



EURASIAN ECONOMIC UNION: PROSPECTS AND OBSTACLES

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Abstract

The Eurasian Economic Union (EAEU), a flagship project of Russian President Vladimir Putin, to build a common market for 180 million people for sustainable economic growth. For participating states, EAEU presents economic and regional integration and advances the idea of common desired goals fulfilling common economic objectives. Having initially failed, Russia established a Customs Union with Belarus and Kazakhstan in 2010, which led to the establishment of EAEU in 2015. Ever since its launch, growing differences among member states on policies have plagued the idea of regional integration resulting in trade wars. Keeping in view historic affiliation of the member states, it is understood that these states predominantly have served Russia's strategic interests. However, empirical findings on the EAEU's external context reveal that a significant boost in economic cooperation and trade among member states is unlikely due to their divergent political aspirations and even their power asymmetries. Moreover, some member states view EAEU as one of Russia's tools to secure its global strategic objectives. This paper ascertains how EAEU can bring an economic integration in Eurasia and provide opportunities to participating states in a diversified manner to achieve sustainable economic prosperity in the region. In addition, the paper also examines the strategic and economic interests of all participating states to determine success or failure of EAEU because their long-term commitment and profound cooperation is entirely based on their perception of prioritizing political and strategic preferences over regional economic integration or vice versa.

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Introduction

The idea of a regional economic organization in Eurasia in post-Soviet era was given by Kazakh president Nursultan Äbishuly Nazarbayev in 1995. However, it took two decades to establish the Eurasian Economic Union (EAEU), which was inaugurated on January 1, 2015 with the treaty signed earlier on May 29, 2014 in the Kazakh capital Nur-Sultan. Founding and signing members included Russia, Kazakhstan and Belarus with Armenia and Kyrgyzstan joining a year later. This Union has come out of the Eurasian Custom Union (ECU) and the Eurasian Economic Space (EES) or Single Economic Space (SES) established in 2010 and 2012 respectively.¹ Major purpose for this Union is to create a single market with “four freedoms” viz., goods, capital, services and people with a prime focus on creation of common electricity, oil and gas market.²

After losing control over its satellite states, Moscow was desperate to create a common economic space which could counter economic balance against Chinese and Western economic penetration in their ‘backyard’. It is not only important for Russian economy, and its influence in the region, but Russia needs to maintain its prestige internationally. And therefore, the Union is very important for Moscow to keep its regional and global influence. Russian president Vladimir Putin in an interview stated, “the EAEU should capitalize on the Soviet legacy, meaning the common infrastructure of the former Soviet countries, the established production specialization, the common linguistic, scientific and cultural space.”³

For other members like Kazakhstan, EAEU is also important because of its multi-vector foreign policies and economic diversification. To engage in this diversification, Kazakhs depend on Russia because their hydrocarbons and

¹ J. Cooper, “The Development of Eurasian Economic Integration”, in R. Dragneva and K. Wolczuk (eds.), *Eurasian Economic Integration: Law, Policy and Politics* (Cheltenham: Edward Elgar, 2013), 15–33.

² “The Eurasian Economic Union; Deals, Rules and the Exercise of Power,” *Chatham House*, May 2, 2017. See <https://www.chathamhouse.org/publication/eurasian-economic-union-deals-rules-and-exercise-power>.

³ Vasile Rotaru, “Eurasian Economic Union – A Sustainable Alternative for the Former Soviet Space?”, *Journal of Contemporary European Studies* 26, no.4 (2018): 426.

