

Imagining Eurasia: Great Power Nationalism and Russia's Evolving Eurasian Integration Agenda

Seçkin Köstem
Bilkent University, Ankara

Eurasian integration has been a top foreign policy priority for the Kremlin since the mid-1990s. After a series of failed integration efforts, Eurasian Economic Union (EAEU) entered into force on January 1, 2015. The organization currently has five members including Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan. While Russia has had great expectations from the organization, the EAEU has so far failed to deliver its promises.

This memo offers an ideational explanation for the formation of Russian national economic interests and the evolution of Russian foreign economic strategy with a focus on the case of Eurasian integration. I argue that great power nationalism has been the driving force behind Moscow's search for integrating the post-Soviet space and later on transforming the purposes of Eurasian integration under Putin administrations.

In the past two decades, attaining a multipolar world order has been Russia's overarching foreign policy goal. First proposed by former Minister of Foreign Affairs and Prime Minister Yevgeny Primakov in the mid-1990s, multipolarity has constituted the core of Russia's national interests and foreign policy practices. Russian President Putin and Minister of Foreign Affairs Lavrov have often emphasized the impossibility of providing security, stability and justice in a unipolar world order. In addition to resisting U.S. unilateralism, great power nationalism also attributes a hegemonic role for Russia in the post-Soviet space. In stark contrast to the Westernizing consensus of the early 1990s, great power nationalism defines Russia as the inherent leader of the Eurasian pole in a multipolar or polycentric world order. In the eyes of the Russian ruling elites, Russia enjoys the right to be the sole great power in Eurasia. Great powers provide order in their regions and represent their regions in multilateral platforms. Therefore, any attempt, such as the EU's Eastern Partnership, to attract Eurasian states to an alternative economic and political course is threatening for Russia's national interests. Russia's ruling elites have believed that Russian-led security and economic organizations are the most effective ways through which Russia can consolidate its regional hegemony. While the Collective Security Treaty Organization (CSTO) has served this purpose in the security sphere, Moscow has seen the EAEU as the main instrument to retain its economic dominance in the post-Soviet space.

Eurasian Integration before and after the Annexation of Crimea

The Kremlin first designed the EAEU as Putin's trademark for his third term as President, which started in 2012. In the eyes of the Russian ruling elite, the benefits of Eurasian integration were twofold. First, it would bolster Russia's modernization agenda by creating a larger market for Russian goods and services. Second, it would help post-Soviet states develop a unified response to shifts in the global economy, as Putin argued in a famous piece he penned for the Russian daily *Izvestiya* in 2011.¹ In Moscow's perspective the global financial crisis and the Eurozone crisis demonstrated the fall of the West's hegemonic role in the global economy. Eurasian integration would restore production chains from the Soviet era

¹ Vladimir Putin (2011), "Novyy Integratsionnyy Proyekt dlya Yevrazii - Budushcheye, Kotoroye Rozhdayetsya Segodnya", *Izvestiya*. <https://iz.ru/news/502761>

and modernize state-business relations in the region. In addition, the EAEU would strengthen the private sector's competitive capacity and result in technological enhancement. Altogether, the newly-proposed organization would make Eurasia "an independent center of global development rather than remaining on the outskirts of Europe and Asia".² Due to both economic and political reasons, Ukraine was the most important target of Russia's Eurasian integration project. That is why in 2013, Russia concentrated its efforts on pulling Ukraine away from signing an Association Agreement with the EU. As it would strengthen Russia's hand in its negotiations with third parties such as the EU, Eurasian integration was Russia's geo-economic project for the future. Ultimately, Russia presented Eurasian integration as the precondition for the emergence of a Greater Europe that would stretch from Lisbon to Vladivostok.

However, the EAEU was born with a severe crisis. Russia not only failed to convince Ukraine to join the EAEU, but also lost it for good after its annexation of Crimea and role in the destabilization of Eastern Ukraine. Russia responded to the EU's sanctions with counter measures and developed an import substitution industrialization program, which was at odds with an integration agenda in Eurasia. Kazakhstan and Belarus have declined to bandwagon with Russia's coercive economic statecraft targeting Ukraine and the EU. Furthermore, Belarusian president Lukashenko and then Kazakh president Nazarbayev effectively resisted deeper integration with Russia in a manner that would result in loss of sovereignty. These developments pushed the Kremlin to find a new purpose for the EAEU. As opposed to narrowing the Eurasian integration agenda, Moscow instead chose to attribute a greater role for the EAEU in international politics.

Before Euromaidan, Moscow had mostly concentrated on countering the EU's Eastern Partnership. After the annexation of Crimea, however, a more imminent development required a response from Moscow; China's Belt and Road Initiative (BRI). Chinese President Xi Jinping announced the Silk Road Economic Belt (SREB) in Astana, Kazakhstan in 2013. In 2014, Kazakhstan developed its own connectivity project, the *Nurly Zhol* (Bright Path) to transform Kazakhstan into a transport and logistics hub of Eurasia. At the same time, China has become the top investor and trading partner of the Central Asian region. Moscow, therefore, had to come up with a new plan to respond to China's economic presence in Central Asia. At the St. Petersburg Economic Forum in May 2016, Putin announced a Greater Eurasian Partnership (GEP) that would connect the EAEU with China's BRI.³ Through the GEP, Moscow also aimed to go beyond China and establish closer economic ties between the EAEU and Iran, India, ASEAN, and the Asia-Pacific. In this period, the previous narrative on modernization has been mostly replaced by that of connectivity in Eurasia. Moscow has argued that the EAEU was a crucial component of connectivity between Europe and the dynamic Asia-Pacific region. Accordingly, the GEP would naturally complement China's Silk Road Economic Belt (SREB) and allow Chinese goods a safe and fast passage to European markets. It would also facilitate the connection of the landlocked economies of Eurasia to international markets. The connectivity agenda has been accompanied by a renewed emphasis on development and sovereignty. Moscow has argued that the GEP would enhance sustainable development in the greater Eurasian region and also bolster the national sovereignty of EAEU members.

