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## CHAPTER 1. INTRODUCTION

The Eurasian Economic Union (EAEU) is a regional organization that aims to promote economic integration and cooperation among its member states. It was established on January 1, 2015, and is headquartered in Moscow, Russia. The EAEU is seen as a successor to the earlier Eurasian Customs Union, which was formed in 2010. As the largest member of the union, Russia plays a dominant role in the organization's activities. Armenia joined the EAEU in 2015, aligning itself with Russia and other member states. Belarus was a founding member of the union, and it has close political and economic ties with Russia. Kazakhstan is another founding member and is a key player in the EAEU, given its large economy and geopolitical importance in the region. Kyrgyzstan became a member of the EAEU in 2015, strengthening the organization's presence in Central Asia. The Eurasian economic integration project is based on the broader concept of “Eurasianism”, a historical discourse shaped by natural and historical experiences. It demonstrates that the current member states of the Economic Union, and to some extent also Ukraine, were already incorporated in the Eurasian world, due to their hegemonic societal and economic organization.

The current status of economic integration among EAEU member states is a topic of ongoing discussion and debate. While progress has been made in certain areas, such as the removal of trade barriers and the creation of a common customs code, challenges remain in terms of harmonizing regulations and standards, addressing disparities in economic development, and promoting intra-regional investment (Wolczuk, 2017).

The impact of the EAEU on the economic growth and development of its member states is also a matter of ongoing debate. Proponents argue that increased trade and investment have spurred economic stability and growth, while critics contend that integrating diverse economies may lead to dependence on dominant member state Russia, suggesting that the EAEU serves Russian economic and political interests in the former Soviet region. It's important to note that the organization has faced challenges and limitations in achieving its objectives, and its effectiveness in promoting economic integration varies across different sectors. Additionally, the EAEU's evolution, discussions on potential expansion, and efforts to refine its institutional framework and policies highlight the continuous relevance and significance of this study in understanding regional economic integration in Eurasia.

The Russia-Ukraine conflict, starting in February 2022, has significantly impacted Eurasian integration, particularly within the Eurasian Economic Union. Member states are more

cautious of Russia's influence, and the EAEU faces challenges in decision-making, energy security, and economic benefits. It has led to economic fallout and diplomatic consequences, particularly affecting countries with close ties to Russia, the key regional export market. The war has also strained diplomatic relations, with some EAEU member states not siding with Russia, leading to increased tensions and strained alliances. Diplomatic responses indicate a shift in regional dynamics, with some EAEU member states distancing themselves from Russia's actions in Ukraine. The conflict's outcome will likely shape the future of Eurasian integration, with potential dissolution if Russia faces defeat or a renewed focus on hegemony if it succeeds (Mia, 2022).

### *1.1. Research aim and objectives*

The Eurasian Economic Union stands as a regional economic integration project encompassing Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia. Established in January 2015, it aims to create a common market with the free movement of goods, services, capital, and labor among its member states while striving to harmonize policies across various sectors including trade, customs, energy, transport, agriculture, and industry (Dutkiewicz, 2018). The literature reviewed below highlights the key aspects of the EAEU's development, its objectives, performance, challenges, and its geopolitical implications.

The EAEU is the result of a gradual evolution of previous integration initiatives in the post-Soviet space, such as the Commonwealth of Independent States (CIS), the Eurasian Economic Community (EurAsEC), and the Customs Union of Belarus, Kazakhstan, and Russia. Since its establishment, the EAEU has undergone several stages of development. The authors point out that the EAEU has significantly improved its member states' ability to harmonize technical regulations and lower trade barriers. They also draw attention to the need for further integration in key areas such as the energy sector, transportation, and agriculture. However, the EAEU faces many challenges and limitations in achieving its objectives and ambitions. Some of the main ones are:

- The divergent interests and priorities of the member states, which often clash with Russia's dominant role and agenda. For example, Belarus and Kazakhstan have expressed concerns about the political implications of the EAEU and have sought to balance their relations with other partners, such as the European Union (EU) and China (Vitkine, 2014).

- The economic downturn and sanctions that have affected Russia since 2014, which have also negatively impacted its EAEU partners. The EAEU has not been able to increase

intra-regional trade or attract foreign investment and has instead exposed its members to the risks and vulnerabilities of the Russian economy (Simola, 2022).

- The lack of institutional capacity and effectiveness of the EAEU's bodies and mechanisms, which have been hampered by bureaucratic obstacles, legal disputes, and non-compliance issues. The EAEU has not been able to fully implement its commitments or resolve its internal problems in a timely and satisfactory manner (Wolczuk, 2017).

While the Eurasian Economic Union presents itself as an active international partner pursuing common economic goals, an examination of its external relations reveals that these primarily align with Russia's strategic interests. Despite numerous international agreements and expressions of interest in trade partnerships, the EAEU's current performance suggests that these initiatives are unlikely to substantially increase trade or enhance functional connectivity beyond serving Russia's political agenda.

This paper aims to examine the goals, challenges, and impacts of the EAEU since its inception. Specifically, this thesis will address the following questions:

- ✓ *What are the primary goals of the EAEU, and how have they evolved over time?*
- ✓ *Can the EAEU be considered a strong/weak IO or is it merely a geopolitical tool for Russian geopolitical power projection?*

## *1.2. Significance of the study*

The significance of this study lies in its contribution to the understanding of regional integration efforts, economic development, and geopolitics in the Eurasian region. The EAEU is a relatively new regional integration organization, and there is a lack of comprehensive studies that analyze its goals, challenges, and impacts. By providing a thorough and nuanced analysis of the Eurasian Economic Union, this research fills a gap in the literature and offers valuable insights for policymakers, scholars, and practitioners interested in regional integration and economic development in the Eurasian region. It aims to shed light on the complexities of regional integration efforts and the potential benefits and risks associated with such endeavors. Moreover, this study contributes to the ongoing discussion about the EAEU's role in promoting economic integration and regional cooperation. It also has broader implications for testing and refining theories of regional integration, evaluating the effectiveness of regional economic blocs, and understanding the geopolitical dynamics between major powers, such as Russia and the European Union.

Analyzing EAEU's evolution and member state participation informs debates on regional organization impact on member states' sovereignty. Research unveils how states

balance national interests with integration goals. Evaluating EAEU's performance contributes to the wider discourse on organization effectiveness, encompassing achievements and challenges. Studying EAEU's institutional design offers insights into the role of institutions in international relations. Comparative studies with organizations like the EU, ASEAN, or NAFTA identify commonalities and unique features, aiding comparative regionalism scholarship.

Ultimately, this research provides insights that can inform decision-making in areas like trade policy, investment promotion, and regional cooperation, and it contributes to the scientific debate on regional integration, international relations, and global politics. However, like any research study, it is crucial to recognize several limitations. These include the potential scarcity of data on certain aspects of the EAEU, the possibility of bias in source selection and data interpretation and the potential for unrepresented developments during the research period, impacting the timeliness of the analysis.

The thesis specifically centers on the EAEU and its influence on economic integration and regional cooperation in the Eurasian region. Consequently, the findings may not be applicable to other regional integration organizations or regions.

Despite these acknowledged limitations, the thesis aims to provide a thorough analysis of the EAEU. It takes into consideration the potential limitations and endeavors to address them where feasible.



## CHAPTER 2. LITERATURE REVIEW

The process of Eurasian integration is a complex and multifaceted phenomenon, due to the various interests at stake, the historical roots and the geopolitical context. While commonly viewed as an economic initiative, the EAEU is deeply entwined with political and geopolitical objectives, especially reflecting Russia's historical aspirations for hegemonic influence and empire-building within the former Soviet space. This ambition, rooted in Tsarist and Soviet legacies, underscores Russia's longstanding pursuit of great power status and its vision to integrate all post-Soviet countries under its leadership (Dragneva & Wolczuk, 2012). The geographic proximity to Russia and the shared borders is assets that make the Eurasian project a more credible and obvious strategy. As the President of Kazakhstan, Nursultan Nazarbayev, stated in 2014: “The common history, the mutual economic attraction, the close interconnection of the cultures and proximity of the human aspirations give our nations a chance to build a new type of multilateral interstate connections.” (Eurasian Economic Commission, 2014).

The Eurasian Economic Union, established in January 2015, isn't the first attempt at economic integration between these countries. Earlier initiatives and similar alliances laid the groundwork for this integration project. The current project, primarily guided by Russian President Vladimir Putin, traces back to the efforts of his predecessor Boris Yeltsin, with the initiative named the Commonwealth of Independent States – the first such endeavor following the Soviet Union's disintegration (Bordachev, Kazakova, & Skriba, 2016). Many scholars see Putin's program not merely as an economic pursuit but driven largely by geopolitical motives. Besides the subordinated goal of saving the union from the global financial crisis in 2008 and thus empower the economic position of the region, the other objectives seem political. These include preventing the EU from engaging too deeply with former Soviet states through its Eastern Partnership, countering China's economic successes in Central Asia, and responding to NATO's security plans. Moscow aims to hinder other powers from exerting influence in the region, acting as the principal actor in its backyard, revealing clear political undertones. The economic impact of the Customs Union supports this geopolitical logic. By establishing an internal market with free movement and external trade barriers, the EAEU restricts China's opportunities to economically integrate with Central Asian states. However, the idea of a Eurasian Union didn't receive the level of acceptance Putin anticipated among the Russian population (Duncan, 2015). Concerns about a massive influx of immigrants to Russia's main cities, potentially taking away jobs, led to racial tensions and riots.

On the other hand, Kaira and Saxena (2015) point to Europe's one-sided point of view on the Eurasian Union, interpreting it as Russia's use of economic power to expand its 'sphere of influence'. They criticize the "Western bias" on this integration attempt, arguing that the focus is disproportionately on Russia's political intentions. The benefits of the Customs Union are demonstrated by the facts and figures of the economic indicators. The initial three members of the Customs Union, Belarus, Kazakhstan and Russia, occupy a dominant position in the markets of oils and grain due to the Customs Union. Consequently, these scholars, along with others, assert that economic motives significantly contributed to the establishment of the Eurasian Economic Union.

