

## **The policies of Russian Regionalism and the Eurasian Economic Union**

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### **Abstract**

Regionalism and regional integration are among the central doctrines of states to strengthen and develop themselves in the new age. After the collapse of the Soviet Union and the power vacuum, Russia sought to rebuild the regional order and reshape the regional geopolitical system in Eurasia. From the beginning of the Vladimir Putin era (1999), Eurasianism became the focus of Russian foreign policy. The most crucial strategy of Russian Eurasianism became Eurasian Regionalism. After several stages of the regionalism process (Eurasian Economic Community, Single Economic Market, Customs Union), Russia finally succeeded in establishing the Eurasian Economic Union (EAEU) consisting of Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan in early 2015. The EAEU is the most developed institution of regional economic integration among post-Soviet states. The objective of this study is to evaluate Russia's regionalism policies and explain Russia's intentions to establish the EAEU in the new era. The research results show that the first priority of Moscow from the establishing of the Eurasian Economic Union is security, political and geopolitical issues. Otherwise, economically, this Union does not have a significant achievement for Russia. The member states of This Union are not an appropriate economic complement to each other.

**Keywords:** Eurasianism, Eurasian Economic Union, Regionalism, Regional Integration, Geopolitics.

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## **1. Introduction**

Regionalism is one of the foundational processes of our time in international relations. Recognition of common interests and desire to cooperate based on a shared regional consciousness appear as the start and foundation of all subsequent developments (Molchanov,2016:8). It expresses a shared sense of identity and destiny combined with creating institutions that express that identity and shape collective action (Evans,2005:196). Regionalism refers to the state-initiated project, design, and policy of regional integration. Molchanov (2016:11) believe that regional integration is the creation of the supranational action arenas in political, economic, and social spheres of life of several nation-states constituting one geographic neighborhood; a voluntary pooling and sharing of resources available to these states and societies for the collective solving of common problems with an idea to maximize these states collective welfare and minimize potential conflicts. Sadeghlou et al. (2020) and Hassan Khani (2018) believed that moving towards regionalism is a means for lasting peace and stability. Therefore, regionalism is about the pursuit and promotion of common goals and interests of nation-states and also protects and supports peace in the region.

Scholars announced the contexts and influential factors on regionalism differently. Fawcett (2015) believe that “core states” or “leader states” are the drivers of regional integration processes. In the growth of new regionalisms around the world core states, most recently some of the so-called ‘rising’ powers have provided leadership as promoters of ideas, strategies, and other incentives to processes of cooperation and integration. France and Germany in the EU, United States in NAFTA and NATO, Saudi Arabia in GCC, and China in the Shanghai Cooperation Organization (SCO) are leader states. Ryan (2015) emphasized the role of “crisis” as a driver of regional integration and regionalism. “The current crisis had produced the appropriate economic and political climate such that the tough economic and political decisions that should have been taken when the single-currency was founded are now politically acceptable” (Ryan,2015:103). From this point of view, the European Union and the Gulf Cooperation Council were born out of regional crises. Slocum and Van Langenhove (2005) express regional identity as the essential element of regionalism. Without the regional identity, regionalism will fail. Murray (2015) discusses

that “Building a community is potentially more critical than building architecture or a set of institutions, although they can be the vehicle of trust, national interests, norms, and values. This subject, from the view of Mayer (2015), is ‘trust’. Trust remains the essential driver of regional community building” (Murray,2015:21). The essential ingredient for intraregional and interregional cooperation is the aspirational concept of trust. Trust in international relations is a necessary pre-condition and a normative driver for any functioning regional integration system (Mayer,2015:54).

Indubitably, regional identity-building is the essential stage of building-region and regionalism, and regionalism cannot be achieved without trust and the common interests of nation-states. However, the presence of a leader state is essential for guiding and promoting regionalism processes.

After the collapse of the Soviet Union, the countries of the post-Soviet space tried to find their position in the world economy and restore the production capacity in the era new (Vinokurov,2018:14). Russia as the largest and most potent breakaway country from the Soviet Union, attempts to reorganize the new regional order in the Eurasian region. Russia tended to the West during the presidency of Boris Yeltsin (1991-1999). Western and liberal policies of Yeltsin were replaced by Putin's Eurasianism strategy in the first decade of the 21st century (Koolae & Abedi, 2018). Eurasianism as a political philosophy was first advanced by leading Russian émigré thinkers in the 1920s, including Nikolai Trubetzkoy (1890-1938) and Pyotr Savitsky (1895-1968) (Dugin, 2014; Bassin & Pozo, 2017). The Eurasianism thinking tempted Russia's foreign policymakers to embark on a development course apart from the West (Shlapentokh,2005). With its growing assertiveness and its geopolitical inclination, Russian foreign policy has been considered as a resurgence of Eurasianism or the so-called Neo-Eurasianism (Dugin,2014). Remarkably, neo-Eurasianism insured the post-Soviet integrative projects against nationalism by sustaining the idea of the peaceful and mutually beneficial co-existence of various nations, cultures, and diverse religions. Izotov and Obydenkova (2020:10) expressed that some Russian political thinkers have taken on board ‘Eurasianism’ as an ideational foundation for regional integration and even argued that Eurasian integration could promote a political consolidation of the post-Soviet space. This strategy became the basis of Russian foreign policy in the new millennium. Vladimir Putin hoped that this political strategy would increase the country's

prosperity and strengthen national and regional security and restore to image of Russian global power. The power position was primarily lost by the previous leadership in a period of transform process to the new nation-state and reduced from a global superpower to the level of regional power. In this way, Putin noticed Regionalism. Regionalism could broadly support the Eurasian ambition of Putin. Kremlin has devised neo-Eurasianism as an essential strategy of regionalism in Eurasia.

