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The Eurasian Economic Union: institutional structure, competences and relations with the exterior

Abstract

The creation of the Eurasian Economic Union (EAEU) five years ago introduced a new, albeit controversial, actor into the post-Soviet space. This essay aims to elaborate an analysis that contemplates in detail the current situation of the organisation and the nuances that govern it. To this end, it will examine the problems faced by two of its most important bodies, the Commission, and the Court, study the progress made in coordinating competences and harmonizing economic policy, and address the EAEU's external relations through its Free Trade Agreements, the lack of communication with the EU and its connection with the New Silk Road and China.

Key words

Eurasian Economic Union, New Silk Road, post-soviet space, economic integration, Russia, Kazakhstan

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Introduction

Of the integration processes in the post-Soviet space, the Eurasian Economic Union (EEU) is the most recent and the most successful. This union of autocracies and hybrid regimes has emerged in the 21st century as an alternative vision – both geopolitical and economic – to the European Union (EU). The peculiarities of its goals, Russia's leadership, the role of its other member states, its external relations with Europe and Asia, as well as the shadows and lights of its internal workings and economic developments, continue to attract the attention of researchers and shape the perspective with which the European public views the new organisation.

So far, much of the academic literature has focused on the geopolitical character of the partnership. Articles such as Krickovic & Bratersky¹ or Busygina & Filippov² reflect on the Russian role, while authors such as Libman³ or Popescu⁴ emphasise the imaginary and unreal constructions attributed to this Union. Other researchers have focused on the specific cases of certain countries, their entry into the EEU and the consequences this has had; examples include Vieira & Vasilyan⁵ on Armenia and Belarus, and Kudaibergenova⁶ on Kazakhstan and Kyrgyzstan. There are also those who look at the dynamics of integration, such as Knobel et al.⁷. Another relevant topic is its relations with Asia, where authors such as Chris Miller⁸, Svetlicinii⁹ and Libman¹⁰

1 KRICKOVIC, A., and BRATERSKY, M. Benevolent hegemon, neighbourhood bully, or regional security provider? Russia's efforts to promote regional integration after the 2013-2014 Ukraine crisis. *Eurasian Geography and Economics*, 2016, 180-202.

2 BUSYGINA, I., and FILIPPOV, M. Russia and the Eurasian Economic Union: Conflicting incentives for an institutional compromise. *Higher School of Economics*, 2018

3 LIBMAN, A. Russian Power Politics and the Eurasian Economic Union: The Real and the Imagined. *Rising Powers Quarterly*, 2017, Volume 2, Issue 1, 81-103.

4 POPESCU, N. Eurasian Union: the real, the imaginary and the likely. *EU Institute for Security Studies*, 2014.

5 VIEIRA, A., and VASILYAN, S. Armenia and Belarus: caught between the EU's and Russia's conditionalities? *European Politics and Society*, 2018, 471-489.

6 KUDAIBERGENOVA, D. T. Eurasian Economic Union integration in Kazakhstan and Kyrgyzstan. *European Politics and Society*, 2016, 97-112.

7 KNOBEL, et al. Deep integration in the Eurasian Economic Union: what are the benefits of successful implementation or wider liberalization. *Eurasian Geography and Economics*, 2019, 177-210.

8 MILLER, C. Will Russia's Pivot to Asia Last? *Orbis - A Journal of World Affairs*, 2020, 43-57.

9 SVETLICINII, A. China's Belt and Road Initiative and the Eurasian Economic Union: "Integrating the Integrations". *Research and Educational Journal*, 2018, 7-20.

10 LIBMAN, A. Linking the Silk Road Economic Belt and the Eurasian Economic Union: Mission Impossible? *Caucasus International Journal*, 2016, Vol. 6 No 1, 41-53.

stand out. Finally, Vinokurov¹¹ provides an extensive analysis of many of these discussions.

This article is situated midway between works that focus solely on the geopolitical role of the EEU and those that pay exclusive attention to the internal dynamics of the Union. It aims to produce an analysis that takes a detailed look at the current state of the organisation and the nuances that govern it. It is particularly interesting to carry out this approach in Spanish, where the literature on the subject is scarce, thus contributing to the development of a more complete perspective of the complexity of the Eurasian Economic Union from our country.

Using an analytical-descriptive methodology, it addresses the issues necessary to understand and make sense of the present state of the EEU: the consistency of the institutions with its objectives, progress in economic integration and its international relations. To this end, this article is divided into three parts. The first analyses the two most important institutions in the Union's day-to-day work – the Eurasian Economic Commission and the Court of the Eurasian Economic Union – their tasks and the difficulties they face. The second examines the main promises and progress in tariff harmonisation, the creation of common markets and economic policy coordination. Finally, the third part deals with the EU's external relations: Free Trade Agreements, the lack of communication with the EU and the new understanding with Asia.