other commodities are primarily exported to international markets through mainland Russia. Likewise, creation of this Union suits economic interests of Kyrgyzstan, which joined EAEU because of their trade with Russia (26 percent) and Kazakhstan (16 percent).⁴ A large number of Kyrgyz migrants work in Russia and Kazakhstan and send billions of dollars' worth of remittances contributing around 30 percent of the Kyrgyz economy.⁵ On the other hand, Belarus is interested in exporting its crude oil to international markets through EAEU's common market, which is expected to become functional in 2025. In the meantime, to support Minsk's economy, Moscow has proposed a "temporary compromise" by allowing Minsk to get \$1.5 billion oil export transit fee, which Moscow previously got.⁶ Belarus also got stabilization loan from Moscow under Eurasian Economic Community (EAEC) after the 2011 financial crises, and hopes that the practice could be repeated in future if economic hardships arise. Since Armenia has a territorial dispute with Azerbaijan over the Nagorno-Karabakh region as well as conflict with Turkey, it has to strengthen its border security relying on Russia, because it is the main recipient of military aid and equipment from Russia with hundreds of thousands of its immigrant workers employed in the country. It is estimated that around \$1.5 billion are sent as remittances from Russia that accounts for 2 percent of Armenian GDP.⁷ In addition, Armenian products have lower competition in the EAEU markets, hence is favorable for Armenian exports. EAEU has been established on the footprints of European Union (EU). However, there are significant differences between the two.

Neo-Functionalism

Neo-functionalists define integration as a process, which brings cooperation among states on enforcing common laws and policies for their economic goals; this integration could extend to political cohesion as time passes.⁸ The

⁴ "Kyrgyzstan: Trade Statistics," *Global Edge*, at <https://globaledge.msu.edu/countries/kyrgyzstan/tradestats>.

⁵ Crisis Group, *The Eurasian Economic Union: Power, Politics and Trade*, Crisis Group Europe and Central Asia Report No. 240, July 20, 2016.

⁶ Ryhor Astapenia, "Belarus and the Eurasian Economic Union: A View from Minsk," *European Council on Foreign Relations*, January 7, 2015. See https://www.ecfr.eu/article/commentary_belarus_and_the_eurasian_economic_union_the_view_from_minsk.

⁷ Mgher Almasian, "Why Armenia Chose the Eurasian Economic Union?" *Analytical Media: Eurasian Studies*, December 3, 2017. See <http://greater-europe.org/archives/5454>.

⁸ Arne Niemann, Zoe Lefkofridi, and Phillip Schmitter, "Neofunctionalism," in Antje Wiener, Tanja Borzel, and Thomas Risse, (eds.), *European Integration Theory* (Oxford: Oxford University Press, 2019), 43-63.

process is dynamic for it can absorb repercussions if organizational activities and expectations change for member states. Therefore, the process is transformative and not an end itself. Lindbergh defines integration as “the process whereby political actors in several distinct settings are persuaded to shift their expectations and political activities to a new center.”⁹ This new center is the direction set by organization for some particular activities like economic, political or social, for example EU. The non-state entities can also play important role in the integration process as had been done in EU’s case.¹⁰

Neo-functionalism provides a roadmap for stages of integration which should be followed by all organizations. The first step towards economic integration is the creation of free trade areas (FTA), abolishing tariffs among the member states; followed by establishing Custom Union (CU) for abolishing barriers for the movement of capital, services, labour and commodities. CU also charts out a single trade policy with the non-member states, and ends up creating an Economic Union (EcU), which “combines the suppression of restrictions of commodity and factor movements with some degree of harmonization of national economic policies.”¹¹ The neo-functionalists say EcU is the final stage of integration, but needs “adoption of common monetary, fiscal, social and countercyclical policies and requires the existence of a supranational authority whose decisions are binding for the member states.”¹² EAEU is following this neo-functional process of becoming an EcU, at least at legal and organizational levels, however faces many challenges, which EAEU member states expect will be resolved with the passage of time.

Background

Since the disintegration of former Soviet Union, Russia has been very active for the economic and political integration of its ex-Soviet space. First ever step towards this goal was creation of Commonwealth of Independent States (CIS) in 1991. Some of the ‘nationalist’ leaders even aspired for a loose

⁹ Leon Lindberg, *The Political Dynamics of European Integration* (Stanford: Princeton University Press, 1963), 6.

¹⁰ Ibid.

¹¹ Vasile Rotaru, “Eurasian Economic Union”, 427.

¹² Arne Niemann, Zoe Lefkofridi, and Phillip Schmitter, “Neofunctionalism,” in Antje Wiener, Tanja Borzel, and Thomas Risse, (eds.), *European Integration Theory* (Oxford: Oxford University Press, 2019), 43-63.

confederation of the ex-soviet states and they thought CIS as a first step towards that dream. Nevertheless, the ‘independent’ states pursued their foreign policies as per their national interests, despite the Moscow’s efforts in building Eurasian integration by establishing CU (in 1995), Common Economic Space (2000), Eurasian Economic Community (EEC, 2000) and ECU (2012),¹³ along with organizations like Shanghai Cooperation Organization (SCO) that also attempts to integrate the region.