² President of Russia (2013), "Meeting of the Valdai International Club", September 19.

<http://en.kremlin.ru/events/president/news/19243>

³ Seçkin Köstem (2019), "Russia's Search for a Greater Eurasia: Origins, Promises, and Prospects", Kennan Cable No. 40, Washington, DC: Kennan Institute.

https://www.wilsoncenter.org/sites/default/files/kennan_cable_no.40.pdf

From a geo-economic perspective, the concept of Greater Eurasia has served a broader purpose. The new partnership project allows Moscow to lead the Eurasian region in economic negotiations with third parties. Moscow has taken the lead in designing the GEP without input from other members of the EAEU and decided on the set of countries with which the EAEU should engage. That has served Russia's great power aspirations and long-standing claim that Russia is the inherent leader of the Eurasian pole in global politics. However, there has only been limited success on that front. Since 2015, Russia has worked on an ambitious plan to establish a network of free trade agreements (FTA) with third parties in Asia. The EAEU signed its first FTA with Vietnam in May 2015 before the announcement of the GEP. The agreement has liberalized almost 90% of trade in goods between the EAEU and Vietnam. But Vietnam is not a crucial trade or investment partner for EAEU members. The choice of Vietnam as the EAEU's first foreign partner was no coincidence. The Kremlin officially sees Vietnam as a strategic partner and a gate in its potential future opening to Southeast Asian markets.

Later on, the EAEU has signed a non-preferential trade agreement with Iran in May 2018. Similarly, the EAEU and China signed a mostly-symbolic agreement on trade and economic cooperation in May 2018. In November, the Eurasian Economic Commission, the main bureaucratic institution of the EAEU, signed a memorandum of understanding with ASEAN. The Eurasian Economic Commission has been holding talks with Egypt, India, Israel, Serbia and Singapore to conclude similar agreements. In referring to the goals of the GEP, Russian officials often state that SCO members and countries in the Asia-Pacific are also potential trade and investment partners of the EAEU. Even if this can be realized in the near future, the chances that non-preferential trade agreements can boost trade between the EAEU's foreign trade are low. Despite the EU's sanctions on the Russian economy and Russia's import-substitution industrialization, the EU continues to be Russia's top trade partner. The share of the EU in Russia's foreign trade has increased from 41.5% in 2007 to 44.7% in 2014 and 46% in 2018. The EAEU has also done little to boost trade between member states. Moscow also would like EAEU members to talk to the EU as a single grouping in future trade negotiations. The EU, however, has so far ignored the EAEU and this policy is not likely to change soon.

The EAEU has been rather successful in eliminating tariffs among its members compared to its predecessors. The Eurasian Economic Commission is an ever-expanding bureaucratic body with technical and legal expertise on tariffs and trade regulations. The new EAEU Customs Code entered into force in January 2018, strengthening the legal personality of the organization. At the same time, there are significant barriers for deeper integration that mostly emerge in the form of non-tariff barriers. The ongoing rift between Russia and Belarus on health and safety regulations demonstrate the difficulty in overcoming trade disputes and achieving total trade liberalization within the EAEU. Russia has also given up on its desire to make the ruble the hegemonic currency within the EAEU. Smaller members of the EAEU also question Russia's ability to offer them substantial economic benefits and look to more profitable economic arrangements with the EU and China.

Conclusion

For the Kremlin, Eurasia is an imagined economic space that offers it vast economic opportunities in its search for modernization, global connectivity and great power competition. In other words, Eurasian integration has become the paradigm through which the Kremlin reads global economic developments. According to the great power nationalist

consensus, regional integration through the EAEU is the most effective way to reap the benefits of global economic change. Russia has also seen Eurasian integration as a means to counter first the EU's Eastern Partnership and later on China's BRI. Russia's growing crisis with the West has strengthened great power nationalism at home at the expense of more liberal and pro-Western views. Intellectuals and academics close to the Kremlin see Eurasia as the source of an alternative development model for the non-Western world. As the Western-led liberal international order is increasingly questioned, Eurasian integration offers the Kremlin not only an economic integration agenda, but also a sense of self-esteem and enhanced international status. Minister of Foreign Affairs Lavrov argued at the Munich Security Conference of 2019 that the EAEU has become "an inalienable part of the geopolitical landscape".⁴ So far, however, there is scant evidence to back up Moscow's conviction. Unlike Moscow's initial expectations, smaller members of the EAEU do not prefer the organization in dealing with extra-regional powers such as China and the EU. Even more importantly, China prefers bilateral engagement with Central Asian states as opposed to negotiating with them under the guidance of Russia. All in all, the EAEU and the newer GEP are unlikely to help Russia in achieving its global aspirations. Eurasian integration, however, is here to stay as long as great power nationalism continues to be the prevalent identity conception among the Russian ruling elite.

⁴ The Ministry of Foreign Affairs of the Russian Federation (2019), "Foreign Minister Sergei Lavrov's Remarks and Answers to Media Questions at the Munich Security Conference, Munich", February 16. http://www.mid.ru/en/press_service/minister_speeches/-/asset_publisher/7OvQR5KJWVmR/content/id/3520272