By analysing the efficiency of the Union's institutions, the progress made in policy coordination and harmonisation of emerging markets and the development of its relations with other countries or economic blocs, this article condenses the strengths and weaknesses of the EEU, with the perspective of the Union's five years of integration. In this way, it identifies the obstacles and shortcomings it faces and will face and the possible trends it will follow.

The Union's institutions: limitations and lack of commitment

The signing of the EEU Treaty is a milestone in post-Soviet integration processes, as it constitutes the first organisation with its own legal personality and supranational features. It includes the 2010 Customs Union, as well as the 2012 Single Economic Area, copying agreements already established and implemented in the past.

However, the signing of a treaty does not mean that a functional Union is achieved. This is why, in order to study the EEU, it is useful to analyse both the advantages and limitations of the institutional design provided in the document, as well as the actual dynamics of its organs. Knowing who holds the real power, who is in charge of the day-to-day work of the EEU and what problems it faces, gives us a deep insight into the governance of this Union and its effectiveness.

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¹¹ VINOKUROV, E. *Introduction to the Eurasian Economic Union*. Palgrave McMillan, 2018

The structure of the EEU – modelled on that of the EU – consists of two inter-governmental institutions, the Supreme Council and the Intergovernmental Council (composed of the heads of state and government of each country, respectively) and two institutions with supranational characteristics: the Eurasian Commission (EEC) and the EEU Court. The former have the actual decision-making and ultimate responsibility for the composition and functioning of the Union, while the latter are responsible for the day-to-day running and conflict resolution. It is the Commission and the Court where attention should be focused, both because of their status as innovative institutions in the Eurasian space and because of their potential role in the consolidation of the EEU.

The Commission is the executive and permanent body of the EEU. It is considered the first institution in the post-Soviet space with a supranational character as its acts are directly applicable. It is responsible for managing further integration, governing common customs, technical customs regulation, foreign trade policy and up to 140 other competencies¹². It is composed of two bodies in which all members have equal representation, an improvement on its predecessor, the Customs Union Commission, in which Russia had 57 per cent of the votes. The Council of the Commission is the body which gives overall direction to the Commission's activities and is composed of the deputy *heads of government* of each country. In its work, the Council relies on the work of the Board of the Commission, the executive body of the EEC, composed of two representatives per country who must take their decisions independently of governments.

However, the Commission has numerous problems in acting effectively. Firstly, the supranationality of the Eurasian Economic Union is questionable, since the Board is the only body where decisions are taken by qualified majority, but it only discusses low-level issues, while important matters are taken by consensus in the Council, giving each country the right to veto, which reduces Russia's ability to assert itself, but also slows down the effectiveness of decision-making and thus of the Commission¹³. This leads Karliuk¹⁴ to split the Commission into two different institutions of which only the Board is supranational. Second, the Belarusian lift mechanism allows any state to appeal a decision to higher, consensus-based, intergovernmental bodies, reducing the Commission's autonomy. Thirdly, the Commission has no power to enforce its acts, as it can neither implement them itself nor bring before the EU Court of Justice anyone who does not obey them. Finally, it encounters constitutional restrictions in the Member States; for exam-

¹² VINOKUROV, E. Eurasian Economic Union: Current state and preliminary results. *Russian Journal of Economics*, 2017, 54-70.

¹³ SVETLICINII, A. China's Belt and Road Initiative and the Eurasian Economic Union: "Integrating the Integrations". *Research and Educational Journal*, 2018, 7-20.

¹⁴ KARLIUK, M. The Eurasian Economic Union: an EU-Like Legal Order in the Post-Soviet Space? *Higher School of Economics*, 2015

ple, Russia challenged the concepts of “direct applicability” and “supremacy of decisions”¹⁵.

The Court of the Union is the judicial body of the Union. It was created to achieve the uniform application of EEU law and to resolve disputes concerning its interpretation and application. It is based on equal representation, is composed of two judges from each Member State and responds only to requests and consultations from Member States and commercial entities. It is also an institution of questionable efficiency, although Dragneva & Wolczuk¹⁶ indicate that it is active and not reluctant to rule against the Union.