During 1990s integrative forces worked to address economic challenges. A CU was established by Kazakhstan, Russia and Belarus in 1995; which was expanded when in 1999 Tajikistan and Kyrgyzstan were allowed to join the forum. The same year, CU was replaced by “Common Economic Space” which led to the establishment of EEC bringing regional economic integration much like European Economic Community model. Nevertheless, these efforts had not been fruitful and many other ex-Soviet states were reluctant to join such initiatives. Uzbekistan left it in 2008 after remaining a member for three years.¹⁴ New initiatives started to take place after 2010 when the Russian president Putin and President Nazarbayev restarted efforts to reactivate the CU, and with the help of Belarus established SES in 2012 and eventually EAEU in 2015.¹⁵

The major objective of the Union was to launch a common energy market (oil, gas and electricity) in order to develop a long term integrated, organized and mutually fruitful energy market¹⁶ and bring all member states on single page.¹⁷ Zemskova suggests, such integration requires, “policy and carrying out a step by step building of the common market of energy resources

¹³ “Eurasian Economic Integration: Facts and Figures,” *Eurasian Economic Commission*, 2016. See [http://www.eurasiancommission.org/ru/Documents/%D0%91%D1%80%D0%BE%D1%88%D1%8E%D1%80%D0%B0%20%D0%A6%D0%B8%D1%84%D1%80%D1%8B%20%D0%B8%20%D1%84%D0%B0%D0%BA%D1%82%D1%8B%20%D0%B8%D1%82%20\(%D0%90%D0%BD%D0%B3%D0%BB\).pdf](http://www.eurasiancommission.org/ru/Documents/%D0%91%D1%80%D0%BE%D1%88%D1%8E%D1%80%D0%B0%20%D0%A6%D0%B8%D1%84%D1%80%D1%8B%20%D0%B8%20%D1%84%D0%B0%D0%BA%D1%82%D1%8B%20%D0%B8%D1%82%20(%D0%90%D0%BD%D0%B3%D0%BB).pdf).

¹⁴ Vasile Rotaru, “Eurasian Economic Union”, 426.

¹⁵ “Eurasian Economic Integration: Facts and Figures,” *Eurasian Economic Commission*, 2016.

¹⁶ Madalina Sisu Vicari, “Eurasian Economic union-Approaching the Economic Integration in Post-Soviet Space by EU Emulated Elements”, URL: <https://journals.openedition.org/interventionseconomiques/2823>. See also, Kristina Zemskova, “The Common Energy Market of the Eurasian Economic Union,” *Global Energy Security*, 2018, 7.

¹⁷ “Establishment of the Eurasian Economic Union,” *World Trade Organization*, at https://www.wto.org/english/thewto_e/acc_e/kaz_e/WTACCKAZ85_LEG_1.pdf.

(electricity, gas, oil and oil products) in order to ensure efficient use of the potential of fuel and energy complexes.”¹⁸

Institutional Structure

The legal mechanism of the Union encourages states to establish organizational relationships rather than individual state and EAEU relationship. The Union has well defined organizational hierarchy, and at the top sits the Supreme Eurasian Economic Council (with heads of the states as members of this Council), which is responsible for taking decisions at strategic level. Contributions made by the member states and the redistribution of those contributions, along with the annual budgeting of the Union are obligations of Supreme Council. On the next level is the Eurasian Intergovernmental Council, whose members are the prime ministers of member states, and function to ensure the implementation of the decisions and agreements taken by the Supreme Council.

The Intergovernmental Council is followed by the Eurasian Economic Commission. This is considered as the executive body of the EAEU and is comprised of deputy prime ministers or the most senior ministers who are “technocratic, permanent regulators of the integration process located in Moscow.”¹⁹ The Commission looks after the energy and fiscal policies along with macro-economy of member states. The Union works with all of its legal disputes at the Court of the Eurasian Economic Union based in Minsk. It is important to note that if there is a disagreement over a decision, the matter is taken to the higher body. However, if the matter cannot be resolved by any “body” then the matter is sent to the court. According to the ‘Union Law’ all member states have equal status despite of the different status regarding economy, area, population and resources. The Union works on the principle of power sharing within member states. At least theoretically there is a consensus among the member states to safeguard the rights of ‘smaller’ members.

