasian Economic Union to act as a forum to accelerate not only economic, but also political and cultural cooperation among former Soviet states. While this is indeed promising, the implicit understanding that this organisation, being in its infancy and one of the first of its kind in the region, should avoid burdening itself with expansive commitments, cannot be ignored. Factoring in the interplay between regional economics and areas such as cultural preservation and political development, the Eurasian Economic Union should seek to satisfy this goal incrementally and by promoting itself as a conduit to imbue Central Asian states in particular with the poise and ability to further their participation in broader-reaching

---

<sup>5</sup> MacFARQUHAR, NEIL. 'Russia And 2 Neighbors Form Economic Union That Has A Ukraine-Size Hole'. Nytimes.com. N.p., 2014.

social and cultural organisations. In the interim, however, if the Eurasian Economic Union is to achieve its intended goals, simplifying and redirecting its vision to that of a regional think-tank to generate ideas with an economics-based focus targeting shared pressing issues could prove an effective way forward.

Overall, Russia's dealings with Central Asia and former Soviet states have been both political and transactional, offering assistance merely in an attempt to reassert dominance. Recent developments have in fact hinted at the future involvement of China and the integration of its Silk Road Economic Belt initiative in neutralising the implications of Russia's political motives. For now, the Eurasian Economic Union remains an opportunity for Russia to exploit the underdeveloped economies of former Soviet nations in order to regain political clout.

Views expressed in this article are not necessarily those of  
SAGE International

\*\*\*