Like the Eurasian Commission, the EU Court faces many difficulties. First, it must look to the Supreme Council to ensure the implementation of its decisions, which means relying on the countries’ commitment to integration and their consensus on the issue. There are no effective mechanisms in place to enforce its rulings¹⁷. Secondly, the regulation puts judges in a more vulnerable and dependent position towards their respective countries. Thirdly, there is a duality in legal regulation as EU law has a debatable applicability in national legal systems, especially Russian and Belarusian, making the binding concept of EU law a symbolic element^{18,19}. Fourthly, the hierarchy of EU law is unclear, with the place of the international agreements of the Member States prior to accession being unclear, as is the place of WTO law, to which Belarus does not belong, but whose GATT (General Agreement on Tariffs and Trade) and GATS (General Agreement on Trade in Services) agreements are used to interpret the treaty²⁰. Fifth, the Court’s decisions do not form part of EU law, something Kembayev recommended²¹ to deepen integration.

These arguments show that in the institutional structure of the EEU, high-level policy sets the ultimate path of integration. It has been designed in such a way that the enforceability of decisions depends on the commitment of member states, straining

15 DRAGNEVA, R., et al. *Assessing Legal and Political Compatibility between the European Union Engagement Strategies and Membership of the Eurasian Economic Union*. EU-STRAT, 2017

16 DRAGNEVA, R., Y WOLCZUK, K. *Eurasian Economic Integration: Institutions, Promises and Faultlines*. In D. Cadier, *The Geopolitics of Eurasian Economic Integration - Special Report* (pp. 8-15). *LSE Ideas*, 2014

17 DRAGNEVA, R., y WOLCZUK, K. *The Eurasian Economic Union: Deals, Rules and the Exercise of Power*. *Chatham House*, 2017

18 KARLIUK, M. *The Eurasian Economic Union: an EU-Like Legal Order in the Post-Soviet Space?* *Higher School of Economics*, 2015

19 KEMBAYEV, Z. *The Court of the Eurasian Economic Union: An Adequate Body for Facilitating Eurasian Integration?* *Review of Central and East European Law*, 2016, 342-367.

20 KARLIUK, M. *The Eurasian Economic Union an Emerging Autonomous Legal Order?* PhD thesis. *Ghent University, Faculty of Law and Criminology*, 2018

21 KEMBAYEV, Z. *The Court of the Eurasian Economic Union: An Adequate Body for Facilitating Eurasian Integration?* *Review of Central and East European Law*, 2016, 342-367.

the consensus of the Union with each decision, and jeopardising the effectiveness of the functioning of the EEU. Practice shows that what should be its most important institutions – the Commission and the Court – have many problems. On the one hand, the EEC has difficulties in taking and implementing its decisions. On the other hand, the Court is confronted with constraints that contribute to a lack of legal certainty. This means that while the design of the EEU is functional and its institutions perform their duties, the results of the Union, its “output”, are reduced to the sincerity of member countries’ commitment to integration.

Economic cooperation: the light and shadows of the Customs Union and the Single Economic Area

The EEU Treaty integrates the pre-existing 2010 Customs Union and Single Economic Area agreements. Thus, it establishes a common external tariff, the elimination of internal tariffs, the creation of a common market with free movement of goods, services, capital and labour, and the coordination of public policies such as macroeconomic policy. While previous agreements had already liberalised trade in goods and in 2011 tariffs were abolished²², the new draft aims to reduce by 2025 the many exceptions: external tariffs, internal non-tariff barriers and sectors not included in the common market.

Examining the development of the EEU in its economic role of market harmonisation and trade facilitation serves – at least in part – to analyse the performance of the Union’s institutional structure. It is interesting to see whether the treaty’s promises are being kept, whether they are being delivered in a substantive way or whether they are just a dead letter, and what problems are being faced. Moreover, it also allows us to determine the role that consensus and the commitment of the States play in the Union.

The EEU has not limited itself to the symbolic signing of the Treaty, and continues to deepen integration. Ninety per cent of external tariffs were harmonised in 2016 – although Kazakhstan’s accession to the WTO in November 2015 meant a reconsideration of its obligations to the EEU and an increase in tariff exceptions. Common markets have been established and even improved for Medicines and medical products – in 2016, although the regulatory content was postponed – for Workers – working since 2010 and updated in 2017– for Services – in 2018 adding 9 sectors to the 43 already operational, 55% of the Union’s services – for Alcohol and Tobacco – with the approval of a special tax in 2018, to be implemented in 2022– and for Electricity – in 2019. Finally, progress has been made in the coordination and harmonisation of public policies: macroeconomic –necessary for the consolidation of integration through the synchronisation of the economic cycles of member countries– with the three mac-

²² DRAGNEVA, R., y WOLCZUK, K. *The Eurasian Economic Union: Deals, Rules and the Exercise of Power*. *Chatham House*, 2017

roeconomic indicators established by the EEU Treaty, agriculture –coordination of agricultural subsidies – transport – approved in 2016 and scheduled for implementation in 2025 – and industrial –creation in 2018 of the Eurasian Network for Industrial Cooperation and Subcontracting^{23,24}.