It should note that Russian regionalism policy has never been separated from the "near abroad" strategy. The near abroad has been the priority of Russian foreign policy and it has been emphasized in Russian foreign policy documents (Lynch,2000:37). This area has been an essential part of the Russian regional policy and security complex. Moscow not only wants the near abroad countries in its sphere of influence, but also try to prevent the expansion of NATO and Western powers in the near abroad. Moscow's neo-Eurasianism policy is a model of foreign policy revision of near abroad strategy. The Eurasian Economic Union is part of Moscow's efforts to develop and consolidate its influence and hegemony in the part of near abroad and periphery areas.

After Russia could not achieve significant success in regionalism in the 1990s, in the new millennium, after several stages (Eurasian Economic Community, Single Economic Market, Customs Union) established and formulated the Eurasian Economic Union (EAEU) in early 2015 consisting of Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan. The purpose of establishing this Union is to help members to improve their economic situation and their global position. The objective of this study is to analyze Russia's regionalism policies in the form of the Eurasian Economic Union and explain Russia's intentions and goals to establish the EAEU in the new era.

## **2. Literature Review**

Generally, many scholars studied Russia's regional policies (Arakelyan, 2020; Irkhin and Moskalenko,2020; Yazdani and et al.,2007). Significantly, many scholars have worked on integration in Eurasia and the Eurasian Economic Union. Alexander Dugin (1994) and David Kerr (1995) were the first scholars to address the regional integration in Eurasia after the collapse of the Soviet Union. A decade later, Dugin explained the theory of neo-Eurasianism and entered it into Russian foreign policy practically (Dugin,

2009). Hence, neo-Eurasianism became the basis of economic regionalism in Eurasia.

Mostafa (2013) studied the concept of 'Eurasia' and Kazakhstan's Eurasian policy. He asserted that the Eurasianism policy has entered into state ideology and reflected in domestic, regional, and foreign policies. Popescu (2014) described a difference between the real and the imaginary Eurasian Union. The author argued that the EAEU is an economic and geopolitical project. However, the real EAEU was launched, the imaginary geopolitical EAEU be unsuccessful, and Russia's geopolitical aspirations do nothing. Roberts and Moshes (2015) argued that the Eurasian Economic Union is much limited to reproducing sovereignty rather than transforming it, marking an apparent disconnect between rhetoric and reality. They believed the EAEU from the perspective of institutions, identity, and international context faces significant barriers.

Hartwell (2016) explained the drivers of competitiveness within the Eurasian Economic Union and emphasized some of its weaknesses and opportunities in the Eurasian integration project. Kirkham (2016) concluded that Russian regional hegemony could be increased by the EAEU. According to Dragneva and Wolczuk (2017), the Eurasian Economic Union project is an essential tool in the service of Moscow and Russian global influence. This project is a defensive response to the influence of the EU and China in the "near abroad" and the reconstruction of the international position of Russia. While Vinokurov et al. (2017) discussed that the EAEU faces potential disruptions due to a lack of monetary policy coordination. Although this union has made good progress in terms of territoriality and common customs regulations, it will face many problems without monetary policy coordination. Also, Roberts (2017) has a skeptical view of the Eurasian Economic Union and sees its major problem in the authoritarian rule and the absence of democracy that limits cooperation and integration. In the case of the EAEU, regime security provides a robust explanation for the inability of member states to coordinate policy. However, Knobel (2019) sees the issue of sanctions as an essential obstacle to the outlook of this Union. In the latest research, Izotov and Obydenkova (2020) surveyed geopolitical games in Eurasian regionalism. They indicated an ideational battle between the concepts of Europeanisation and neo-Eurasianism as a part of an integrative mentality approach.

Mostafa and Mhmood (2018) critically analyzed the history and evolution of the Eurasian Economic Union and its success, challenges, and prospects. They emphasized that the historical memories and distrust among the member states also made the integration process difficult. Lukin and Yakunin (2018) argued that Russia could connect to the political, economic, and cultural life of Eurasia and the Asia-Pacific through its Asian regions. Moscow should realize this opportunity and be actively involved in the initiative of The Trans-Eurasian Belt Development. Generally, regionalism and economic integration in Eurasia have been ups and downs. Some scholars consider the Eurasian Economic Union an essential project for Russia, while others are skeptical about its continuation and success.

### **3. Methodology**

The methodology applied in this research is the descriptive-analytical and historical methods. I tried to use credible sources and up-to-date statistics. The required research data were obtained from the international institutions of the World Bank, the International Monetary Fund, the United Nations Department of Economic and Social Affairs, the Eurasian Economic Commission, and the Eurasian Development Bank. The data were analyzed quantitatively, and Excel software was used to draw the graphs.