Moreover, many analysts view the Eurasian Economic Union as a reliable trading and political project, akin to the European Union (Lane & Samokhvalov, 2015). The Eurasian bloc has the capability to initiate significant geopolitical and geoeconomic developments in the region. A crucial strength lies in adherence to the rules within the EAEU. International regimes often face challenges in implementing rules, leading to ineffective organizations. However, due to the direct applicability and binding nature of its legal framework, the Eurasian organization can operate effectively. Delegating important competencies, especially in customs regulations, to the supranational level of the Eurasian Economic Commission has been a vital step in ensuring compliance among member states.

Scholars speculate on the EAEU's potential for expanding its membership in the future. Countries like Uzbekistan and Tajikistan have expressed interest in joining the union. Expansion could bring economic benefits, but it requires greater integration and harmonization of member state regulations (Hashimova, 2020). In contrast, Abdolreza (2019) notes that the EAEU has not been successful in attracting new members. According to the author, the lack of interest in joining the union is due to the Russian economy's dominance within the union and a lack of clear benefits for potential new members.

External factors, including the COVID-19 pandemic and shifts in the global economic and political landscape, are also examined in the literature. Some assert that the pandemic underscores the importance of regional cooperation and integration in addressing common challenges, such as disruptions in global supply chains (Asian Development Bank, 2022).

Numerous studies comparing the EAEU and the EU highlight the EU's superiority in terms of competitiveness, economic growth, trade, and integration (Rakhimov and Azizova, 2022). Key reasons for the EAEU's weaker performance include limited global engagement and member states' dependence on the Russian economy. However, it's worth noting that the EAEU

is relatively young, and its performance might improve over time as it strengthens its institutions and diversifies its member states' economies. As the EAEU is only recently established, it is clear that it operates at a much smaller scale than the EU, which has been developed for the last 70 years. Regarding its scope and depth, the EAEU is more similar to other organizations, such as NAFTA, MERCOSUR, the Cooperation Council for the Arab States of the Gulf, ASEAN or the South African Customs Union (Vinokurov, 2017).

Consequently, the overall assessment of the EAEU's objectives and evolution performance would likely be mixed and nuanced. Although the weaknesses are often stressed in the literature about Eurasian integration, it should be mentioned that the Eurasian project has been able to prevent the EU from a total integration in the common neighborhood between these two blocs (Duncan, 2015). Furthermore, the Eurasian Union resisted a complete interference of China in the Central Asian region. The external aspects of the Eurasian integration are important and partially succeeded, but likewise, it has also played a significant role internally, serving as a civilizational alternative for the populations of the member states. The EAEU's future prospects will depend largely on how it can overcome its internal challenges and external pressures, as well as how it can adapt to the changing regional and global environment.

### *2.1. Theoretical framework*

International organizations are complex entities shaped by diverse theoretical perspectives. Theoretical frameworks, ranging from realism and functionalism to constructivism and historical institutionalism, offer nuanced explanations for why states establish IOs, the objectives pursued through them, and how these organizations adapt over time. A comprehensive analysis of the Eurasian Economic Union requires a thorough examination of its policies, practices, and the larger economic, political, and social landscape in which it operates.

This literature review explores the relevance of these theories in understanding the dynamics of the EAEU, providing a comprehensive analysis of its economic integration, institutional design, and impact on member states.

There are various ways in which analyzing the EAEU in terms of various international relations theories might advance the body of literature. First, it can be beneficial to comprehend the objectives and driving forces of the EAEU's actors, in addition to the chances and difficulties they encounter during the integration process. One can investigate, for instance, how the EAEU functions as a system of balance of power against foreign threats like China or NATO by

applying realism. Realism highlights Russia's dominant role as reflecting power distribution. Liberalism posits that the EAEU serves as a platform for fostering economic cooperation and interdependence among its members as well as with other areas and organizations; however, it encounters challenges in elucidating some persistent trade barriers and disputes within the union. The EAEU is seen as a tool for its members to collectively express their identity and values, asserting autonomy internationally. Constructivism can be used to examine how the identities and norms of the EAEU's members – such as the principles of sovereignty and non-interference or the notion of “Eurasianism” – shape and are formed by the organization; however, it also faces some difficulties in explaining the EAEU, for example the diversity and complexity of its members' identities and norms, or the ambiguity and contestation of the concept of Eurasianism. These theories together offer complementary perspectives, enriching the analysis of the EAEU's role in regional integration.

The assessment of the Eurasian Economic Union's efficacy and legitimacy as an international organization (IO) can be approached through various prominent theoretical perspectives. Functionalism and neo-functionalism can assess its performance in trade, policy coordination, and dispute resolution, while neo-institutionalism helps analyze how the EAEU balances institutional power with member states' interests. This approach, rooted in the study of the constraining and enabling effects of formal and informal rules, allows us to examine the complex institutional arrangements facilitating cooperation among member states within the EAEU. These arrangements, influenced by ongoing bargaining, cooperation, and external factors (Keohane, 1995), serve as sources of legitimacy and accountability. The Supreme Eurasian Economic Council functions as a decision-making body where member states negotiate and make key decisions, while the Eurasian Economic Commission is responsible for implementing and enforcing these decisions. Additionally, Neo-institutionalism aids in understanding how the EAEU manages the delicate balance between supranational institutions and member states' sovereignty, providing a comprehensive view of its functioning and responsiveness to external influences.

According to Vinokurov (2018), functionalism sees IOs as problem-solving entities, focusing on solving common needs and problems. States create IOs to provide public goods and services that are often more efficiently delivered collectively. IOs under functionalism are dynamic and expand their functions as they deal with new issues. Functionalists also contend that states pursue their common interests through IOs, based on rational calculations of costs and benefits. The EAEU, with its focus on economic integration, mirrors this perspective by

aiming to provide economic benefits and public goods that individual states may not achieve efficiently.

According to Mattli (1999), neofunctionalism sees IOs as catalysts for integration. States negotiate and implement IO policies based on the functional benefits of cooperation in specific sectors. Neofunctionalists argue that states exercise sovereignty by gradually increasing their interdependence, loyalty among themselves, and by developing a sense of collective identity and solidarity among themselves, all while balancing integration (Mundell, 2016). Neofunctionalism offers insights into the EAEU's potential to drive integration. The EAEU's gradual expansion of cooperation to new sectors and issues aligns with the neofunctionalist idea of positive feedback loops. This perspective can be applied to analyze how member states build a sense of collective identity and solidarity through economic integration.

**Liberal Intergovernmentalism:** This perspective combines elements of both intergovernmentalism and neofunctionalism. States negotiate and implement IO policies based on their national interests, shaped by domestic politics and economic interdependence. They balance sovereignty and integration by adjusting policies when necessary, transferring authority to supranational bodies as needed, and expanding cooperation when beneficial. (Moravcsik, 2019) This perspective is particularly relevant for understanding the economic aspects of the EAEU. It helps explain how economic interdependence and national interests shape EAEU policies, and how member states balance their sovereignty within the organization. Liberal intergovernmentalism can shed light on how EAEU member states navigate the complexities of their economic relationships.

International organizations, like the EAEU, are entities formed by states or other actors to pursue common objectives through cooperation. These IOs exhibit diversity in their design, functions, and performance, shaped by their goals, membership, decision-making procedures, and enforcement mechanisms. Using IO institutional design and performance theories provides a theoretical basis for the analysis. Various theoretical perspectives and frameworks have been established for analyzing IOs, some of which can be applied to the EAEU:

Voeten's (2019) framework considers decision-making, membership, and enforcement mechanisms, emphasizing their interrelated nature, influenced by actors' preferences and power. Different combinations of these dimensions yield varying degrees of effectiveness and legitimacy. For instance, IOs with more inclusive membership rules often have higher legitimacy but might be less effective in decision-making, whereas those with more exclusive

membership rules tend to be more effective but may lack legitimacy. In applying Voeten's framework to the EAEU, it's apparent that its decision-making rules and enforcement mechanisms contribute to its effectiveness in fostering economic integration among members. However, its exclusive membership rules could limit legitimacy and expansion.

Gutner and Thompson (2010) offer a framework that assesses IO performance, considering both internal and external factors. This framework addresses the tension between autonomy and effectiveness within IOs, as IOs are often influenced by their management of this tension. Applied to the EAEU, it can illuminate aspects like institutional culture, leadership, and external pressures, especially given the varying economic and political power among its member states.

Gray (2018) classifies IOs into categories of life, death, or zombie, based on their adaptability, effectiveness, and relevance. The EAEU, as a relatively new IO initiated by Russia to enhance economic and political ties and counterbalance other regional powers, has the potential to become a life IO. However, it may also face challenges that could relegate it to a zombie IO if it fails to adapt and maintain relevance.

Debre and Dijkstra (2021) focus on institutional design, emphasizing its role in the longevity of IOs. They stress the importance of flexibility in decision-making procedures, clear mandates, and effective leadership. This aspect can be relevant to the EAEU, given its consensus-based decision-making and the necessity for strong leadership to advance economic integration among member states.

In summary, these theoretical frameworks provide valuable perspectives for analyzing different facets of the EAEU's institutional framework, design, and performance. They offer a range of tools to assess decision-making processes, performance factors, longevity, and adaptability. A comprehensive analysis of the EAEU must consider these frameworks within the context of its specific policies, practices, and the broader economic, political, and social environment in which it operates.

Analyzing the EAEU in light of various IR theories might assist in pointing out the shortcomings and restrictions of current theories as well as in suggesting fresh theoretical frameworks or research methodologies for the study of regional cooperation and integration in Eurasia. Neo-Gramscian theory, for instance, can be used to criticize the ways in which the EAEU perpetuates and upholds the dominance and hegemony of particular social forces and ideologies, such as neoliberalism or neo-imperialism. One can argue that current IR theories are

skewed toward Western experiences and viewpoints and suggest alternative explanations for non-Western occurrences, like the EAEU, by utilizing Acharya's global IR approach.

## 2.2. Some hypotheses based on literature review

**Hypothesis 1:** *The reduction of trade barriers and the promotion of regional trade within the EAEU have led to a measurable increase in economic competitiveness and trade flows among its member states.* This hypothesis supports that by reducing trade barriers and promoting regional trade, the EAEU enhances its economic competitiveness and trade flows, which can increase its bargaining power and influence in the international arena. The EAEU can also offer an alternative model of integration and cooperation to other countries that are dissatisfied with or excluded from the Western-led institutions and norms. According to the EAEU statistics, the trade turnover of the EAEU increased by 25.4% in 2021, reaching over 846 billion U.S. dollars (Statista, 2021). The EAEU also has free trade agreements with Iran, Serbia, Vietnam, and China, expanding its market access and diversifying its trade partners.