However, three problem areas can be identified in the processes described. First, with the establishment of the Customs Union, Russian tariffs were adopted, which were much more protectionist than those of the other member countries. Kazakhstan, Armenia and Kyrgyzstan negotiated exceptions to reduce the impact on their economies of a sudden implementation of tariffs that are too high. While the transitional derogations – scheduled to be eliminated in the coming years – reduced the time and cost of negotiation, they undermine the efficiency of the Union²⁵.

Secondly, the elimination of non-tariff barriers (NTBs) such as sanitary and phytosanitary (SPS) measures – for food – technical barriers – for industry – and price control and competitiveness measures –such as restrictions on participation in public procurement and subsidies – has not been achieved. They are tools to control trade after the abolition of internal tariffs, which are difficult to identify and which reduce the efficiency of the Union significantly. In the EEU this phenomenon is manifested in GOST certificates – the obsolete Soviet certification system for industrial products, now in the process of being replaced by Customs Union Technical Regulations – and in the double phytosanitary control established between Belarus and Russia as a result of Russian sanctions on third countries. Since 2015 the Commission has sought to identify NTBs as a first step towards their elimination, taking measures such as the adoption of 30 framework regulations for industrial products – reducing GOST. These efforts are undermined by recurrent and unpredictable trade wars within the Union²⁶ and by the inertia of domestic interest groups and mistrust of countries, which create new barriers as identified barriers are removed²⁷. In this respect, the Belarusian government gives three reasons for the problematic removal of NTBs: protectionism, lack of accountability for the violation of EU law and the existence of a too specific mechanism for the removal of barriers²⁸.

23 KNOBEL, et al. Deep integration in the Eurasian Economic Union: what are the benefits of successful implementation or wider liberalization. *Eurasian Geography and Economics*, 2019, 177-210.

24 EURASIAN DEVELOPMENT BANK. Eurasian Economic Integration 2019, *Eurasian Development Bank*, 2019, Moscow.

25 ALIMBEKOV, A., MADUMAROV, E., and PECH, G. Sequencing in Customs Union Formation: Theory and Application to the Eurasian Economic Union. *Journal of Economic Integration*, 2017, 65-89.

26 DRAGNEVA, R., AND WOLCZUK, K. *The Eurasian Economic Union: Deals, Rules and the Exercise of Power*. Chatham House, 2017

27 LIBMAN, A. “Market Integration in the Eurasian Economic Union”, *Russian Analytical Digest*, 2020 No. 247, 2-5.

28 Belarusian Ministry of Economy. (nd). Ликвидация барьеров, ограничений и изъятий во взаимной торговле в ЕАЭС, Accessed 06 05 2020: https://www.economy.gov.by/ru/likv_izjatij-ru/

Thirdly, the Common Market suffers from a number of problems. Tight deadlines have led to the postponement of the implementation of many advances due to a lack of consensus. Agreements –such as the Common Market for Medicines in 2016 – are symbolic and their content is diluted in promises of technical documents yet to be created. Implementation of the agreements is problematic, and they are often breached²⁹. The common energy markets are the most difficult to progress. The Electricity Programme, launched in 2019, was created by a simple protocol, which was not accompanied by any document developing its content³⁰. The Oil and Gas common markets, despite constant pressure from Belarus and Armenia for their elaboration, generate the least consensus: the Framework Agreements for their creation were signed in 2015 and the Establishment Programmes in 2018, but there has been no significant progress. Finally, macroeconomic policy coordination is complicated. In the first two years since the signing of the Treaty, every macroeconomic indicator was violated by at least one party. A mechanism is needed to ensure compliance with the indicators³¹.

The implementation of the Customs Union and the Single Economic Area is therefore gradual and successful, but at the same time fraught with problems. The postponement of deadlines for meeting targets, the signing of token and empty agreements, exceptions to the common tariff, continuing trade disputes, the emergence of NTBs, the fragmented state of the common market – which hampers the freedoms of movement of goods and services – and poor coordination of policies such as macroeconomic policy, all attest to the work that still lies ahead for the EEU. The weak commitment of Member States undermines the progress made and makes the future of the Union even more difficult.