### **4. Results**

#### **4-1. The evolution of the Eurasian Economic Union**

Although the Eurasian Economic Union is a new institution among regional integration Organizations, its initial idea and first action go back to the 1990s. After the collapse of the Soviet Union, cooperation between the newly independent states and Russia was a significant problem. In December 1991, three heads of state, representing Russia, Ukraine, and Belarus, signed an agreement to terminate the existence of the Soviet Union and to set up the Commonwealth of Independent States simultaneously. Soon, Central Asian countries joined the Commonwealth of Independent States. Twelve of fifteen former Soviet republics participated in the CIS by 1993. Only three Baltic States (Lithuania, Estonia, and Latvia) did not join this regional intergovernmental organization (Vinokurov,2018:1-2). It soon became clear that the CIS could not be a successful model for the post-Soviet era due to active centrifugal forces and struggles among members.

In March 1994, the Kazakhstan President, Nursultan Nazarbayev, in a speech at Moscow State University, proposed the idea of creating a new integration association from the Soviet republics that should be called the “Eurasian Union” (Sergi,2018:53). This lecture is a turning point in the history of the evolution of regionalism in Eurasia. The president of Kazakhstan spoke favorably of Gumilev’s ideas concerning the geographical and cultural-historical ties that bring together the peoples in the Grossraum (greater space, using the term popularized by Carl Schmitt) of northern and central Eurasia (Sakwa,2017:209). During the next year, in 1995, the “troika” (Belarus, Kazakhstan, and Russia), which today remain the core of Eurasian integration, signed the Customs Union agreement. However, the agreement was not implemented due to centrifugal forces from Russia. The Kyrgyzstan’s accession into the World Trade Organization and the financial crisis occurred in Russia in 1998 showed the failings of the existing CIS regional projects driven by Russia and the necessity to establish other organization aiming at economic integration (Sisu Vicari, 2016:4; Hartwell,2016:54). Therefore, in February 1999, Russia, Kyrgyzstan, Kazakhstan, Belarus, and Tajikistan acceded to the Customs Union, and the five-member states signed the Treaty of the Common Economic Space. On 23 May 2000 in Minsk, the fever of economic integration in the former Soviet space reached a new level with the establishment of the Eurasian Economic Community (EurAsEC), modeled on the European Economic Community (EEC). On 10 October 2000 in Astana, the five states established the Eurasian Economic Community (EurAsEC). In 2005, the Uzbekistan republic joined the Eurasian Economic Community but, after three years, withdrew from the EurAsEC. The presidents of Russia, Belarus and, Kazakhstan, signed the Treaty of Single Economic Space (SES) in 2003. The Orange Revolution of 2004-2005 in Ukraine shattered hopes for the success of this integration. After several unsuccessful starts, in 2007, the troika Russia, Kazakhstan, and Belarus took a big step towards integration by signing ‘Agreement Establishing a Common Customs Territory and the Customs Union’ (Hartwell,2016:54; Rotaru,2018:1). The real progress in building Eurasian integration institutions take place only at the end of the 2000s, the response to the global economic crisis. At the end of 2009, member states signed documents on the CU. This same year, they also signed documents to create the

EurAsEC Anti-Crisis Fund (ACF) (Vinokurov,2018:4). The Customs Union (CU) consisted of Russia, Belarus and Kazakhstan, were formally launched in January 2010. In October 2011, Russian Prime Minister, Vladimir Putin announced the project of the Eurasian Union (Rotaru,2018:2). In 2009 the same three countries agreed to develop a single market (Single Economic Space), launched in January 2012. The creation of the CU and SES show the goal of pursuing enhanced economic integration through a high degree of coordination and harmonization of economic policies. Finally, on 29 May 2014, at a meeting of the Supreme Eurasian Economic Council (SEEC), the presidents of the member states of the CU and the SES signed the Eurasian Economic Union Treaty (Sisu Vicari,2016; Eurasian Economic Commission,2018). The Eurasian Economic Union, based on the 2010 Customs Union and the 2012 Common Economic Space, was launched in January 2015 by Russia, Belarus, Kazakhstan, and Armenia, then Kyrgyzstan joined in August (see Table 1) (Russell,2017:3).

**Table (1): The evolution of Eurasian Integration and the EAEU Regionalism between 1994- 2015**

	<b>Title</b>	<b>Date</b>	<b>Countries</b>
1	Nazarbayev suggested the Eurasian Union	March 1994	Eurasian Countries
2	Customs Union agreement	1995	Russia, Belarus and Kazakhstan
3	Treaty of the Common Economic Space	February 1999	Russia, Kyrgyzstan, Kazakhstan, Belarus and Tajikistan
4	Establishment of Eurasian Economic Community (EurAsEC)	October 2000	Russia, Kyrgyzstan, Kazakhstan, Belarus, and Tajikistan
5	Treaty of the Single Economic Space (SES)	2003	Russia, Belarus and Kazakhstan
6	Treaty of the Common Customs Territory	2007	Russia, Belarus, and Kazakhstan
7	Establishment of Customs Union	1 <sup>st</sup> January 2010	Russia, Belarus, and Kazakhstan
8	Announcement of the Project of Eurasian Union	October 2011	Russia ...
9	Single Economic Space	1 <sup>st</sup> January 2012	Belarus, Kazakhstan, and Russia
10	Eurasian Economic Commission	February	Belarus, Kazakhstan, and

		2012	Russia
11	Treaty of the Eurasian Economic Union	May 2014	Belarus, Kazakhstan, and Russia
12	Eurasian Economic Union	1 <sup>st</sup> January 2015	Belarus, Kazakhstan, and Russia
13	Armenia & Kyrgyzstan Joined the EAEU	August 2015	Belarus, Kazakhstan, and Russia, Armenia & Kyrgyzstan

This agreement signified the Eurasian economic project's transition to a new, deeper level of integration. The establishment of the Eurasian Economic Union is a severe achievement for its members after the USSR collapsed.