Accomplishments of the Forum

Although, achievements of the Forum at initial stages are meager they deserve recognition. Many states of the world are waiting to have a free

¹⁸ Kristina Zemskova, “The Common Energy Market of the Eurasian Economic Union,” *Global Energy Security*, 2018, 7.

¹⁹ Kristina Zemskova, “The Common Energy Market of the Eurasian Economic Union”, 6.

trade agreement with the EAEU and include Israel, Egypt, Iran and Serbia,²⁰ where Vietnam has already struck the FTA with EAEU.²¹ The importance of EAEU is evident from the fact that two “traditional” allies of US, Israel and Egypt also want to have FTA with the Union. The journey does not stop here and the Union has growing economic relations with EU, ASEAN and China especially under Belt and Road Initiative (BRI) project.²²

European Union’s journey to single market economy and establishment of ‘economic union’ took several decades, compared to that EAEU is progressing much faster. Moreover, there are several supranational groups, like the Eurasian Economic Commission that is performing the same function as counterparts has done so in EU.²³ In addition, Russia is largest trade partner with Kazakhstan, Kyrgyzstan and Belarus. Chances for regional integration are promising, for example, Belarus exports 35% of its food products and 22 percent of the machinery to Russia while is heavily dependent on import of Russian hydrocarbons.²⁴ Creation of common electricity market, which seems very successful in near future, would integrate Kyrgyz surplus electricity into the common market. Already existing Soviet built electricity distribution system is already intact and would make things easier in this regard.²⁵ Furthermore, EAEU would help Bishkek to enhance its international trade towards those regions and states with which FTAs have been signed or under process. As Kazakhstan is transforming its economy from merely minerals exports to industrialization, EAEU platform is beneficial for the entry of new Kazakh industrial products with less competition within member states.²⁶ On the later stages, after

²⁰ “The Eurasian Economic Union; Deals, Rules and the Exercise of Power,” *Russia and Eurasia Program*, May 2017. See <https://www.chathamhouse.org/sites/default/files/publications/research/2017-05-02-eurasian-economic-union-dragneva-wolczuk.pdf>.

²¹ “Vietnam-EAEU Full Free Trade Agreement,” *Vietnam Briefing*, November 23, 2017, at <https://www.vietnam-briefing.com/news/vietnam-eaeu-full-free-trade-agreement.html/>.

²² Jurij Kofner, “Challenges and Opportunities of Economic Integration Within a Wider European and Eurasian Scope”, *International Institute for Applied Systems Analysis*, 2019.

²³ Vasile Rotaru, “Eurasian Economic” 430.

²⁴ “Vietnam-EAEU Full Free Trade Agreement,” *Vietnam Briefing*, November 23, 2017, at <https://www.vietnam-briefing.com/news/vietnam-eaeu-full-free-trade-agreement.html/>.

²⁵ Kristina Zemskova, “The Common Energy Market of the Eurasian Economic Union,” *Global Energy Security*, 2018, 10.

²⁶ Krzysztof Falkowski, “Long Term Comparative Advantage of the Eurasian Economic Union Member States in International Trade,” *International Journal of Management and Economics*, Vol. 53, No. 4, 2017, p. 31.

quality improvement and reduction of prices, these products would be able to make their entry into other international markets.

Push to expand the scope of EAEU to political and military domains by Russia, however, have met with opposition from other member states, especially Kazakhstan who wants to keep EAEU scope limited to economic affairs.²⁷

Challenges to the Forum

The neo-functionalists argue, substantial homogeneity is desirable for the real regional integration like EU and EEC, while in case of EAEU there are sharp economic, social and cultural differences within its member states. The EAEU has a huge imbalance in its GDP and population division, "Russia constitutes 85.8% of the EAEU's GDP and 80.3% of its population; Kazakhstan represents 9.8% of GDP and 9.5% of the population; Belarus has 3.5% of GDP and 5.3% of the population; Armenia has 0.5% of GDP and 1.7% of the population; and Kyrgyzstan's GDP represents 0.3% and its population 3.2%."²⁸ Since Russia has almost 86% of the total GDP of EAEU²⁹, it can exert 'soft hegemony' over the member states in order to align their foreign policies in line with the former.