International relevance: ever further away from Europe and ever closer to Asia

The EEU Treaty gives the Commission the possibility to establish international trade agreements. In practice this is a tool for the establishment of international relations beyond the post-Soviet space, with other countries or supranational organisations through the signing of economic agreements – Free Trade Agreements (FTAs) – and memoranda of cooperation. For this article, it is particularly relevant to analyse with which countries and how they have established these relationships, and how deep the cooperation is built. In addition, the specific situation of relations with the Euro-

29 LIBMAN, A. (Mis)interpreting the Eurasian Economic Union? Images of the EAEU in Russia and the West. In E. Dal, and E. Erşen, *Russia in the Changing International System*. Palgrave Macmillan, 2020, p77-94

30 LIBMAN, A. “Market Integration in the Eurasian Economic Union”, *Russian Analytical Digest*, 2020 No. 247, 2-5.

31 VINOKUROV, E. “Eurasian Economic Union: Current state and preliminary results”. *Russian Journal of Economics*, 2017, 54-70.

pean Union and with Asia – in particular China – should be examined. This achieves three objectives: it shows the dynamics of the EEU's foreign trade, it assesses the Asian turn it is taking, and it looks at the reception it has received from the international community.

The competence of the EEU Commission to negotiate FTAs is limited to trade in goods, while member countries retain sovereignty over the areas of services and investment. In this context of dual dialogue – with the EEU and with member states – Russia stands out for its capacity and proactivity, monopolising the talks and announcing the EEU's foreign policy initiatives. After the Ukrainian crisis, the doors were closed to negotiations with part of the international community – e.g. with New Zealand in 2014 – and economic agreements have focused on developing countries. This is positive for smaller Member States, because agreements with developed economies could be detrimental to them³². The EEU received requests to start negotiations from 40 countries, which is beyond the Commission's bureaucratic capacity. It has signed four FTAs – Vietnam, 2016; Iran, 2018; Singapore and Serbia, 2019 – and several others are under negotiation – Israel, Egypt, India, Cambodia. It has also signed numerous memoranda of cooperation – South Korea, Mongolia and Chile, 2015; Cambodia, 2016; Greece, Jordan and the Andean Community, 2017; Mercosur and Thailand, 2018. While this is a first opening towards markets such as South Asia, the consequences – if they can be seen at all – are difficult to calculate. Moreover, the agreements are limited: before signing the FTA with Singapore, tariffs were already negligible³³, and the agreement with Vietnam excluded Vietnamese goods that threatened the UEE market and state contracts, which constitute the majority of trade between Moscow and Hanoi^{34 35}.

The European Union and the Eurasian Economic Union have not yet established formal relations, despite energy interdependence, trade ties, the need for European investment in Eurasia and the EU's potential modernising role in the EEU economy³⁶. Collaboration is limited to technical elements and phytosanitary standards. Two questions can be analysed: the competitive or cooperative nature of the EEU vis-à-vis the EU, and the reasons for and solutions to the current situation.

On the first question, the EU and the EEU start from an inevitable competition for the same space, with different concepts of economic integration. In fact, the EEU has a mutually exclusive character with the EU's Eastern Partnership Association Agree-

32 VINOKUROV, E. *Introduction to the Eurasian Economic Union*. Palgrave MacMillan, 2018

33 Ibid.

34 LIKHACHEVA, A. "The Eurasian Economic Union and the Integration Process in the Asia Pacific". *Asian Politics and Policy*, 2018, 772–790.

35 MANURUNG, H. "Russia Interests and the Effect of the Eurasian Economic Union (EAEU) on Global Economic Integration, 2015-2016". *SSRN Electronic Journal*, 2018

36 VINOKUROV, E. *Introduction to the Eurasian Economic Union*. Palgrave MacMillan, 2018

ments – it is, in part, the fruit of the EU's eastward expansion. Moreover, they are seen as economic rivals³⁷, and even the EEU is understood as a Russian tool in its struggle with the West³⁸. However, this does not contradict the potential for cooperation between the two organisations, nor does it conceal the EU's interest in establishing a dialogue with the EU. In his EEU proposal in 2011, Putin³⁹ referred to the creation of a Greater Europe from Lisbon to Vladivostok and in 2016 Kazakh President Nazarbayev spoke of an integration of integrations between the EU and the EEU⁴⁰. On the other hand, in 2013 José Manuel Barroso offered to share the EU's experience with the new Customs Union – albeit conditional on the rejection of protectionist practices⁴¹. The limits of coexistence between the two unions were established after the crisis in Ukraine⁴². Despite this, both unions have subsequently adapted their foreign policy to the new reality. The EU has promoted a growing bilateral relationship with EEU members – exemplified by the association agreements with Kazakhstan in 2015 and Armenia in 2017. In parallel, the Eastern Partnership country Moldova was granted observer status in the EEU in 2017 and Belarus abolished visas for EU citizens in the same year. This shows that, as Dragneva & Woczuk⁴³ point out, the relationship became zero-sum after being framed as a geopolitical struggle from the beginning, but it should not have been.