The first articles of this treaty contain the main objectives of the establishment and the organizational legal status of the EAEU. The Eurasian Economic Union "... ensures the free movement of goods, services, capital, and labor, the pursuit of a coordinated, agreed, or common policy in the economic sectors determined under this Treaty and international treaties within the Union". "The Union shall be an international organization of regional economic integration and shall have an international legal personality." (Treaty on the Eurasian Economic Union, 2014: Article 1). The fourth article declares The main objectives of the EAEU include "to create conditions for the stable economic development of the member States in order to improve the living standards of their people; the desire to create a common market for goods, services, capital, and labor within the EAEU; comprehensive modernization, cooperation and competitiveness of national economies within the global economy" (Treaty on the Eurasian Economic Union, 2014: Article 4).

Therefore, by creating the Eurasian Economic Union, independent states delegated a part of their powers to the regulatory body, the Eurasian Economic Commission, in order to secure the four freedoms (goods, services, capital, and labor) and pursue coordinated policy in key sectors of the economy in the common interests.

Since the Eurasian Economic Union was formalized on January 1, 2015, it has been considered a historical economic and political achievement for the Eurasia region and especially for Russia.

**4-2. Authoritarian Rulers and the Absence of Democracy**

Generally, Authoritarian rule and the absence of democracy limit cooperation and integration. Democratic governments are more interested in participating in regionalism processes and international cooperation. In the shadow of democracy and democratic governments, the processes of regionalism and integration are more likely to succeed. Traditionally, the governments of Central Asia and the Eurasian region have been authoritarian. Civil institutions and civil society, and democratic culture are weak in the Eurasian Economic Union member states. Although modern institutions and governments have been formed in these countries, the authoritarian nature of the rulers has not disappeared. The delegation of part of the national power to the regional and supranational organization of the Eurasian Economic Union contradicts the authoritarian nature of the member states. Although the political leaders of authoritarian governments need international treaties and the signing of trade agreements to strengthen their political capital and stay in power, their authoritarian temperament prevents the expansion of integration and it reduces the authority of their central government. Authoritarian leaders are reluctant to hand over some of their power to supranational institutions. Roberts & Moshes (2016) believed that the autocratic leaders are opposite to cede parts of their state sovereignty to supranational organizations, understanding the ability to remain 'sovereign' as a mandatory condition for their political survival.

Although authoritarian leaders can operate from the top down in creating institutions and structures, they are weak in building harmony, empathy, and structural stability. The Eurasianism and regionalism policies of Moscow were based on not only the general demands of society and a bottom-up plan, but also the wishes of the Kremlin's authoritarian political leaders.

It is not difficult to understand that the Russia-led Union (EAEU) has so far been a club of autocratic leaders (Rotaru,2018:12). Nursultan Nazarbayev was one of the longest-ruling in the world, serving as President of Kazakhstan for nearly three decades (April 1990 to March 2019), and is currently chairman of the Security Council of Kazakhstan and playing an essential role in Kazakhstan's power. Alexander Lukashenko has been in power in Belarus for about 26 years and was recently re-elected President of Belarus. Vladimir Putin has been at the top of Russia's power since 1999 as president or prime minister. With such a record, the prominent leaders of the

Eurasian Economic Union are unlikely to have the will to cede part of their sovereignty and authority to the Eurasian Supranational Organization. Therefore, we cannot expect the autocratic leaders of the Eurasian region to easily cooperate in the process of deep integration and weaken their authority in the process of regionalism. Authoritarian leaders have begun regionalism, but its continuation and success are not clear and should be viewed with skepticism.

**4-3. Inequality and Russia’s Domination on the EAEU**

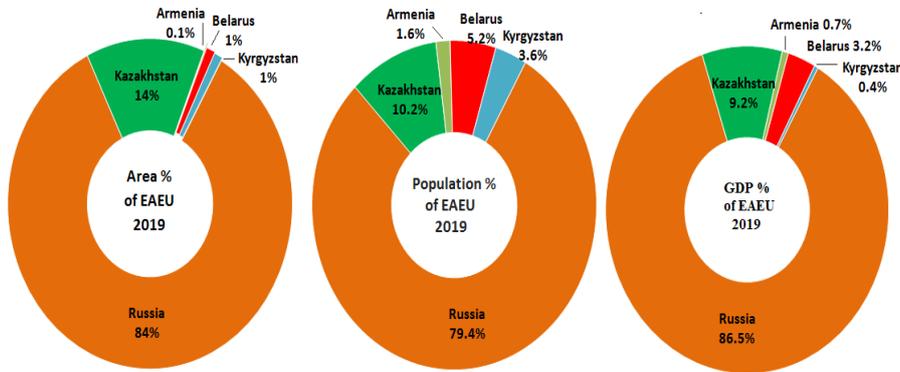
The Russian Federation is the dominant power in the EAEU. Russia dominates in terms of population, Gross domestic product (GDP) and trade volume and so on in this Union. Russia has 144 million populations (2019) that about 80 percent of the population of the Eurasian Economic Union. In second place is Kazakhstan, with more than 18 million people, just over 10 percent of the Union population (World Bank,2020). The other three countries together make up only 10 percent of the EAEU’s population. The human resources, language, and culture of the Russian state dominate in the EAEU. More than 86 percent of the total GDP in the Union is generated in the Russian Federation. About 9 percent is produced in Kazakhstan, and the rest (4.5%) is in Armenia, Belarus and, Kyrgyzstan (World Bank,2020) (see Table 2 and Fig.1). Compared with the European Union, Germany, as the most prominent member of the EU, has 27 percent of the economy and 16 percent of the population (MIF,2020). Although Russia is much more populous than in other union members, GDP per capita in Russia is higher than other member states. There is no doubt that Russia, as the most powerful state in the EAEU, has a leading role. Russia dominates all the affairs of the Union and has much influence in the decision-making process.