Since international politics revolves around economic and military power, most of the time regional and global powers manipulate regional and international organizations to carry out their national interests. Furthermore, they prefer that regional states have weak organizations so that they can play a dominant role in the region. Although, such powerful states construct their relations with neighboring states on power differential yet they need regional power(s) for integration.³⁰ In case of EAEU, Russia is the most dominant power and success of this organization primarily depends upon Moscow's patterns of engagements within the Organization.

²⁷ Rilka Dragneva & Kataryna Wolczuk, "The Eurasian Economic Union: Deals, Rules and the Exercise of Power," *Chatham House*, Russia and Eurasia Program, May 2017, 14.

²⁸ Vasile Rotaru, "Eurasian Economic Union", 431.

²⁹ Evgeny Vinokurov, "Eurasian Economic Union: Current State and Preliminary Results," *Russian Journal of Economics* 3, no. 1 (March 2017). See <https://www.sciencedirect.com/science/article/pii/S2405473917300041>.

³⁰ Miriam Prys, "Hegemony, Domination, Detachment: Differences in Regional Powerhood", *International Studies Review*, Vol. 12, No. 4, 2010, 479-504.

It is also pertinent to note that Russia's trade with EAEU members is merely 5% of its total global trade.³¹ Being the biggest partner, it is the responsibility of Moscow to increase its trade with EAEU members in order to strengthen the Union. Kyrgyz trade with EAEU accounted 0.8 percent in 2015.³² Similarly, Kazakh trade with EU and China surpassed its trade with Russia in 2015. Nur-Sultan (new name of Astana) had 52% of its trade with EU followed by 12% with China and only 10% with Russia.³³ Armenia heavily depends upon Moscow for its military and economic security, which forces it to be in line with Russian policies. Russian efforts to convince Ukraine to join EAEU have failed. Similarly, EAEU had to face hardships when an economic recession in Russia devalued the Ruble, which resulted in the decline of almost \$15 billion trade of Moscow with the EAEU partners in 2015.³⁴ The decline of remittances caused heavy economic losses to Kyrgyzstan because more than a quarter of their GDP depends upon remittances sent from Russia.

Russian bilateral engagements within the EAEU has affected the working of the organization. Moscow's preferential engagements within the organization have created a trust vacuum resulting in weakening of organizational institutions and have led to skepticism towards Russian idea of EAEU parliament. Russian idea to establish a Eurasian parliament has gotten a cold shoulder by Belarus and Kazakhstan. The 'small' member states think that numerical majority in the Parliament will harm their interests and will be dominated by Moscow.

Similarly, member "countries have refused to sign key EAEU legal documents, such as the Customs Code in December 2016, in order to secure further benefits or resolve disputed issues, such as gas prices and other bilateral grievances."³⁵ Then Kazakh President Nazarbayev stated that "if the rules which were previously established in the Treaty are not respected, then Kazakhstan has the complete right to end its membership in the Eurasian

³¹ Sam Bhutia, "Russia Dominates Eurasian Union's Trade: Here are the Numbers," *Eurasianet*, October 18, 2019. See <https://eurasianet.org/russia-dominates-eurasian-union-trade-here-are-the-numbers>.

³² "The Eurasian Economic Union; Deals, Rules and the Exercise of Power."

³³ Ibid.

³⁴ Movchan, 'The Eurasian Economic Union: Diverging Trends in Common Trade Policy', 2017.

³⁵ K. Klysinski, 'The Risk of Escalating Tensions in Minsk-Moscow Relations', OSW Analysis, 4 January 2017, <https://www.osw.waw.pl/en/publikacje/analyses/2017-01-04/risk-escalating-tensions-minsk-moscow-relations>.