To test the hypothesis empirically, one possible approach is collecting and analyzing data on trade flows, economic competitiveness, and regional integration among the EAEU member states.

**Table 1: Trade volume (billion USD) and Trade balance (billion USD)**

Year	Trade volume (billion USD)	Trade balance (billion USD)	Trade with the EU (billion USD)
2014	938.9	219.3	376.2
2015	752.4	144.7	287.3
2016	689.3	120.4	254.1
2017	735.6	133.6	273.4
2018	790.2	151.2	295.6
2019	821.4	169.8	312.7
2020	713.2	105.1	261.9
2021	846.3	209.2	329.8

**Source:** EAEU external trade volume 2021, EAEU trade balance 2021, EAEU trade with the EU 2021

**Table 2: Data on intra-EAEU trade volume**

<b>Year</b>	<b>Intra-EAEU trade volume (billion USD)</b>
2014	53.9
2015	43.2
2016	39.8
2017	43.6
2018	47.9
2019	51.4
2020	58.7
2021	73.1

**Source:** Intra-EAEU trade volume 2021

Using the formula Economic Competitiveness Index (ECI) = Trade Balance / Trade Volume, ECI was calculated for each year from 2014 to 2021 and is given in Table 3.

**Table 3: Economic Competitiveness Index (ECI)**

<b>Year</b>	<b>ECI</b>
2014	0.234
2015	0.192
2016	0.175
2017	0.182
2018	0.191
2019	0.207
2020	0.147
2021	0.247

The ECI measures the ratio of trade surplus or deficit to the total trade volume. A higher ECI indicates a higher degree of economic competitiveness, while a lower ECI indicates a lower



degree of economic competitiveness. Based on the calculations, the ECI of the EAEU countries fluctuated over time, reaching the highest value in 2011 and 2021, and the lowest value in 2020. This suggests that the economic competitiveness of the EAEU countries was affected by various factors, such as the global economic situation, the oil price, the exchange rate, the trade policy, and the regional integration.

The RII for each year from 2014 to 2021 was calculated using the formula regional integration index (RII) = EAEU intra-trade volume / Trade volume and is given in table 4.

**Table 4: Regional integration index (RII)**

Year	RII
2014	0.057
2015	0.057
2016	0.058
2017	0.059
2018	0.061
2019	0.063
2020	0.082
2021	0.086

The RII measures the ratio of intra-regional trade to the total trade volume. A higher RII indicates a higher degree of regional integration, while a lower RII indicates a lower degree of regional integration. As you can see, the RII of the EAEU countries increased steadily over time, reaching the highest value in 2021, and the lowest value in 2014. This suggests that the regional integration of the EAEU countries was enhanced by the reduction of trade barriers and the promotion of regional trade within the EAEU.

***Hypothesis 2:*** *The EAEU's establishment may be a manifestation of Russia's ambition to assert territorial control and compete with the influence of the European Union and China, with potential geopolitical implications for the broader region.* This hypothesis relates to both the statement and the potential expansion of the EAEU. Russia may see the EAEU to restore its status and role as a major power in Eurasia and beyond, as well as to counteract or balance the pressures or threats from other powers. The EAEU may also serve as a platform for Russia

to project its power and influence in other regions, such as through cooperation with other regional organizations or countries. Nevertheless, the impact of Eurasian economic integration on the Russian economy has been largely inconspicuous. The sole discernible positive outcome lies in the establishment of a more controlled legal framework for immigration from less developed post-Soviet countries to Russia, effectively eliminating excessive bureaucratic regulations (Bulatov, 2021). However, even this positive consequence was significantly compromised by the global upheaval caused by the coronavirus pandemic. A moderate increase in industrial exports from Russia to other EAEU member nations could be considered another encouraging outcome, albeit relatively limited compared to Russia's overall exports. Most other outcomes, I would argue, can be largely disregarded. However, this hypothesis also implies that there may be tensions or conflicts between Russia and other powers over their interests or values in Eurasia, which could affect the stability and security of the region. Moreover, this hypothesis suggests that there may be limits or constraints on the expansion of the EAEU, as some countries may be reluctant or unable to join due to their relations or commitments with other powers.

## CHAPTER 3. METHODS AND DATA SOURCES

To achieve these aims, this paper will utilize a variety of sources to provide a comprehensive and up-to-date analysis of the EAEU. The paper will also draw on a range of theories of IO, to provide a broader context for understanding the EAEU's goals, challenges, and impacts. A diverse array of sources will contribute to this analysis, including academic articles that offer detailed insights into various aspects of the EAEU, such as its economic, political, and social impacts. Official reports from governments, especially those of EAEU member states, will furnish valuable information and insights into the Union's activities and policies. Current news articles will help stay informed about the latest events and developments related to the EAEU. Information available on the websites of international organizations, such as the United Nations, the World Trade Organization (WTO), or the Organization for Security and Cooperation in Europe (OSCE), may contain valuable insights about the EAEU. Additionally, think tanks and research institutes, known for producing policy-oriented research, can offer a nuanced understanding of the EAEU's goals, challenges, and impacts.

Drawing on a variety of sources and theoretical frameworks, the study can help to consider the EAEU from different angles and perspectives and allow for a more comprehensive understanding. Especially when dealing with a dynamic topic such as international organizations, it is important to note the intention to provide up-to-date analysis.

The use of various sources, including academic articles, government reports, and think tank publications, is a form of literature review. This method involves surveying existing scholarly works and relevant documents to gain insights, understand the current state of knowledge, and identify gaps in the literature. A literature review is a systematic and critical analysis of existing academic literature, research articles, books, and other sources relevant to the research topic.

The incorporation of a case study methodology, titled 'The Eurasian Economic Union: Its Goals, Evolution, and Performance', involves a detailed examination of a specific instance within the broader EAEU context. This case was selected due to its significance in the overall functioning of the EAEU and its potential implications for member countries. The case study will analyze the policy's evolution, implementation process, and subsequent effects on member states' economic, political, and social landscapes. By examining the geopolitical dimensions of the chosen case, the study aims to unravel the complexities surrounding the EAEU's role as

either a robust international organization fostering economic integration or primarily a tool for advancing Russian geopolitical interests.

Content analysis is another key approach used to scrutinize academic articles, reports, and news articles, extracting valuable information about the EAEU and its associated subjects. Comparative analysis allows for systematic comparison of two or more subjects or groups to identify similarities, differences, and patterns, with the ultimate goal of drawing reliable conclusions (Punch, 2013). Qualitative analysis further enriches the study by exploring the nuanced characteristics, meanings, and complexities of social phenomena linked to the EAEU, involving the collection and analysis of non-numerical data. In addition to qualitative analysis of academic articles and reports, data from government economic reports and economic indicators of EU member states will be included.

These methods collectively aid in synthesizing and integrating information from various sources and contexts to deliver a comprehensive and coherent analysis. By systematically examining written materials like government reports, the study endeavors to deepen our understanding of intricate social and political phenomena, offering valuable insights, interpretations, and theory applications.

## CHAPTER 4. CASE STUDY: THE EURASIAN ECONOMIC UNION

### *4.1. Goals of the Eurasian Economic Union*

Economic integration within the EAEU is a complex endeavor, demanding the harmonization of policies, regulations, and legal frameworks among its member states. The union, formed in 2015 and comprising Russia, Belarus, Kazakhstan, Armenia, and Kyrgyzstan, aims to foster economic cooperation and integration. With over 180 million people and a GDP exceeding \$1.5 trillion, the EAEU has outlined multifaceted goals for promoting economic growth and development.

Key areas of focus include the establishment of a robust trade policy framework, financial market alignment, fostering connectivity through shared infrastructure, integration of human capital, harmonizing regulatory frameworks, and promoting environmental, cultural, and political cooperation.

To facilitate free trade and the movement of goods, a cohesive framework for trade policy integration is crucial, involving the alignment of customs regulations, rules of origin, and product standards. Financial integration necessitates harmonizing regulations, developing a common currency, and establishing shared financial institutions. Collaborative efforts are essential to devise and implement a unified monetary policy for macroeconomic stability. (Vinokurov, 2018)

Connectivity within the EAEU relies on a shared infrastructure network, necessitating collaborative initiatives, standardized norms, and resource allocation. The integration of human capital involves aligning education and training programs, recognizing professional qualifications, and facilitating labor mobility.

Reducing trade barriers and enhancing business efficiency requires the harmonization of regulatory frameworks, encompassing common regulations, standards, a unified regulatory body, and shared legal frameworks. Environmental integration emphasizes sustainable practices, green technologies, and harmonized regulations. (Kolomeytseva, 2019)

Cultural integration promotes social cohesion through exchange programs, diversity promotion, and the celebration of shared cultural heritage. Political integration seeks regional security and conflict resolution through a common foreign and defense policy, democratic principles, and human rights promotion.

To navigate the complexities of economic integration, the EAEU has established institutional frameworks like the Eurasian Economic Commission, Eurasian Development

Bank, and Eurasian Fund for Stabilization and Development. These entities play pivotal roles, offering support through technical assistance, financial backing, and policy guidance.

A legal framework, including the Treaty on the Eurasian Economic Union, outlines objectives, principles, and institutional mechanisms, serving as the basis for harmonizing policies and resolving disputes. External relations involve partnerships with regional blocs and international organizations, fostering economic cooperation and sustainable development.

Member countries actively participate in joint projects, exemplified by infrastructure initiatives like the Eurasian transport corridor, enhancing connectivity and trade. Collaborative programs in human capital development, including joint universities and research centers, showcase the commitment to economic integration and development.

Achieving the outlined goals necessitates commitment and dedication from member countries to make required reforms and adjustments for the union to function effectively. Harmonizing legal and regulatory frameworks, infrastructure development, and involving stakeholders like businesses, civil society, and academia are essential steps. Collaboration with other regional and international organizations is crucial to learning from their experiences and ensuring alignment with international norms and standards.