**Table (2): The Area, Population and, GDP Indicators of the EAEU Member Countries - 2019**

	<b>Area km<sup>2</sup></b>	<b>Population million</b>	<b>GDP USD billion</b>	<b>GDP per capita USD</b>
Russia	17,125,191	144	1700	11584
Kazakhstan	2,724,900	18.5	180	9731
Armenia	29,743	2.95	13.6	4622
Belarus	207,595	9.4	63	6663
Kyrgyzstan	199,951	6.4	8.4	1309
<b>EAEU</b>	<b>20,287,380</b>	<b>181.25</b>	<b>1965</b>	<b>6782</b>

(Source: World Bank,2020; Data 2019)

**Figure (1): Russian Domination in the EAEU in Terms of Drea, Population and, GDP Indicators**



(Source: According to data of World Bank,2020; data 2019)

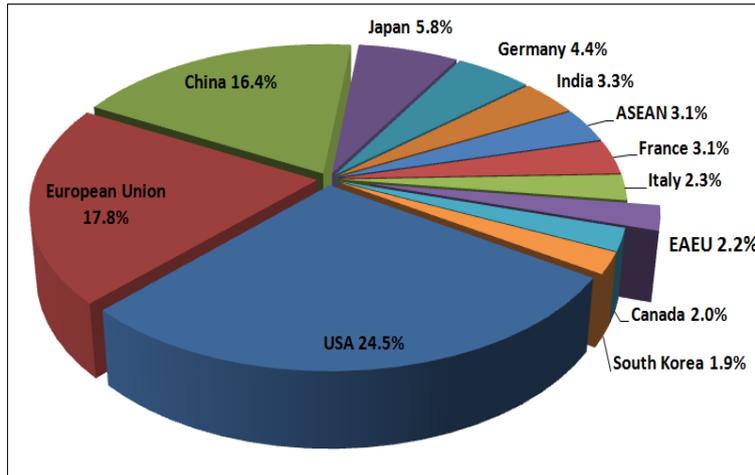
The five-member states differ significantly in terms of territory, population, and economic size. The largest country in the union, the Russian Federation, is approximately 576 times larger in territory than the smallest, Armenia, and similarly, GDP in Russia is about 202 times larger than GDP in Kyrgyzstan. The total GDP of the Russian Federation is approximately 6.5 times larger than the combined GDPs of the other four members. The situation is similar to the population (Mostafa and Mahmood,2018:169) (Fig.1). Therefore, there is no balance, and Russia has an overwhelming dominance in all areas of the Union. The EAEU is absolutely the Russian-led integration process and other members do not play an essential role in the EAEU decision-making process.

**4-4. Economic size of the EAEU**

The gross domestic product (GDP) of the Eurasian Economic Union in 2019 was less than \$ 2,000 billion (IMF,2020). Despite the vastness of the Eurasian Economic Union, it is small in economic size compared to the major world economies. It is small compared to the world’s major economies such as the United States, the European Union, and China (Fig. 2). The EAEU is about 9 percent of the USA economy. The total economic volume of the five countries of the union is even smaller than the Italian economy. The EAEU has 15 percent of the world’s landmass, but it owns

2.2 percent of the world economy. Economically, the EAEU is only slightly larger than South Korea or Canada (Table 3).

**Figure (2): The Share of Blocs and Countries in World GDP and the Status of the EAEU – 2019**



(Source: According to data of International Monetary Fund,2020)

**Table (3): Economic size of the EAEU in international comparison - 2019**

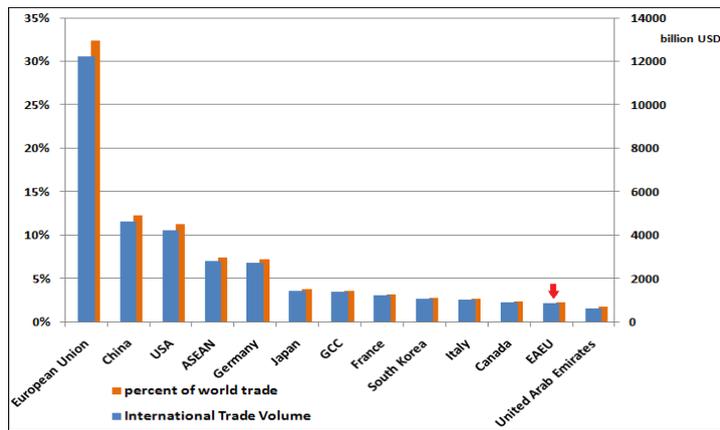
Position	Country / Trade Bloc	GDP in USD Billion	GDP EAEU / GDP Country
1	USA	21433	9.2%
2	European Union	15621	12.6%
3	China	14401	13.6%
4	Japan	5079	38.7%
5	Germany	3861	50.9%
6	India	2869	68.5%
7	ASEAN	2734	71.9%
8	France	2715	72.4%
9	Italy	2001	98.2%
<b>10</b>	<b>EAEU</b>	<b>1965</b>	<b>100.0%</b>
11	Canada	1736	113.2%
12	South Korea	1646	119.4%