Economic Union. Astana will never participate in an organization which represents a threat to the independence of Kazakhstan.”³⁶

Belarusian economy is also fluctuating with Russia because 50 % of Belarusian international trade takes place with Russia.³⁷ Decline in Russian economy like recent recession would bring Belarus economy down as its exports, as optimistic Belarusian budget forecasts, fall in “exports of 3.6 percent while GDP growth is just 0.5 percent.” Under such circumstances, Minsk has to devalue its currency to increase exports. However, Russian economic hardships are a major problem for Belarus to come out of economic and trade crises. That is one reason Belarusian president Lukashenka has established good relations with Ukraine ignoring the Russian pressures and is reluctant to give major trade concessions to Russia.³⁸

Russian desire to establish a joint parliament and common currency has also been discouraged by Kazakhstan and Belarus. Both countries contemplate, such initiatives will increase Russian dominance within the Organization. To dilute such dominance, Kazakhstan has pressured Russia to move EAEU summit venue (in 2016) from Yerevan to Moscow largely because of Armenia-Azerbaijan conflict over Nagorno-Karabakh.³⁹ In addition, both, Nur-Sultan and Bishkek have Turkic and Muslim identities, have continued their trade activities with Turkey despite Ankara shooting down a Russian jet fighter over Turkey-Syria border region.⁴⁰

Future Prospects

Despite challenges, prospects for EAEU are bright because its scope is much bigger and broader than any previous efforts and includes multiple measures to integrate the region. Furthermore, it caters a market of 180 million people with a robust economy of five trillion dollars. EAEU endeavors to create a

³⁶ ‘Nazarbaev zaiavil o vozmozhnom vykhode Kazakhstana iz Evraziiskogo soiuz’ [Nazarbayev announced Kazakhstan’s possible withdrawal from the Eurasian Union], 31 August 2014, <http://newsru.com/world/31aug2014/nazarbaev.html> (accessed 14 April 2015).

³⁷ Sam Bhutia, “Russia Dominates Eurasian Union’s Trade.”

³⁸ Ryhoir Astapenia, “Belarus and the Eurasian Economic Union: A View from Minsk”.

³⁹ Sara Hojoyan, “Conspicuous by Presence: Armenia attends EEU summit moved from Yerevan amid Karabakh crisis”, 14 April 2016. See <https://www.armenianow.com/en/news/2016/04/14/armenia-eurasian-union-summit-prime-minister-moscow/967/>.

⁴⁰ Katherine Hille, “Russia retaliates against Turkey with range of trade sanctions”, *Financial Times*, 26 November 2015. See <https://www.ft.com/content/f95890e8-9436-11e5-bd82-c1fb87bef7af>.

common energy market which, if materialized, “will be one of the largest (energy) market in the whole world with 17.3% of world’s natural gas and 14.6% crude oil.”⁴¹

Since EAEU follows EU footprints, some scholars look at it as the novel idea which might create a “free trade area from Lisbon to Vladivostok that could act as a ready-made ‘tool for peace and prosperity’.”⁴² Russian membership to the World Trade Organization (WTO) has also given hopes in this direction to ease constituent units tariffs as member states agree to establish a common energy market by year 2025,⁴³ it is expected that there would be increased flow of hydrocarbons and electricity not only within the member states but with international markets.

There are strong prospects for Uzbekistan to join EAEU in order to facilitate its immigrant workers in Russia and Kazakhstan and to enhance its international trade within the region. Inclusion of Tashkent into this agreement will further facilitate the integration efforts within the region. Prospects for EAEU include elimination or reduction of barrier among member states to maximize energy trade and establish an investment friendly environment by incorporating strong and favorable laws. Development of trade infrastructure is a necessary step in this regard. Chinese BRI project has invested massive amount for infrastructure development in almost all the EAEU member states. There have been negotiations between EAEU and China to integrate some of the projects in Central Asian region. “In May 2015 Russian and Chinese leaders agreed during a bilateral meeting in Moscow to link each country’s regional integration projects, namely China’s Silk Road Economic Belt and Russia’s Eurasian Economic Union (EAEU), instead of competing with each other for

⁴¹ Kristina Zemskova, “The Common Energy Market of the Eurasian Economic Union”, 3.