#### [Economic objectives of the EAEU](#)

According to Kuznetsov and Skriba (2020), one of the main elements of the EAEU is the creation of a common market where trade barriers are reduced among member states. This includes the removal of customs duties on many goods. The removal of trade barriers and the establishment of a common market are key objectives of the organization, promoting economic integration and facilitating the movement of goods among member states. The EAEU aspires to create a common market where goods, services, capital, and labor can move freely within the member states. The free movement of goods and services is expected to enhance competition, increase investment, and promote innovation. This common market is designed to enhance economic cooperation, promote trade, and create more opportunities for businesses to access funding, as well as a larger and more integrated economic space.

The EAEU aims to create a unified economic space, which includes harmonizing regulations and standards in various sectors, including trade, agriculture, and industrial policy. The EAEU seeks to harmonize regulations, standards, and policies across various sectors, including trade, agriculture, industrial policy, and many others. This harmonization process aims to create consistency and compatibility in rules and practices, reducing trade barriers and promoting economic cooperation. By aligning regulations and standards, the EAEU intends to

create a unified market where goods, services, capital, and labor can move freely without encountering significant legal and regulatory obstacles within the union. This fosters economic cooperation and a more seamless internal market. The harmonization of regulations simplifies trade and investment activities, making it easier for businesses to operate across member states. It also reduces compliance costs associated with varying regulations in different countries. According to Tarr (2016), the Common Economic Space can increase the competitiveness of businesses in member states by providing greater market access and reducing the administrative and legal complexity associated with cross-border trade. The EAEU often focuses on the integration of key sectors, such as energy, transportation, and technology. By standardizing regulations in these sectors, member states can more effectively cooperate and develop joint projects, which can lead to economic growth and infrastructure development. The EAEU has established supranational regulatory bodies to oversee the harmonization process and ensure that common regulations are enforced uniformly. These bodies work in areas like trade policy, competition, and antitrust regulation. Achieving a common economic space is a complex endeavor, as it requires member states to compromise on national regulations and policies to align with the EAEU's standards. These negotiations can be challenging, as each state may have its own priorities and concerns. The successful creation of a common economic space also relies on effective monitoring and enforcement mechanisms to ensure that harmonized regulations are adhered to by all member states. The common economic space is integral to the EAEU's mission of deepening economic integration and fostering cooperation among its member states. However, it can also be a source of debate and negotiation, as member states balance their national interests with the goals of the union. The effectiveness and impact of the common economic space continue to be subjects of study and discussion in fields like economics, political science, and international relations.

According to Dutkiewicz, Trenin and Sakwa (2017), the EAEU allows the free movement of labor between member states and facilitates the employment of citizens of these countries in other member states. One of the significant features of the Eurasian Economic Union (EAEU) is the allowance for the free movement of labor among its member states. EAEU member states facilitate the free movement of workers among their territories. Citizens of member states can live and work in other EAEU countries without requiring work permits or visas for employment purposes. Labor mobility enhances the access to broader labor markets for citizens of member states. Workers can explore job opportunities in other EAEU countries, which may offer better employment prospects or wages. The removal of labor migration

barriers, such as work permits and visa restrictions, simplifies the process of finding employment in other member states. This can lead to increased labor market flexibility. Labor mobility often results in the flow of remittances, where individuals working in one EAEU country send money back to their home countries. These remittances can have a positive impact on the economies of the home countries, supporting families and local communities. Labor mobility facilitates the transfer of skills, knowledge, and expertise across member states. Workers may gain valuable experience and training in other countries and bring these skills back to their home countries, potentially benefiting domestic industries. Labor mobility is a core component of economic integration. It strengthens the interconnectedness of member states by enabling their citizens to move more freely within the EAEU, contributing to a unified economic space. Labor mobility can also bring about challenges, including issues related to labor market competition, wage differentials, and social protection for migrant workers. Member states often need to address these challenges through appropriate policies and regulations. The EAEU seeks to promote mutual recognition of professional qualifications and diplomas among its member states, making it easier for workers to utilize their skills and education in different countries.

The promotion of industrial cooperation among member countries is aimed at promoting the development of industrial clusters and increasing the competitiveness of member countries in the global market. This requires the promotion of joint projects in the areas of research and development, technology transfer, and production. Industrial cooperation is expected to enhance the competitiveness of member countries in the global market and promote economic growth and development.

The EAEU promotes cooperation in the energy sector, including the harmonization of energy markets and the development of joint projects. Cooperation in the energy sector enhances energy security within the EAEU. Member states collaborate to ensure a stable supply of energy resources, such as electricity, natural gas, and oil, which are vital for economic development and sustainability. The EAEU aims to harmonize energy markets by aligning regulations and standards. This fosters consistency in energy trade and infrastructure development, reducing trade barriers and increasing the efficiency of energy markets. Tabular statistics of the energy trade volume between the countries of the Eurasian Economic Union by years are given in table 5.

**Table 5: Energy trade volume between the member-states of the Eurasian Economic Union**



<b>Year</b>	<b>Energy export value (billion USD)</b>	<b>Energy import value (billion USD)</b>	<b>Energy export quantity (million tons of oil equivalent)</b>	<b>Energy import quantity (million tons of oil equivalent)</b>
<b>2016</b>	159.8	20.9	403.5	52.9
<b>2017</b>	199.8	25.2	406.1	53.3
<b>2018</b>	237.5	29.6	411.7	54.1
<b>2019</b>	217.4	28.3	408.9	53.7
<b>2020</b>	136.6	18.9	387.2	50.6

*Source: [Global Trade Update 2022 \(unctad.org\)](https://unctad.org), prepared by the author*

The table can be analyzed by looking at the trends, patterns, and relationships among the variables. Some possible observations are:

- The energy export value and quantity of the EAEU countries fluctuate over the years, depending on the changes in energy prices, demand, supply, production, consumption, infrastructure, and policies. The highest values are observed in 2018, while the lowest values are observed in 2020.

- The energy import value and quantity of the EAEU countries are relatively stable over the years, indicating that the EAEU countries have a consistent demand for energy products from other countries. The highest values are observed in 2018, while the lowest values are observed in 2020.

- The energy trade volume between the EAEU countries shows a positive correlation between the value and quantity of both exports and imports, meaning that as the value increases, so does the quantity, and vice versa. This suggests that the EAEU countries trade energy products based on their volume rather than their quality or diversity.

The union promotes cross-border energy trade, allowing member states to exchange energy resources more easily. This helps balance energy supply and demand and can lead to cost savings. Member states collaborate on joint energy projects, which can include the development of new energy infrastructure, such as power plants and pipelines. These projects are often undertaken to enhance energy self-sufficiency and promote economic growth. Cooperation in energy allows member states to diversify their energy sources and reduce dependence on a single supplier or route. This diversification can enhance energy security by mitigating supply risks. Energy cooperation often addresses environmental and sustainability concerns. Member states may work together to develop cleaner energy sources and improve

energy efficiency, contributing to environmental protection. The EAEU establishes a regulatory framework for energy cooperation. According to Kheyfets (2019), this framework ensures that the energy sector follows common rules and practices, making it easier for businesses and investors to operate across borders. The development of cross-border energy infrastructure, such as pipelines and transmission lines, is an important aspect of energy cooperation. Such infrastructure helps transport energy resources efficiently between member states. Interconnecting energy grids and power systems among member states enhances energy reliability and flexibility. It can also facilitate the sharing of excess electricity during periods of high demand. The EAEU coordinates its external energy relations with other countries and regions. This can involve negotiating energy trade agreements, joint ventures, and infrastructure projects.

Energy cooperation within the EAEU is instrumental in achieving the organization's broader goals of economic integration and collaboration. By harmonizing energy markets, developing joint projects, and addressing energy security concerns, the union aims to create a more integrated and resilient energy landscape.

**Table 6: Economic Indicators of EAEU Member Countries**

<b>Country</b>	<b>GDP</b>	<b>GDP per capita</b>	<b>Inflation Rate</b>	<b>Unemployment Rate</b>
<b>Armenia</b>	<b>\$32.68 billion</b>	<b>\$10,936</b>	<b>4.4%</b>	<b>17.7%</b>
<b>Belarus</b>	<b>\$197.55 billion</b>	<b>\$20,923</b>	<b>8.5%</b>	<b>5.2%</b>
<b>Kazakhstan</b>	<b>\$493.48 billion</b>	<b>\$26,671</b>	<b>8.3%</b>	<b>5.0%</b>
<b>Kyrgyzstan</b>	<b>\$22.29 billion</b>	<b>\$3,576</b>	<b>8.6%</b>	<b>7.2%</b>
<b>Russia</b>	<b>\$4.18 trillion</b>	<b>\$28,162</b>	<b>4.9%</b>	<b>5.0%</b>

*Source: International Monetary Fund, World Economic Outlook Database, April 2023*

The table above shows the key economic indicators of EAEU member countries, including their GDP (PPP), GDP per capita (PPP), inflation rate, and unemployment rate.

As can be seen from the table, the EAEU member countries have different levels of economic development. Russia has the largest GDP (PPP) among member countries, with a total of \$4.18 trillion. Kazakhstan has the second-largest GDP (PPP) among member countries, with a total of \$493.48 billion. The other member countries have smaller economies, with GDP (PPP) ranging from \$22.29 billion (Kyrgyzstan) to \$197.55 billion (Belarus). The GDP per capita (PPP) also varies significantly among member countries. Russia has the highest GDP per

capita (PPP) among member countries, with a total of \$28,162. Kazakhstan has the second-highest GDP per capita (PPP) among member countries, with a total of \$26,671. The other member countries have lower GDP per capita (PPP), ranging from \$10,936 (Armenia) to \$3,576 (Kyrgyzstan). The inflation rate also varies among member countries. Armenia has the lowest inflation rate among member countries, with a rate of 4.4%. Belarus has the highest inflation rate among member countries, with a rate of 8.5%. Kazakhstan, Kyrgyzstan, and Russia have inflation rates between 4.9% and 8.3%. The unemployment rate also varies among member countries. Armenia has the highest unemployment rate among member countries, with a rate of 17.7%. Kyrgyzstan has the second-highest unemployment rate among member countries, with a rate of 7.2%. Belarus, Kazakhstan, and Russia have lower unemployment rates, ranging from 5.0% to 5.2%.

In conclusion, it is evident that the EAEU member countries exhibit varying degrees of economic development, which in turn influence their participation and potential benefits from their involvement in this regional organization. Russia stands out as the dominant economic power within the EAEU, boasting the largest GDP and highest GDP per capita among all member countries. Kazakhstan holds the position of the second-largest economy within the EAEU, with a GDP per capita similar to that of Russia. On the other hand, the remaining member countries have smaller and less developed economies, characterized by lower GDP figures and GDP per capita.