(Source: International Monetary Fund,2020)

According to the Department of Economic and Social Affairs of the UN, the EAEU international trade is commensurate with its economy and has a small share of the international trade volume. The EAEU accounts for only

2.3 percent (853 billion USD) of world trade. Respectively, European Union, China, the USA, ASEAN, and Germany have the most prominent international trade share. The EAEU international trade is even less than the Gulf Cooperation Council (GCC) or South Korea. The international trade of this Union is slightly larger than the international trade of the United Arab Emirates (Fig. 3) (UN Department of Economic and Social Affairs,2020).

**Figure (3): Significance of the EAEU in International Trade – 2019**



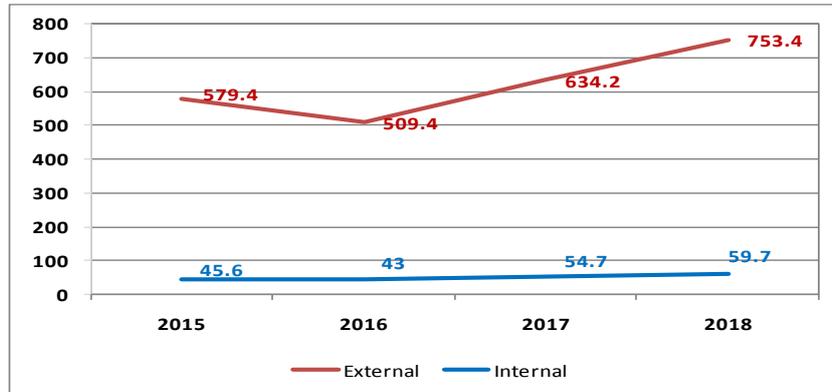
(Source: According to data of the UN Department of Economic and Social Affairs,2020)

There is no doubt that the Eurasian Economic Union cannot play an essential role globally in terms of economic size and weight, and international trade. Therefore, this union will not be strong in trade and geoeconomics competition against major economic blocs globally.

**4-5. Slight Economic Complement among the EAEU Members**

According to the Eurasian Development Bank (EDB) (2019), the Eurasian Economic Union’s significant share of foreign trade is with third countries. More than 90 percent of its foreign trade is with third countries, and the volume of trade between the union countries is less than 10 percent. Over the four years of EAEU operation, the aggregate volume of external trade of member states has grown approximately 30 percent (Fig. 4). From 2016 to 2018, the annual union growth in foreign trade with third countries was higher than the annual growth of the domestic trade between member states. These indicators clearly show that the member states of this Union are not good economic complementary to each other.

**Figure (4): Internal Trade between the EAEU Member States and EAEU External Trade Turnover, USD Billion**



(Source: Eurasian Development Bank, 2019:27-28)

Russia accounts for the bulk of intra-Union exports. In 2018, Russia’s share in total EAEU internal trade amounted to 65 percent. In fact, given Russia’s importance to all member states, most of the trade and other economic issues could be dealt with bilaterally between Russia and the individual states of the region. This is especially true for Belarus, whose trade has almost exclusively with Russia, but not with other EAEU members. There is virtually no trade between Kyrgyzstan and Armenia or between Belarus and Kyrgyzstan. Therefore, the overall level of internal trade among the member states is relatively low, accounting for less than 10 percent of total trade. For comparison, in the EU, around 64 percent of total trade was among members of the union in 2017 (Giucci, 2018).

The largest EAEU trade partner was the European Union. 37.3 percent of the total 2018 EAEU external trade turnover was with the EU. The second export destination for the EAEU member states is China. Almost 17 percent of the total 2018 EAEU external trade turnover was with China. Generally, the largest EAEU trade partner was the European Union. Forty-two percent of the total 2018 EAEU external trade turnover was with the EU. The primary customer of goods exported by the EAEU member states was the European Union that 52.4% of total exports. The second export destinations for the Eurasian Economic Union member states were APEC and Pacific countries. Twenty-five percent of the Union exports were sold to APEC countries, including 12.5 percent to China, 3.6 percent to South Korea, and

2.8 percent to Japan (Eurasian Economic Commission,2019:22). So the most important export destinations of this Union have been the European Union and the Pacific countries.

The EAEU is dependent on the European Union and Pacific Asia to supply the goods its needs. More than 42% of imported goods are purchased from the Pacific countries and more than 40% from the European Union. The enormous volume of imports came from China, which is in first place with 23.1 percent. Exports of goods from EAEU member states to third countries included mineral and energy products (67% of the total export volume of the EAEU to third countries), metal products (10.4%), and industrial chemical products (5.7%). About 80 percent of these goods are sold by the Russian Federation at foreign markets. The largest share of imports was goods, cars, equipment, and tools, which accounted for 43.7% of total imports. In this regard, industrial chemical products (18.8%) and food and agricultural products (12.3%) are in second and third place. More than 80 percent of these goods imported to the Eurasian Economic Union were purchased by the Russian Federation (Eurasian Economic Commission,2019:23).