On the second question, it is necessary to identify the main problems that make relations between the EU and the EEU impossible. First, there is mistrust about the EEU's role in Russian foreign policy and how establishing a dialogue would legitimise Russian interests^{44, 45}. Secondly, there is a shared belief that interdependence between

37 KONOPELKO, A. "Eurasian Economic Union: a challenge for EU policy towards Kazakhstan". *Asia Europe Journal*, 2018, 1-17.

38 VAN DER TOGT, T, et al. *From Competition to Compatibility Striking a Eurasian balance in EU-Russia relations*. Netherlands Institute of International Relations Clingendael, 2015

39 PUTIN, V. Article by Prime Minister Vladimir Putin "A new integration project for Eurasia: The future in the making" (*Izvestia*, 3 October 2011). Retrieved 2020 04/04/10, from Permanent Mission of the Russian Federation to the European Union: <https://russiaeu.ru/en/news/article-prime-minister-vladimir-putin-new-integration-project-eurasia-future-making-izvestia-3->

40 SERGI, B. S. "Putin's and Russian-led Eurasian Economic Union: A hybrid half-economics and half-political 'Janus Bifrons'". *Journal of Eurasian Studies*, 2018, 52-60.

41 RUSSELL, M. "Eurasian Economic Union The rocky road to integration". *European Parliament*, 2017

42 DRAGNEVA, R., et al. *Assessing Legal and Political Compatibility between the European Union Engagement Strategies and Membership of the Eurasian Economic Union*. EU-STRAT, 2017.

43 DRAGNEVA, R., y WOLCZUK, K. *The Eurasian Economic Union: Deals, Rules and the Exercise of Power*. Chatham House, 2017

44 POPESCU, N. "Eurasian Union: the real, the imaginary and the likely". *EU Institute for Security Studies*, 2014

45 DOBBS, J. "The Eurasian Economic Union: A Bridge to Nowhere?" *European Leadership Network*, 2015

regions will diminish over the years and a rapprochement is not necessary⁴⁶. Thirdly, the reality of the internal and institutional dynamics of the EEU and the continuing role of states in negotiating agreements make cooperation difficult. Fourth, Belarus' accession to the WTO is a technical requirement for starting formal talks. Fifthly, the implementation of the Minsk agreements is a requirement for the EU in order to start the dialogue⁴⁷.

However, a solution can be found to every obstacle. The EU needs more effective responses to the challenges posed by the EEU⁴⁸. Dialogue with the EEU offers a reasonable and non-confrontational interlocutor to re-establish dialogue with Russia on Ukraine⁴⁹⁵⁰. Krastev⁵¹ points out that the EEU is the kind of project that the EU would have initiated if it did not already exist. Relations with the EEU would not legitimise Moscow's plans, but rather highlight the tensions and contradictions of the project⁵², and put the EU in an advantageous position given its extensive bureaucratic experience. Finally, Belarus is making progress in WTO accession negotiations, which are expected to be concluded in 2020⁵³.

This proposal is implausible, as the cost of the operation would be too expensive. It would mean a break with the EU's foreign policy so far, leaving Ukraine – which was forced to choose between the two unions – in a situation of abandonment, and would face opposition from many member states, starting with the east of the EU. In short: there are two red lines for cooperation: WTO membership for all EEU member states – technical – and respect for what was agreed in Minsk – political. Until these two conditions are met, it will be very difficult to see any progress.

46 MANURUNG, H. "Russia Interests and the Effect of the Eurasian Economic Union (EAEU) on Global Economic Integration, 2015-2016". *SSRN Electronic Journal*, 2018

47 RUSSELL, M. "Eurasian Economic Union The rocky road to integration". *European Parliament*, 2017.

48 VAN DER TOGT, T, et al. *From Competition to Compatibility Striking a Eurasian balance in EU-Russia relations*. Netherlands Institute of International Relations Clingendael, 2015

49 POPESCU, N. "Eurasian Union: the real, the imaginary and the likely". *EU Institute for Security Studies*, 2014

50 KRASTEVA, I., y LEONARD, M. "The New European Disorder". *European Council on Foreign Relations*, 2014

51 Ibid.

52 COOLEY, A. *Whose Rules, Whose Sphere? Russian Governance and Influence in Post-Soviet States*. 2017, Retrieved April 11, 2020, from Carnegie Endowment for International Peace: <https://carnegieendowment.org/2017/06/30/whose-rules-whose-sphere-russian-governance-and-influence-in-post-soviet-states-pub-71403>