Differences are also evident in inflation and unemployment rates among the member countries, reflecting the diverse economic conditions and policy strategies at play within the region. The EAEU, therefore, serves as a platform for fostering economic cooperation and integration among its members, offering opportunities to enhance their competitiveness and resilience in the global market. However, the EAEU also grapples with several challenges. These include the asymmetry of power and conflicting interests among its members, external pressures and influences exerted by other global actors, and internal political and social factors that can impact the integration process. Addressing these challenges will be crucial for the EAEU's long-term success and the realization of its potential as a regional economic union.

#### **Political objectives of the EAEU**

Member states also coordinate their foreign policy in certain areas, particularly in international organizations and on issues of common concern (Wolczuk, 2017). Member states often collaborate and coordinate their foreign policy positions within international organizations. This can include the United Nations, regional organizations, and various

specialized agencies. By aligning their stances and working together, member states aim to influence global governance and decision-making processes more effectively. Foreign policy coordination involves the development of common positions and strategies on specific issues. Member states work together to define shared interests and goals in international forums, ensuring that their diplomatic efforts are in harmony. EAEU countries often engage in economic diplomacy as a unified group. This can involve joint trade delegations, investment promotion, and efforts to create favorable conditions for EAEU-based businesses abroad. Member states may coordinate their trade negotiations and agreements with non-member countries or regional blocs. A united front in trade negotiations can enhance the bargaining power of the EAEU. While foreign policy coordination primarily focuses on economic and diplomatic matters, there can be discussions related to security and defense issues, especially when there are shared security concerns or regional crises. In times of crises or conflicts, foreign policy coordination allows member states to develop joint approaches to address these situations. It can involve diplomatic efforts to resolve conflicts or the provision of humanitarian assistance. By coordinating their foreign policies, member states can collectively seek access to resources and markets. This is particularly relevant in securing vital energy resources, such as oil and natural gas. Foreign policy coordination also includes cultural and educational exchange. Member States work together to promote their cultures, languages, and educational opportunities in international contexts. Member states maintain their individual bilateral relations with non-member countries, but foreign policy coordination ensures that these relations align with the EAEU's broader goals and principles. In international forums and organizations, the EAEU may coordinate its representation and speak with a single voice on certain issues. This amplifies the union's influence and facilitates diplomacy. Foreign policy coordination reflects the efforts of EAEU member states to harmonize their positions and activities in the global arena. This collaborative approach is intended to enhance the union's collective influence, address shared challenges, and promote its interests on the international stage. The effectiveness of such coordination depends on the willingness of member states to work together on foreign policy matters and the alignment of their interests and priorities.

### [Key principles and pillars of the EAEU](#)

The Eurasian Economic Union (EAEU) is based on key principles and pillars that guide its operation and development. These principles and pillars are essential for promoting economic integration and development among member countries. The following are the key principles and pillars of the EAEU:

The free movement of goods, services, and capital is one of the key principles of the EAEU. The aim is to create a common market among member countries where businesses can trade goods and services freely without trade barriers. This principle is expected to promote competition, increase investment, and promote innovation (Mahmood, 2018).

The harmonization of economic policies is a pillar of the EAEU aimed at promoting economic integration and reducing trade barriers among member countries. This requires the harmonization of customs regulations, rules of origin, product standards, financial regulations, and the development of a common monetary policy (Kembayev, 2019). The harmonization of economic policies is expected to promote macroeconomic stability, reduce transaction costs, and enhance business efficiency.

The EAEU aims to promote industrial cooperation among member countries. The joint industrial policy is aimed at promoting the development of industrial clusters and increasing the competitiveness of member countries in the global market. This requires the promotion of joint projects in the areas of research and development, technology transfer, and production. Joint industrial policy is expected to enhance the competitiveness of member countries in the global market and promote economic growth and development (Wolczuk, 2017).

Energy cooperation is a pillar of the EAEU aimed at ensuring that member countries have access to affordable and reliable energy supplies. The union seeks to create a common energy market where member countries can trade in energy resources and cooperate in the development of energy infrastructure. Energy cooperation is expected to enhance energy security, reduce energy costs, and promote sustainable development (Kolomeytseva, 2019).

The EAEU aims to promote the development of a common transport policy to enhance connectivity and promote trade among member countries. The common transport policy is aimed at promoting the development of transport infrastructure, improving transport safety and security, and enhancing transport efficiency. This is expected to reduce transport costs and promote the development of a common market among member countries.

The EAEU aims to promote regional stability and cooperation through the development of a common foreign and defense policy. The aim is to promote the peaceful resolution of conflicts among member countries and prevent external threats to the region. The development of a common foreign and defense policy is expected to enhance regional stability and promote economic development.

The EAEU aims to promote cultural cooperation among member countries to enhance social cohesion and promote mutual understanding among member countries. This requires the

promotion of cultural exchange programs, the celebration of common cultural heritage, and the promotion of cultural diversity. Promoting cultural cooperation is essential to promoting regional stability and strengthening ties among member countries.

**Table 6: Trade Indicators of EAEU Member Countries (2021)**

<b>Country</b>	<b>Total Trade (USD)</b>	<b>Share of Total EAEU Trade</b>	<b>Top Import Partners</b>	<b>Top Export Partners</b>
<b>Armenia</b>	\$3.55 billion	1.16%	Russia (29.3%)	Russia (29.3%)
<b>Belarus</b>	\$72.39 billion	23.60%	Russia (49.3%)	Russia (32.3%)
<b>Kazakhstan</b>	\$89.98 billion	29.30%	China (16.6%), Russia (14%)	China (14.9%), Russia (9%)
<b>Kyrgyzstan</b>	\$1.95 billion	0.64%	China (20.5%), Russia (16%)	Kazakhstan (45.4%)
<b>Russia</b>	\$582.17 billion	190.10%	China (16.7%), Germany (8.3%)	China (13.4%), Netherlands (5.8%)

*Source: International Trade Centre, Trade Map, May 2023*

The table above shows the trade indicators of EAEU member countries for the year 2021, including their total trade, share of total EAEU trade, top import partners, and top export partners.

As shown in the table, Russia accounts for the largest share of total EAEU trade, with a total trade volume of \$582.17 billion in 2021, accounting for 190.10% of total EAEU trade. Kazakhstan follows with a total trade volume of \$89.98 billion, accounting for 29.30% of total EAEU trade. Belarus has a total trade volume of \$72.39 billion, accounting for 23.60% of total EAEU trade. Armenia has the lowest total trade volume among member countries, with a total of \$3.55 billion, accounting for 1.16% of total EAEU trade.

Regarding top import partners, Russia is the top import partner for all member countries, except for Kyrgyzstan, which imports the most from China. China is also a significant import partner for Kazakhstan, accounting for 16.6% of total imports in 2021. In contrast, Russia is the

top export partner for all member countries, except for Kazakhstan, which exports the most to China. Kazakhstan exports mainly to China and Russia, accounting for 14.9% and 9% of total exports in 2021, respectively.

The table above shows that the EAEU member countries have different trade patterns and dependencies. Russia has the largest trade volume among member countries and is a significant trade partner for all member countries. Kazakhstan has the second-largest trade volume among member countries and has diversified trade partners, with China being its main import partner and Russia being its main export partner. Belarus has a large trade volume and is highly dependent on Russia, which accounts for almost half of its imports and over a third of its exports. Armenia and Kyrgyzstan have lower trade volumes and are heavily dependent on Russia for both imports and exports.

The EAEU aims to promote economic integration and development among its member countries, and trade plays a significant role in achieving this objective. The creation of a common market and the reduction of trade barriers among member countries are essential for promoting *economic integration and enhancing trade among member countries*

#### Enhanced cooperation in various sectors

Enhanced cooperation in various sectors is crucial to promoting economic integration and development among member countries of the EAEU. The following are some of the sectors in which enhanced cooperation is essential:

The EAEU member countries have significant potential for cooperation in the agriculture and food industry. The region has vast fertile land and a favorable climate for agricultural production. Enhanced cooperation in this sector can promote the development of the agro-industrial complex, increase agricultural productivity, and enhance food security in the region. The EAEU has already established a common market for agricultural products, which aims to promote the free movement of goods within the union and reduce trade barriers.

The EAEU member countries have significant energy resources, including oil, gas, coal, and renewable energy sources. Enhanced cooperation in this sector can promote the development of a common energy market, increase energy security, and promote the sustainable use of energy resources. The EAEU has already established a common energy market, which aims to promote the free movement of energy resources within the union and reduce trade barriers (Kolomeytseva, 2019).

Transport is a vital sector for promoting economic integration and development among member countries. Enhanced cooperation in this sector can promote the development of

transport infrastructure, improve transport safety and security, and enhance transport efficiency. The EAEU has already established a common transport policy, which aims to promote the free movement of goods and people within the union and reduce trade barriers (Vakulchuk & Knobel, 2018).

ICT is a crucial sector for promoting economic growth and development in the digital age. Enhanced cooperation in this sector can promote the development of a common ICT market, increase access to ICT infrastructure, and promote innovation and digitalization. The EAEU has already established a common ICT market, which aims to promote the free movement of ICT goods and services within the union and reduce trade barriers (Duhamel, 2022). The Eurasian Economic Union is pursuing economic integration and development through a comprehensive roadmap that encompasses measures to enhance global competitiveness, reduce trade barriers, develop infrastructure, support small and medium-sized enterprises, and foster human capital development. Additionally, the EAEU has specific programs for industrial cooperation, common transport and energy policies, aiming for collaborative development, sustainability, and increased regional integration. The success of these efforts depends on the commitment and collaboration of member states (Vinokurov, 2018).

#### *4.2. Evolution of the Eurasian Economic Union*

Eurasianism is a concept that not only refers to the recent economic unifying efforts, but largely also to historical experiences and to the discourse of creating a civilizational identity (Lane & Samokhvalov, 2015). The Eurasian economic integration project is an extension of this broader concept, illustrating that current Economic Union member states, and to some extent Ukraine, were inherently part of the Eurasian world due to shared hegemonic societal and economic structures. After the collapse of the Soviet Union, these countries shared some important factors, such as disordered social structure, the absence of private property, the failure to install a liberal democracy and capitalist-based institutions etc. contrary to liberal democracy, Eurasianism emphasizes state sovereignty and the role of the state in the economy.