Therefore, it is clear that the countries of the Eurasian Economic Union are dependent on external economies and have the least trade volume between member countries. Generally, in EAEU, Trade with third countries is much more important than internal trade. As such, 83 percent of total exports to third countries and 87 percent of imports are from third countries (EU, APEC and, CIS Countries). It compared to the EU, only 36 percent of export and imports with third countries (Giucci,2018:5).

The Russian Federation is one of the most important producers and exporters of oil and natural gas in the world (BP,2019). 68% of Russia's export revenues derived from oil and gas, and 50% of Kazakhstan's economy reliant on hydrocarbons, there is no doubt that the economic growth of the EAEU is driven by oil (Hartwell,2018:58). Nevertheless, so far, energy carriers have not been subject to Eurasian Economic Union policies and will probably enter 2025.

## **5. Discussion**

In recent decades, Russia has not seen itself as part of Europe, but as the center of the great continent of Eurasia. This view has given rise to the idea of Eurasianism, and it is the central axis of the ideology of neo-Eurasianism. Neo-Eurasianism is the term used to describe the efflorescence of Eurasianist

thinking in the wake of the dissolution of the communist system and the subsequent disintegration of the Soviet Union in 1991 (Sakwa,2017:209). From the view of Russian strategic decision makers, the ideology of neo-Eurasianism will not only counter the influence of Western powers to the East but will also lead to a process of regional integration centered on Moscow. Accordingly, Eurasianism has become the focus of political thought and foreign affairs of Kremlin leaders. Neo-Eurasianism compromises building a foreign policy consensus based on political culture and national awareness. In this context, Russia seeks to expand its sphere of influence and rebuilding power as one of the world powers. Indeed, Moscow wants to reposition itself as a central Eurasian great power.

The Kremlin is working hard to strengthen its influence in the post-Soviet space. Hence, Moscow is trying to establish a close relationship with Asian actors. Asian countries have gained more weight in Russia's economic and foreign policy than in the past. Russia has chosen to look to the East and Asia in rebuilding its power and rebalancing with the West.

Russia wants to be a superpower; therefore, it needs a tremendous regional union. Russia sees international relations through the lens of power competition and intends to prevent close integration between Eastern Partnership countries and the EU and a rapprochement between Central Asian countries and China. To pursue these goals, new-Eurasianism is an essential strategy for Russia.

One of the critical policies of Moscow in the context of neo-Eurasianism was regionalism. Kremlin's decision-makers began to reduce tensions and increase regional cooperation with economic regionalism. Accordingly, in several steps, Russia created the Eurasian Economic Union consisting of Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan.

Russia, as a leading state, plays a pivotal role in the Eurasian regionalism process. The leading state of the Russian Federation in the Eurasian regionalism process is according to the view of Fawcett (2015). However, this role is so prominent that the Eurasian Economic Union is almost equal to Russia. Although the EAEU has the name Eurasian with itself, the concept of Eurasian is not very precise. The term of Eurasia is controversial and ambiguous in its meaning and boundaries, and there is no consensus among politicians and authors. So, regional identity and regional community building are not well-formed in Union borders. The concept of Eurasian is

vast and inclusive than the identity of member countries of the EAEU. Even there are different interpretations of the concept of Eurasia. The term “Eurasia” conveys two entirely different meanings. The first one views Russia as the natural and historical pivot of the surrounding region – more or less the entire post-Soviet space, excluding the Baltic States – and expects that the neighboring countries should remain loyal to Russia because all belong to the same, “Eurasian” civilization or realm. The second meaning asserts that Russia should develop a foreign policy that interacts equally with Europe and Asia. Each of these views has different political and geopolitical consequences. Although a supranational organization has been formed, a distinct regional identity has not emerged from its neighbor regions. Other Eurasian states cannot be expected to join the Eurasian Economic Union. Not only they do not have much economic interest in the EAEU, but also they do not have the necessary trust to Moscow. From this perspective, trust is also eroded in the Eurasian region. Generally, in this region, divergent forces prevail over convergent forces.

According to the view of Slocum and Van Langenhove (2005) and Murray (2015) that the regional identity and the regional community-building are the foundation of regionalism, they are not well-formed in the Eurasian Economic Union. Therefore, the process of regionalism is incompletely implemented in Eurasianism thinking.

Eurasian conceptual ambiguity and regional identity uncertainly have become more complicated in merging with authoritarian regimes in the region. Authoritarian rule and the absence of democracy limit cooperation and integration. Under the umbrella of authoritarian rulers and the absence of democracy in this union, we cannot expect closed cooperation and deep integration.

The EAEU is a regional supranational economic entity in its name and appearance, according to its charter. However, economically, this regionalism does not seem logical. Economic indicators show that the EAEU’s economic regionalism has not been successful. Compared to the European Union and ASAN, internal trade volume among the EAEU countries is insignificant. More than 90 percent of its trade volume is with third countries. There are small trade volumes in the Union that excluding Russia. In practice, EAEU members trade mainly with Russia, but not with one another. So, the EAEU’s countries are not economic complement. The

EAEU's states are economically dependent on the EU and the Pacific countries. Netherlands, Germany, France, China, Japan, and South Korea are the essential trading partners. The most crucial products of the EAEU are natural gas and oil, which are exported from Russia and Kazakhstan. All five countries need technology, high technology products, alterant industries, automobiles and generally advanced industries imported from third countries.