53 WTO. *Belarus reafirma su intención de concluir el proceso de adhesión a la OMC para la próxima Conferencia Ministerial*. 2019, Retrieved 05/07/2020, from World Trade Organization: https://www.wto.org/spanish/news_s/news19_s/acc_blr_11jul19_s.htm

The stalemate in Russia's relations with the EU has been synchronised with a shift in Russian and, consequently, EEU foreign policy: the pivot to the East. It has sought to replace European ties with a future closer to China and its South-east Asian neighbours. The new interest is accompanied by a new concept, that of Greater Eurasia, which no longer stretches from Lisbon to Vladivostok but from Murmansk to Hong Kong⁵⁴. It draws on ideas such as South Korea's 2013 Eurasian Initiative, India's North-South corridor and bilateral agreements such as those with Vietnam and Singapore, but goes further, declaring itself an integration of integrations. This translates into the interest in linking the EEU with the Shanghai Cooperation Organisation (SCO) and the Association of Southeast Asian Nations (ASEAN), proposed by Putin in 2015 and materialised in the Sochi Declaration between ASEAN and Russia, in which they pledged to explore cooperation between ASEAN, EEU and SCO and an FTA between ASEAN and the EEU⁵⁵.

The Greater Eurasia concept is of greatest interest in partnership with China and its New Silk Road project. China is the cornerstone of Eurasian access to Asia, due to its proactivity and the non-institutional nature of its vision of Eurasian integration, which avoids bureaucratic negotiation problems for the EEU – a result of its inexperience. China, the second largest economic partner of the EEU, has a large demand for hydrocarbons and the technology and investment resources to modernise Eurasian infrastructure, and is seen by small countries such as Belarus as a way to alleviate their dependence on Russia⁵⁶. In addition, in talks between the EU and China, pledges have been made for loans, investment, cross-border industrial cooperation, transport route improvements and the creation of logistics hubs^{57,58}. Finally, the New Silk Road project coincides with the narrative of alternative integration to the West that the EEU seeks after the failure of relations with Europe. In these terms, discussions between the two projects began in 2014 and were consolidated in 2015 with the signing of the Joint Declaration on the Conjunction of the Development of the EEU and the New Silk Road, followed in 2017 by the Joint Declaration on the Feasibility Status of the Eurasian Economic Agreement and in 2018 by the signing of the Economic Cooperation Agreement. The presidents of Belarus and Kazakhstan were enthusiastic

⁵⁴ SVETLICHINII, A. "China's Belt and Road Initiative and the Eurasian Economic Union: 'Integrating the Integrations'". *Research and Educational Journal*, 2018, 7-20.

⁵⁵ LI, Y. "The greater Eurasian partnership and the Belt and Road Initiative: Can the two be linked?". *Journal of Eurasian Studies*, 2018, 94-99.

⁵⁶ WILSON, J. L. "The Eurasian Economic Union and China's silk road: implications for the Russian-Chinese relationship". *European Politics and Society*, 2016

⁵⁷ LIBMAN, A. "Linking the Silk Road Economic Belt and the Eurasian Economic Union: Mission Impossible?" *Caucasus International Journal*, 2016, Vol. 6 No 1, 41-53.

⁵⁸ MAKAROV, I., and SOKOLOVA, A. (2016). "The Eurasian Economic Union and the Silk Road Economic Belt: Opportunities for Russia". *International Organisations Research Journal*, vol. 11, no 2, 40-57.

about the⁵⁹ project and in 2015 Putin highlighted the connections between the two initiatives at the UN⁶⁰.

However, the outcome of these proposals has disappointed the EEU. Gabuev⁶¹ notes that the perception of the New Silk Road is overly optimistic, based on the belief that Beijing has a long-term strategic plan and China's increased global presence, but points out that the promises do not materialise. In the EEU, this translates into a number of problems. Firstly, the economic threat of the influx of low-priced Chinese products and the destruction of the business fabric has turned into disappointment at the limited investment and how cooperation has only affected monopolies⁶². Secondly, China's presence in Central Asia has generated conflicts, corruption scandals and growing anti-Chinese sentiment, especially in Kazakhstan and Kyrgyzstan^{63,64}. Thirdly, both projects are institutionally and interest incompatible. They have a different design and objectives, where the protectionist attitude of the EEU clashes with Chinese motivations and Russian-Chinese contradictions are constant⁶⁵. As a result, the UEE-New Silk Road partnership is limited and frustrates the UEE. Promises are not fulfilled, benefits are not forthcoming and conflicts in Central Asia make him question the Asian turn he has taken.