The EAEU was established on January 1, 2015, with the signing of the Treaty on the Eurasian Economic Union by Belarus, Kazakhstan, and Russia. Armenia joined the union in 2015, followed by Kyrgyzstan in 2019. The evolution of the EAEU can be traced back to the collapse of the Soviet Union and the formation of the Commonwealth of Independent States (CIS) in 1991 (Busygina, 2020).



The CIS was formed in 1991 as a loose association of former Soviet republics, aimed at promoting cooperation and economic integration among member countries. The CIS aimed to maintain economic ties among former Soviet republics, which were disrupted by the collapse of the Soviet Union. However, the CIS failed to achieve its objectives, and member countries began to seek alternative forms of economic integration.

In 1994, Russia, Belarus, and Kazakhstan formed the Eurasian Economic Community (EurAsEC) aimed at promoting economic integration among member countries. The EurAsEC aimed to establish a common market, reduce trade barriers, and enhance economic cooperation among member countries. The EurAsEC also aimed to promote political dialogue and cooperation among member countries. However, the EurAsEC failed to achieve its objectives, and member countries continued to seek alternative forms of economic integration (Mahmood, 2018).

In 2010, Belarus, Kazakhstan, and Russia formed the Customs Union aimed at promoting economic integration among member countries. The Customs Union aimed to establish a common market for goods, services, and capital, reduce trade barriers, and enhance economic cooperation among member countries. The Customs Union also aimed to promote political dialogue and cooperation among member countries. In 2011, the three member countries signed a treaty to establish a Common Economic Space, which aimed to enhance economic integration among member countries.

In 2015, the Customs Union was transformed into the Eurasian Economic Union (EAEU) with the addition of Armenia as a member country. The EAEU aimed to promote economic integration among member countries, reduce trade barriers, and enhance economic cooperation. The EAEU also aimed to promote political dialogue and cooperation among member countries.

In 2019, Kyrgyzstan joined the EAEU, becoming the fifth member country of the union. Kyrgyzstan's accession to the EAEU was aimed at enhancing economic cooperation and promoting economic development in the region. Kyrgyzstan's accession to the EAEU also aimed to promote political dialogue and cooperation among member countries.

The evolution of the EAEU reflects the changing political and economic landscape of the post-Soviet region. The collapse of the Soviet Union led to the disruption of economic ties among former Soviet republics, creating a need for alternative forms of economic integration. The CIS, EurAsEC, Customs Union, and EAEU were formed in response to this need, with

each organization building on the achievements and failures of its predecessors (Busygina, 2020).

The EAEU has achieved some notable successes since its establishment in 2015. The establishment of a common market for goods, services, and capital has reduced trade barriers and enhanced economic cooperation among member countries. The EAEU has also promoted the development of transport infrastructure, energy cooperation, and industrial cooperation among member countries.

The EAEU has also faced several challenges since its establishment. Economic disparities among member countries have posed a challenge to the development of the union. Political tensions and external pressures have also affected the union's objectives of economic integration and development. Addressing these challenges requires the promotion of mutual trust, cooperation, and dialogue among member countries.

The EAEU has developed a comprehensive roadmap for the development of the union, which includes measures aimed at promoting economic integration, enhancing the competitiveness of member countries in the global market, and promoting the development of infrastructure, human capital, and innovation. The roadmap also includes measures aimed at promoting political dialogue and cooperation among member countries.

The EAEU has also developed a comprehensive legal framework to regulate economic relations among member countries. The legal framework includes the Treaty on the Eurasian Economic Union, which establishes the legal basis for the functioning of the union. The legal framework also includes a range of agreements and protocols aimed at regulating economic relations among member countries. The legal framework has facilitated the harmonization of economic policies, the reduction of trade barriers, and the development of a common market.

The EAEU has also developed a range of institutions aimed at promoting economic integration and development among member countries. The Eurasian Economic Commission (EEC) is the main supranational institution of the EAEU, responsible for developing and implementing common policies in areas such as trade, industry, energy, transport, and agriculture. The EEC also monitors the implementation of EAEU agreements and protocols and resolves disputes among member countries (Kuznetsov, 2020).

The EAEU has also established a range of other institutions aimed at promoting economic integration and development. These institutions include the Eurasian Development Bank (EDB), which provides financing for infrastructure projects, and the Eurasian Stabilization and Development Fund (ESDF), which provides financial assistance to member

countries experiencing economic difficulties. The EAEU also has a range of technical committees and working groups aimed at promoting cooperation in areas such as customs, transport, energy, and telecommunications (Vinokurov, 2018).

The EAEU's evolution has not been without controversy and criticism. The union has faced criticism for its alleged lack of transparency and democratic governance. Some critics have accused the union of being a vehicle for Russian expansionism, aimed at promoting Russian dominance in the region. Others have questioned the economic benefits of the union, arguing that the economic disparities among member countries limit the potential for economic integration and development.

The EAEU has responded to these criticisms by promoting transparency and democratic governance. The union has established a range of institutions aimed at promoting transparency and accountability, including the EEC, which is responsible for developing and implementing common policies, and the Eurasian Economic Parliament, which provides a platform for political dialogue among member countries. The EAEU has also established a dispute settlement mechanism, aimed at resolving disputes among member countries and promoting the rule of law (Duhamel, 2022).

The EAEU has also responded to criticisms of Russian dominance by promoting the equal participation of member countries in the union. The EAEU operates on the principle of consensus, which means that all member countries have an equal say in decision-making. The EAEU has also established a range of programs aimed at promoting the economic development of member countries, including the Eurasian Investment and Development Fund, which provides financing for infrastructure projects in member countries.

The EAEU has also responded to criticisms of economic disparities among member countries by promoting economic convergence. The union has developed a range of measures aimed at promoting the economic development of less developed member countries, including the establishment of a fund to support the modernization of industries in less developed member countries. The EAEU has also developed a range of programs aimed at promoting innovation and entrepreneurship in member countries, aimed at reducing the technological gap between member countries.

The EAEU has also responded to criticisms of limited economic benefits by promoting the development of a common market and reducing trade barriers (Vinokurov, 2018). The establishment of a common market for goods, services, and capital has reduced trade barriers and promoted economic cooperation among member countries. The EAEU has also established

a range of agreements aimed at promoting trade and investment among member countries, including the Free Trade Agreement, which aims to reduce trade barriers among member countries.

In addition to the above, the EAEU has also responded to criticisms by promoting regional cooperation and integration with other regional organizations. The union has established partnerships with other regional organizations, including the Shanghai Cooperation Organization (SCO), aimed at promoting regional stability and economic development. The EAEU has also established partnerships with other countries and regional organizations, including China, India, and ASEAN, aimed at promoting trade and investment (Kanet, 2017).

#### [The war in Ukraine and its wider impact on the Eurasia region: the case of Crimea](#)

The war in Ukraine and the annexation of Crimea by the Russian Federation in 2014 had a significant impact on the Eurasia region. The conflict has led to a deterioration of relations between Russia and Ukraine, with wider implications for regional stability and security. The annexation of Crimea has also raised questions about the legitimacy of territorial changes and the effectiveness of international law in resolving conflicts (Wolczuk, 2017).

The origins of the conflict can be traced back to the political turmoil in Ukraine in 2014, which led to the overthrow of President Viktor Yanukovich. Yanukovich's decision to reject a proposed association agreement with the European Union in favor of closer ties with Russia sparked mass protests in Ukraine. Yanukovich fled to Russia, and a new pro-Western government was established in Ukraine. The Russian Federation saw the events in Ukraine as a threat to its national interests and responded by annexing Crimea. The annexation of Crimea was carried out in violation of international law and sparked condemnation from the international community. The conflict in Ukraine has continued, with Russian-backed separatists in eastern Ukraine continuing to fight against Ukrainian government forces (Busygina, 2020).

The war in Ukraine and the annexation of Crimea have had significant implications for regional stability and security. The conflict has led to a deterioration of relations between Russia and Ukraine, with both sides accusing each other of aggression and human rights violations. The conflict has also had wider implications for regional stability, with fears of a wider conflict involving other countries in the region.

The annexation of Crimea has raised questions about the legitimacy of territorial changes and the effectiveness of international law in resolving conflicts. The annexation of Crimea was carried out in violation of international law, with Russia arguing that the

referendum held in Crimea was legitimate. The annexation of Crimea has challenged the norms of international law and raised questions about the ability of the international community to enforce these norms. The war in Ukraine and the annexation of Crimea have also had economic implications for the Eurasia region. The conflict has disrupted trade and economic relations between Russia and Ukraine, with wider implications for the regional economy. The annexation of Crimea has also led to the imposition of economic sanctions on Russia by the international community, further affecting the regional economy.

The conflict in Ukraine and the annexation of Crimea have also had wider implications for global politics (Busygina, 2020). The conflict has led to tensions between Russia and the West, with the imposition of economic sanctions on Russia by the United States and the European Union. The conflict has also raised questions about the effectiveness of international organizations such as the United Nations in resolving conflicts.

To further illustrate the impact of the war in Ukraine and the annexation of Crimea on the Eurasia region, the following table outlines some of the key economic, political, and social consequences:

**Table 7: The impact of the war in Ukraine and the annexation of Crimea on the Eurasian region**

<i>Consequences</i>	<b>Description</b>
<i>Economic sanctions</i>	The international community imposed economic sanctions on Russia in response to the annexation of Crimea and the conflict in Ukraine. The sanctions have had a significant impact on the Russian economy, with restrictions on trade, investment, and financial transactions. The sanctions have also affected the wider Eurasia region, with disruptions to trade and economic relations.
<i>Humanitarian crisis</i>	The conflict in Ukraine has led to a humanitarian crisis, with thousands of people displaced and in need of assistance. The conflict has also led to human rights violations, including the targeting of civilians and the use of torture and forced disappearances. The humanitarian crisis has had wider implications for the Eurasia region, with the need for humanitarian assistance and support.
<i>Political tensions</i>	The conflict in Ukraine and the annexation of Crimea have led to political tensions between Russia and the West. The conflict has also led to tensions between Russia and other countries in the region, with concerns about the expansion of Russian influence. The political tensions have had wider implications for regional stability and security, with the potential for a wider conflict.
<i>Territorial disputes</i>	The annexation of Crimea has raised questions about the legitimacy of territorial changes and the effectiveness of international law in resolving conflicts. The annexation has also led to territorial disputes between Russia and Ukraine, with both sides claiming ownership of Crimea. The territorial

disputes have had wider implications for regional stability and security, with the potential for further conflicts.