The vastness of the territory and the long distance between the countries and cities of the Eurasian Economic Union increase the cost of transportation. Long-distances and transportation costs are an obstacle to intra-union trade. There is a long-distance between Belarus and Kyrgyzstan, Belarus and Armenia, Kyrgyzstan and Armenia, and even between Kazakhstan and Belarus. Therefore, the distribution of commercial goods in the Union cities is a problem. Also, in addition to the small Armenian market, the mutual trade of Armenia is limited because Armenia is an exclave relative to other member states. Trade flows reach Armenia almost exclusively through the territory of Georgia. Armenia and Kyrgyzstan have virtually no share in the union's trade basket. Extensive territory, huge distances, enormous economic inequality, and unsuitable spatial arrangement of member states have posed many challenges to achieving the goals of the Eurasian Economic Union.

Undoubtedly, Russia is the strongest state in Eurasia and plays a vital role in the foreign trade of Eurasian countries. In this context, there is not much difference between Russia and the Eurasian Economic Union. This subject includes both volumes of bilateral trade and the relative significance of trade with Russia. Eastern and Western markets must see Russia for trade with the Eurasian Economic Union. Despite the decline in trade between Russia and Eurasian countries during the recession, Russia remains an important trading partner for all Eurasian countries. Although the countries of the Eurasian Economic Union are not good complements to each other, due to the economic weakness of the small countries of this union, Russia plays a leading and dominant role in the Eurasian market.

Based on the Union's name, it is clear that this regional supranational organization pursues economic goals and economic integration. Moscow and Putin want to increase solidarity between member states through interdependence and trade ties. However, it should not be forgotten that the

economic goals of the project, which account for less than 6 percent of Russia's trade volume, cannot justify Moscow's grand goals. Following the logic that great powers do not dissolve in some other integration projects but forge their own, Russia has sought to rebuild its power (Perović,2019:55). Moscow is pursuing primary geopolitical and geo-economic goals of the Eurasian Economic Union project. Through this union, in addition to increasing its economic weight, Russia strives to be an important player in international affairs and one of the pillars of the global geometry of power.

## **6. Conclusion**

After the demise of Marxism-Leninism ideology, Russia needed official theoretical thinking to fill the ideological vacuum. Generally, there were three strategic thinking to define the identity of Russia in contemporary politics: Atlanticism (Westernism), Slavophile (Nationalism), and Eurasianism (Geopolitical Regionalism). After a period, short of Atlanticism thinking under Yeltsin's presidency, the idea of Eurasianism was noticed from the beginning of Vladimir Putin's era at the end of the 20th century and was called neo-Eurasianism. In neo-Eurasianism thinking, Russia has defined a Eurasian identity distinct from that of Europe and Asia. In this theory, Moscow follows to reconstruct power and create a pole of power in the structure of the global geopolitical system. In such a way that it can expand its sphere of influence and resist the influence of the West (USA, NATO, and the European Union) and even China. The Kremlin is seeking to restore power based on new geo-economic realities in the Eurasian region.

Russia has made many efforts to establish regionalism and regional order in recent decades in the former Soviet republics. After several stages of the regionalism process, Russia finally established the Eurasian Economic Union in early 2015, including Russia, Belarus, Kazakhstan, Armenia, and Kyrgyzstan. The Eurasian Economic Union is the international organization of regional economic integration with international legal standing incorporated by the treaty on the EAEU. It is the most critical and active Union and regional integration project since the Soviet Union's collapse.

The Eurasian Economic Union faces significant political, geopolitical and economic challenges, and obstacles. Rival powers, Weak economic power, the weakness of democracy, the weakness of trust, the existence of centrifugal forces versus the centripetal forces are part of this problem.

Economically, The Eurasian Economic Union does not have a substantial weight compared to the economic blocs of the world. The Union just has a little more than 2 percent of world trade and in comparison with its traditional rivals such as United States, China, the European Union, Germany is much weaker. Besides, this union does not have the appropriate economic logic in terms of trade and financial indicators. The members of the EAEU are not a good economic complement to each other, and as a result, there is not much trade among member countries. Russia and the EAEU's main trading partners are the Pacific and the EU states. In economic terms, the EAEU is not much different from Russia. Russia handles more than 85 percent of the Union's economy and business activities. Russia's economic cooperation and integration with Armenia, Kyrgyzstan, and Belarus will not increase Moscow's economic power. Therefore, in five years of operation, the EAEU has not made significant economic achievements for member states.

Nevertheless, it is a politically and geopolitically significant achievement for Russia and the Kremlin rulers. The Eurasian Economic Union can be assessed in the context of regional security and geopolitical competition in Eurasia. Economically, in recent years, Russia has been able to slightly improve its economic situation, which may have been due to the mechanisms of the Eurasian Economic Union. However, in the Eurasian Economic Union project, Russia has made significant political, security, and geopolitical achievements and could rebuild its hegemony in Eurasia and retain part of the near abroad realm.

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