All in all, it has been observed that the Union's capacity to sign international agreements is limited – both in terms of competences and bureaucratic capacity – and is due to Russian proactivity. The international projection of the Eurasian Economic Union can be divided into three strands. The signing of Free Trade Agreements and Cooperation Agreements shows that the project has aroused interest in the international community, but has not yet yielded analysable benefits. Relations with the EU are frozen, and can hardly begin until Belarusian accession to the WTO and respect for the Minsk agreements; however, the EEU itself could serve as a gateway to facilitate dialogue and move towards greater harmony in Europe. Finally, the EEU has turned its efforts to the East, where it has generated an alternative to its failed plans

59 WILSON, J. L. "The Eurasian Economic Union and China's silk road: implications for the Russian-Chinese relationship". *European Politics and Society*, 2016

60 SERGI, B. S. "Putin's and Russian-led Eurasian Economic Union: A hybrid half-economics and half-political 'Janus Bifrons'". *Journal of Eurasian Studies*, 2018, 52–60.

61 GABUEV, A. Как Шелковый путь стал резиновым. 2018, Retrieved 05/04/2020, from Carnegie Moscow Center: <https://carnegie.ru/2018/09/04/ru-pub-77160>

62 MANURUNG, H. Russia Interests and the Effect of the Eurasian Economic Union (EAEU) on Global Economic Integration, 2015-2016. *SSRN Electronic Journal*, 2018

63 UMAROV, T. *What's Behind Protests Against China in Kazakhstan?* 2019, Retrieved 05/03/2020, from Carnegie Moscow Center: <https://carnegie.ru/commentary/80229>

64 IMANALIEV, M. *Drawbacks of China-Kyrgyzstan relations*, 2020, Retrieved 06 05 2020, from CABAR: <https://cabar.asia/en/drawbacks-of-china-kyrgyzstan-relations/>

65 LIKHACHEVA, A. The Eurasian Economic Union and the Integration Process in the Asia Pacific. *Asian Politics and Policy*, 2018, 772–790.

with the West, proposing an integration of integrations with the SCO, ASEAN and, primarily, the New Silk Road; yet the conflicts and limitations of this path have disappointed the Union's member states.

Conclusion

The aim of this paper was to offer a detailed analysis of the EEU's institutional dynamics, the progress of its integration commitments and its international relations. The aim was to study the Union's current situation and to gain an in-depth understanding of its successes and problems.

The review of the organisation's institutions and competences has helped to illustrate the Union's internal processes. Both the Commission and the Court of the Union are inherently weak, and have been purposefully limited; while they function and do the work for which they are responsible, they do so with difficulty and are always dependent on the commitment of Member States. Similarly, the cooperation and common market competences are progressing, eliminating NTBs and unifying and coordinating the single economic space, but only slowly due to a lack of commitment.

With regard to external relations, the project has been well received by developing countries, with which it has reached various FTAs and Memorandums of Cooperation. The EEU looks to Asia, to ASEAN and the SCO, and mainly to China and its New Silk Road, although the trade ambitions with which negotiations began have progressively turned into palpable disappointment. However, with the EU it has only managed to establish technical contact, due to the situation in Ukraine caused by the Russian annexation of Crimea and the conflict in Donbas, and the fact that not all EEU members belong to the WTO. It is argued that it would be beneficial to use the EEU as a tool to re-establish the EU's dialogue with Russia, but it is noted that this is not a possibility in the short term.

The lack of commitment from member states, which is necessary for successful integration, has been a constant problem in the history of post-Soviet organisations. It is currently the greatest threat facing the EEU. Its constant reliance on consensus in decision-making has limited the development of competences, and makes the Union susceptible to the slightest conflict between its member states, which identify different interests and objectives.

The analysis carried out throughout the article also allows us to identify future lines of research. On the one hand, it is worth examining what motivation countries had for creating or joining the EEU, what attraction it held for them, and to what extent they have realised this diversity of intentions. On the other hand, the question remains as to whether the commitment can be increased in the future. The Covid-19 crisis has allowed the SC to meet much more frequently than usual – telematically – and the expected major changes in global supply chains suggest a return to the protectionism that the EEU has championed. In fact, statements such as that of Kazakh

President Kassym-Jomart Tokayev to establish new self-sufficient production chains in the EEU⁶⁶, or the introduction of a ban on the export of medical products outside the Union⁶⁷ point in this direction.

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