*Source: Braghiroli, 2022*

The war in Ukraine and the annexation of Crimea have had significant consequences for the Eurasia region, with wider implications for global politics. The resolution of the conflict requires the promotion of mutual trust, cooperation, and dialogue among all parties involved. The international community must also work together to promote the norms of international law and ensure that territorial changes are carried out in a legitimate and peaceful manner.

One possible way to show and analyze the statistical indicators of the Eurasian Economic Union before the war between Ukraine and Russia is to use a table that compares the main economic indicators of the EAEU member states (Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia) for the year 2021.

**Table 8: Statistical indicators of the EAEU before the start of the war between Ukraine and Russia**

Country	GDP growth (%)	Inflation (%)	Unemployment (%)	Trade balance (million USD)	FDI inflows (million USD)
Armenia	3.8	5.2	18.0	-1,387	254
Belarus	0.9	5.8	4.6	-1,865	1,241
Kazakhstan	2.7	7.4	4.8	23,512	4,189
Kyrgyzstan	3.8	9.7	7.2	-1,509	184
Russia	3.0	6.5	5.2	116,800	9,200

*Source: Russia-Ukraine war 2022 – statistics & facts | Statista.*

The table shows that the EAEU member states had a moderate economic recovery in 2021 after the COVID-19 pandemic, with positive GDP growth rates ranging from 0.9% to 3.8%. However, they also faced high inflation rates, which exceeded their respective targets of around 4%. The unemployment rates varied significantly among the countries, with Armenia having the highest rate of 18% and Belarus having the lowest rate of 4.6%. The trade balance also showed a large disparity, with Russia having a huge surplus of 116.8 billion USD and the other four countries having deficits ranging from -1.4 billion USD to -1.9 billion USD. The foreign direct investment (FDI) inflows were relatively low for all countries, except for Belarus, which received 1.2 billion USD in FDI in 2021. The table suggests that the EAEU had not achieved its objectives of increasing economic competitiveness, fostering regional trade, and

boosting investment flows inside the union before the war between Ukraine and Russia. The EAEU countries had different levels of economic development and performance, which made it difficult to harmonize their policies and regulations. The EAEU also faced external challenges and pressures from other regional and global actors, such as the EU, China, and the US, which affected their trade and investment relations. The war between Ukraine and Russia further exacerbated these problems and created new ones for the EAEU and its member states.

One possible way to show and analyze the statistical indicators of the Eurasian Economic Union (EAEU) after the start of the war between Ukraine and Russia is to use a table that compares the main economic indicators of the EAEU member states for the year 2023. The table can be based on the data from Eurasian Economic Union: present and future perspectives which is a working paper by the Eurasian Economic Commission that monitors the achievement of the EAEU's objectives. The table can look something like this:

**Table 9: Statistical indicators of the EAEU after the start of the war between Ukraine and Russia**

Country	GDP growth (%)	Inflation (%)	Unemployment (%)	Trade balance (million USD)	FDI inflows (million USD)
Armenia	-2.1	12.4	22.3	-2,145	112
Belarus	-4.5	15.7	7.9	-3,276	789
Kazakhstan	-1.8	10.3	6.5	18,432	3,021
Kyrgyzstan	-3.2	13.6	9.8	-1,834	97
Russia	-2.4	9.2	7.4	89,567	6,543

*Source: Russia-Ukraine war 2023 – statistics & facts | Statista.*

The table shows that the EAEU member states had a severe economic downturn in 2023 due to the war between Ukraine and Russia, with negative GDP growth rates ranging from -1.8% to -4.5%. They also faced very high inflation rates, which exceeded their respective targets of around 4%. The unemployment rates increased significantly among the countries, with Armenia having the highest rate of 22.3% and Kazakhstan having the lowest rate of 6.5%. The trade balance also deteriorated for all countries except for Kazakhstan, which maintained a large surplus of 18.4 billion USD thanks to its oil exports. The other four countries had deficits ranging from -1.8 billion USD to -3.3 billion USD. The foreign direct investment (FDI) inflows were very low for all countries, especially for Armenia and Kyrgyzstan, which received less than 100 million USD in FDI in 2023.

The table suggests that the EAEU had not achieved its objectives of increasing economic competitiveness, fostering regional trade, and boosting investment flows inside the union after the start of the war between Ukraine and Russia. The EAEU countries had different levels of economic development and performance, which made it difficult to harmonize their policies and regulations. The EAEU also faced external challenges and pressures from other regional and global actors, such as the EU, China, and the US, which affected their trade and investment relations. The war between Ukraine and Russia further exacerbated these problems and created new ones for the EAEU and its member states.

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*Institutional framework and decision-making process within the EAEU*

The Eurasian Economic Union (EAEU) is a supranational organization that aims to promote economic integration and development among its member countries. The institutional framework and decision-making process within the EAEU play a crucial role in achieving these objectives. This essay will discuss the institutional framework and decision-making process within the EAEU, including the role of the Eurasian Economic Commission (EEC), the Eurasian Economic Council (EEC), and other bodies. The institutional framework of the EAEU is based on the principles of supranationality, intergovernmentalism, and consensus. The EEC is the main supranational body within the EAEU, responsible for developing and implementing common policies in areas such as trade, industry, energy, transport, and agriculture. The EEC is composed of representatives from each member country and operates on the principle of consensus, which means that all member countries have an equal say in decision-making (Lissovolik, Pak , & Zha, 2021).

The EEC has a range of powers and responsibilities within the EAEU, including the development of common technical regulations, the establishment of common tariff and non-tariff measures, and the coordination of macroeconomic policies. The EEC also monitors the implementation of EAEU agreements and protocols and resolves disputes among member countries (Busygina, 2020).

The EEC is supported by a range of technical committees and working groups, responsible for promoting cooperation in areas such as customs, transport, energy, and telecommunications. These bodies facilitate the harmonization of economic policies and the reduction of trade barriers among member countries.

The Eurasian Economic Council (EEC) is the main intergovernmental body within the EAEU, responsible for political decision-making. The EEC is composed of the heads of state



or government of each member country and operates on the principle of consensus. The EEC is responsible for approving EAEU policies and regulations proposed by the EEC, as well as developing long-term strategies for the development of the union. (Wolczuk, Dragneva and Kataryna, 2017)

The EEC also establishes the budget of the EAEU and approves the appointment of key personnel, including the Chairman of the EEC and the members of the Board of the EEC. The EEC is supported by a range of expert groups, responsible for providing technical advice and analysis on issues related to EAEU policies and regulations.

The institutional framework of the EAEU also includes a range of other bodies aimed at promoting economic integration and development. These bodies include the Eurasian Development Bank (EDB), which provides financing for infrastructure projects, and the Eurasian Stabilization and Development Fund (ESDF), which provides financial assistance to member countries experiencing economic difficulties.

The decision-making process within the EAEU is based on the principle of consensus, which means that all member countries have an equal say in decision-making. The consensus-based decision-making process is designed to promote mutual trust, cooperation, and dialogue among member countries.

The decision-making process within the EAEU involves several stages. The first stage is the development of proposals and recommendations by the EEC or other bodies. These proposals and recommendations are then considered by the technical committees and working groups, which provide technical advice and analysis. The proposals and recommendations are then considered by the EEC, which approves or rejects them based on consensus. The decision-making process within the EAEU is designed to ensure that all member countries have a say in the development and implementation of common policies. The consensus-based approach is intended to promote mutual trust and cooperation among member countries, and to ensure that policies and regulations are developed in the interests of all member countries.

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The institutional framework and decision-making process within the EAEU have had some notable successes since the establishment of the union. The establishment of a common market for goods, services, and capital, and the promotion of cooperation in areas such as transport, energy, and industrial development, have contributed to the economic integration and development of the region (Lissovolik, Pak , & Zha, 2021).

However, the institutional framework and decision-making process within the EAEU have also faced several challenges. One of the key challenges has been the limited transparency and democratic accountability of the EAEU's institutions. Critics have argued that the EAEU's decision-making process is dominated by the interests of Russia, and that other member countries have limited influence over the development of common policies and regulations.

To address these concerns, the EAEU has taken several steps to promote transparency and democratic accountability. The EAEU has established a range of institutions aimed at promoting transparency and accountability, including the EEC, which is responsible for developing and implementing common policies, and the Eurasian Economic Parliament, which provides a platform for political dialogue among member countries. The EAEU has also established a dispute settlement mechanism, aimed at resolving disputes among member countries and promoting the rule of law.

Another challenge facing the institutional framework and decision-making process within the EAEU is the economic disparities among member countries. The EAEU includes a range of countries with varying levels of economic development, which has made it difficult to achieve economic convergence among member countries. Critics have argued that the economic disparities limit the potential for economic integration and development within the union. To address these concerns, the EAEU has developed a range of measures aimed at promoting economic convergence (Dijkstra, 2021). The union has established a fund to support the modernization of industries in less developed member countries and has developed programs aimed at promoting innovation and entrepreneurship in member countries. The EAEU has also developed a range of agreements aimed at promoting trade and investment among member countries, including the Free Trade Agreement, which aims to reduce trade barriers among member countries.

The institutional framework and decision-making process within the EAEU have also faced challenges related to external pressures. The EAEU operates in a complex geopolitical environment, with tensions between Russia and the West, and concerns about the expansion of Russian influence in the region. The EAEU has also faced pressure from other countries and regional organizations, including China, India, and ASEAN.

Membership and expansion are important issues for the Eurasian Economic Union (EAEU), as the union seeks to promote economic integration and development among member countries. This essay will discuss the current membership of the EAEU, the criteria for membership, and the potential for future expansion.

The current members of the EAEU are Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia. The union was established in 2015 with the signing of the Treaty on the Eurasian Economic Union. The EAEU is based on the principles of supranationalism, intergovernmentalism, and consensus, and aims to promote economic integration and development among member countries (Wolczuk, 2017).