⁴² F. W. Steinmeier, ‘Speech at Ural Federal University, Yekaterinburg’, 9 December 2014, at http://www.auswaertigesamt.de/EN/Infoservice/Presse/Reden/2014/141209-BM-Jekaterinburg_ENG.html; G. Gotev, ‘Juncker opens the door to EU-Eurasian Union rapprochement’, *Euractiv*, 20 November 2015, at <http://www.euractiv.com/sections/europes-east/juncker-opens-door-eueurasian-union-rapprochement-319681>; and Bertelsmann Stiftung, ‘Free Trade from Lisbon to Vladivostok’, Focus Paper, 2016, at <https://www.bertelsmann-stiftung.de/en/publications/publication/did/focus-paper-free-trade-from-lisbon-to-vladivostok/>.

⁴³ Kristina Zemskova, “The Common Energy Market of the Eurasian Economic Union”, 6.

influence over the same geopolitical space in Central Asia.”⁴⁴ such cooperation will surely bring confidence and opportunities to the EAEU member states.

The Union can be a success because it has potential to resolve disputes because of the well-defined organizational hierarchy and laws. According to president Putin, “with harmonized laws and the free movement of capital, services and labor, built on universal economic integration principles ‘as an integral part of Greater Europe united by shared values of freedom, democracy and market laws’, EAEU would ‘allow each of its members to more quickly be in a stronger position to integrate into Europe.’”⁴⁵

The recent disputes over the prices, transportation and supplies of natural gas among the Eurasian countries like Armenia, Georgia, Russia and Ukraine have given to a new concept of ‘gas wars.’ These wars have led to international crises during 2005, 2006 and 2009 and have worried stake holders on similar European steel and coal wars during 19th and 20th Centuries. Therefore, integration of the region is likely to mitigate horrific outcomes from conflicts.

Conclusion

Creation of EAEU has given high hopes to the member states especially smaller and weak economies for better economic opportunities. These members would not only benefit from their common market but from exports to other partners of EAEU as well. Since it’s a market of more than 180 million people with a GDP of 5 trillion dollars, many states as well as organizations aspire to have trade relations with EAEU. Recent negotiations with Uzbekistan to join the Union has been a positive initiative because the strategic location of Uzbekistan along with its high population would be an asset to the Union. Furthermore, when accomplished, the common energy market of EAEU will be the largest in the world.

Nevertheless, there are some sharp differences within the member states especially in economic and cultural aspects. Members like Russia and

⁴⁴ Alexander Gabuev, “Eurasian Silk Road Union: Towards a Russia-China Consensus?” *The Diplomat*, June 5 2016. See <http://thediplomat.com/2015/06/eurasian-silkroad-union-towards-a-russia-china-consensus/>.

⁴⁵ Vasile Rotaru, “Eurasian Economic Union-A Sustainable Alternative for the Former Soviet Space?” *Journal of Contemporary European Studies* 26, no.4 (2018): 5426.

Kazakhstan have high GDPs and per capita income while members like Kyrgyzstan and Belarus have one of the lowest throughout the Eurasian region. Furthermore, cultural diversity especially between the Central Asian states and their European counterparts have also hindered the emergence of confidence building measures. Another important problem faced by the Union is extremely low volume of individual members' trade with the Union. All other members are afraid of the potential Russian dominance within the Union. Therefore, they disagree to some of the Russian initiatives like the establishment of joint parliament and initiation of common currency.

The 21st Century is a century of interdependence, where geopolitics of the any region is defined by its resources and power through mutual understanding and cooperation. The EAEU is an exceptional initiative to integrate land locked states of Eurasia. After several failed attempts for economic integration, this initiative seems sounder and more reliable and is expected to open up common energy market on the pattern of European Steel and Coal Community and their common market. EAEU has long way to go but holds positive outlook on regional integration by establishing common energy market and harmonizing equitable laws among all its member states, a dream that is not impossible to achieve. The success of EAEU is primarily dependent on the Russian behavior and its own perspective of interdependence as EAEU grows. Since there is no major political or territorial conflict within the member states, prospects for cooperation are high. Smaller states also need to play positive role for the broader prosperity of the whole region. At this moment, it seems that the Union is on the right path and one can expect it further strengthening in near future.