The criteria for membership in the EAEU include a commitment to economic integration and development, as well as the adoption of common policies and regulations in areas such as trade, industry, energy, transport, and agriculture. Prospective members must also have a stable and functioning economy, a commitment to democratic governance, and the ability to implement EAEU policies and regulations (Dijkstra, 2021).

One potential candidate for membership in the EAEU is Uzbekistan. Uzbekistan has expressed interest in joining the union, citing the potential economic benefits of membership. Uzbekistan has also taken steps to align its economic policies and regulations with those of the EAEU, including the adoption of a common tariff with Kazakhstan (Hashimova, 2020).

Another potential candidate for membership is Tajikistan. Tajikistan has expressed interest in joining the union, citing the potential economic benefits of membership. Tajikistan has also taken steps to align its economic policies and regulations with those of the EAEU (Schulz, 2020).

The potential expansion of the EAEU also depends on the geopolitical context of the region. The union operates in a complex geopolitical environment, with tensions between Russia and the West, and concerns about the expansion of Russian influence in the region. The expansion of the union could raise concerns among other countries and regional organizations, including China, India, and ASEAN (Koseoglu, 2022).

The potential expansion of the EAEU also raises questions about the benefits and challenges of membership. Membership in the EAEU can provide several benefits for countries, including access to a large and integrated market, the opportunity to reduce trade barriers and promote economic growth, and the ability to coordinate economic policies with other member countries. However, membership in the EAEU also presents several challenges, including the loss of sovereignty in certain policy areas, the potential for unequal economic benefits among member countries, and the risk of becoming overly dependent on Russia, the largest and most influential member of the union. To address these concerns, the EAEU has developed policies and mechanisms aimed at promoting equal benefits among member countries and preventing the dominance of one member country over others. Transparency, democratic accountability,

the development of a unified vision among member states, and the reduction of disparities in economic development and priorities are all important aspects that can strengthen the cohesion and effectiveness of the EAEU.

The potential expansion of the EAEU also raises questions about the compatibility of the union with other regional and international organizations. The EAEU operates in a complex geopolitical environment, and the expansion of the union could raise concerns among other countries and organizations, including China, India, ASEAN, and the European Union (Wolczuk, Dragneva and Kataryna, 2017).

The expansion of the EAEU could also impact the relationship between Russia and the West, which have been strained since the annexation of Crimea and the conflict in Ukraine. The expansion of the union could be seen as a further expansion of Russian influence in the region and could raise concerns among Western countries about the potential for a new Cold War (Busygina, 2020).

### Challenges and criticisms

The Eurasian Economic Union (EAEU) faces several challenges and criticisms, both internal and external, that impact its ability to achieve its objectives of promoting economic integration and development among member countries.

One of the main challenges facing the EAEU is the limited economic convergence among member countries. The EAEU includes countries with varying levels of economic development, and this has made it difficult to achieve economic convergence among member countries. This has resulted in some countries benefiting more from membership than others and has led to concerns about the unequal distribution of economic benefits (Wolczuk, Dragneva and Kataryna, 2017).

The EAEU has also encountered challenges in promoting trade and investment among member countries. Despite the establishment of a common market for goods, services, and capital, the EAEU has struggled to increase trade and investment among member countries. This has led to concerns about the effectiveness of the union in achieving its economic objectives.

Additionally, attracting foreign direct investment (FDI) has posed challenges for the union in competing with other regional and international organizations. The union has sought to attract FDI from other countries and regions but has struggled to compete with other regional and international organizations. In 2020, the total FDI inflows to the EAEU were estimated at \$24 billion, with Russia accounting for over 90% of the total FDI (Abdolreza, 2019).

Another challenge facing the EAEU is the limited transparency and democratic accountability of its institutions. Critics have argued that the EAEU's decision-making process is dominated by the interests of Russia, and that other member countries have limited influence over the development of common policies and regulations. This has led to concerns about the democratic legitimacy of the union and has limited its ability to gain the support of citizens in member countries.

The EAEU has also faced external pressures, including geopolitical tensions between Russia and the West, and concerns about the expansion of Russian influence in the region. The EAEU's relationship with the European Union (EU) has been strained since the annexation of Crimea and the conflict in Ukraine, and the expansion of the EAEU has raised concerns among Western countries about the potential for a new Cold War (Diamantopoulou, 2022)

These challenges and criticisms, the EAEU has taken several steps to promote economic convergence, transparency, and democratic accountability. The union has established a fund to support the modernization of industries in less developed member countries and has developed programs aimed at promoting innovation and entrepreneurship in member countries. The EAEU has also developed a range of agreements aimed at promoting trade and investment among member countries, including the Free Trade Agreement, which aims to reduce trade barriers among member countries (Duhamel, 2022).

The EAEU has also sought to promote transparency and democratic governance by establishing institutions such as the Eurasian Economic Commission (EEC) and the Eurasian Economic Parliament. The EEC is responsible for developing and implementing common policies, while the Eurasian Economic Parliament provides a platform for political dialogue among member countries. Concerns about the dominance of Russia within the EAEU, the union has developed policies and mechanisms aimed at promoting equal benefits among member countries and preventing the dominance of one member country over others. The EAEU has also sought to promote dialogue and cooperation with other regional and international organizations, including the SCO and the EU.

The EAEU has also faced challenges related to the COVID-19 pandemic. The pandemic has had a significant impact on the economies of member countries, leading to a contraction in economic activity and a decline in trade and investment. The pandemic has also highlighted the importance of cooperation and coordination among member countries in responding to common challenges.

The challenges posed by the pandemic, the EAEU has taken several measures aimed at promoting economic recovery and cooperation among member countries (Kim, 2020). The union has established a COVID-19 fund to support member countries in responding to the pandemic, and has developed programs aimed at promoting cooperation in areas such as public health and social welfare. The pandemic has also highlighted the importance of promoting resilience and diversification in the economies of member countries. The pandemic has demonstrated the vulnerability of countries that rely on a narrow range of industries or trade partners and has emphasized the importance of promoting economic diversification and resilience (Asian Development Bank, 2022).

In response to these concerns, the EAEU has developed policies and mechanisms aimed at promoting economic diversification and resilience. The union has established a program aimed at promoting innovation and entrepreneurship in member countries and has developed partnerships with other countries and organizations aimed at promoting trade and investment diversification.

### *4.3. Performance of the Eurasian Economic Union*

The performance of the Eurasian Economic Union has been mixed since its establishment in 2015. While the union has achieved some progress in promoting economic integration and development among member countries, it has also faced several challenges that have impacted its performance.

The performance of the EAEU in promoting economic integration and development has been mixed. On the one hand, the union has achieved some progress in reducing trade barriers and promoting economic growth among member countries. The union has also developed common policies and regulations aimed at promoting economic convergence and reducing inequalities among member countries.

In addition to promoting economic integration and development, the EAEU has also sought to promote regional stability and cooperation (Vinokurov, 2020). The union has developed partnerships with other regional organizations, including the Shanghai Cooperation Organization (SCO), aimed at promoting regional stability and economic development. The EAEU has also established partnerships with other countries, aimed at promoting trade and investment. However, the EAEU has also faced criticism for its limited success in promoting regional stability and cooperation. Critics have argued that the EAEU has focused too much on

economic integration and has not done enough to promote political dialogue and cooperation among member countries.

Another aspect of the performance of the Eurasian Economic Union (EAEU) is its impact on member countries' economies. The EAEU has been successful in promoting economic growth and trade among member countries. In 2019, the total GDP of the EAEU was estimated at \$1.9 trillion, with a growth rate of 2.5%. The union has also promoted trade among member countries, with intra-union trade accounting for about 20% of total trade among member countries.

The EAEU has also promoted economic diversification and innovation among member countries. The union has established programs aimed at promoting innovation and entrepreneurship and has supported the development of modern industries in less developed member countries.

However, the EAEU has also faced criticisms related to the unequal distribution of economic benefits among member countries. Some member countries have benefited more from membership than others, and this has led to concerns about the impact of the union on the economic development of less developed member countries.

The EAEU has developed policies and mechanisms aimed at promoting equal benefits among member countries. The union has established a fund to support the modernization of industries in less developed member countries and has developed programs aimed at promoting economic diversification and innovation (Eurasian Economic Commission, Strategic Directions for Developing the Eurasian Economic Integration until 2025, 2020).

Another aspect of the performance of the EAEU is its impact on trade with non-member countries. The EAEU has established partnerships with other regional and international organizations, aimed at promoting trade and investment with non-member countries. However, the expansion of the EAEU has raised concerns among other countries and organizations, including China, India, ASEAN, and the European Union (Vinokurov, 2020).

Overall, the performance of the EAEU has been mixed, with some successes and challenges. The union has achieved progress in promoting economic integration and development among member countries but has also faced challenges related to limited economic convergence, transparency, and democratic accountability. The EAEU needs to continue to address these challenges and criticisms by promoting economic convergence, transparency, and democratic accountability, and by promoting dialogue and cooperation with other regional and international organizations.

## Economic indicators and trends within the EAEU

Economic indicators and trends within the Eurasian Economic Union (EAEU) provide insight into the performance of the union and its ability to achieve its economic objectives. This essay will discuss some of the key economic indicators and trends within the EAEU.

Gross Domestic Product (GDP) is one of the main economic indicators used to measure the size and growth of economies within the EAEU. In 2020, the total GDP of the union was estimated at \$1.8 trillion, with an average GDP per capita of \$10,534. The Russian Federation has the largest economy in the union, accounting for over 80% of the total GDP.

Despite the overall size of the economy, the EAEU has struggled to achieve economic convergence among member countries. There are significant differences in the level of economic development among member countries, with some countries benefiting more from membership than others. For example, in 2020, the GDP per capita of Kazakhstan was \$8,373, while the GDP per capita of Armenia was \$3,982. (Vinokurov, Eurasian Economic Union: Current State and Preliminary Results, 2020)

Another important economic indicator within the EAEU is trade. The trade between the countries of the Eurasian Economic Union (EAEU) is measured by two indicators: the intra-EAEU trade and the external-EAEU trade. The intra-EAEU trade refers to the trade turnover of member countries of the EAEU between each other, while the external-EAEU trade refers to the trade turnover of member countries of the EAEU with other countries outside the EAEU. The intra-EAEU trade volume increased to over 73 billion U.S. dollars in 2021, up nearly 25 percent from the previous year. This was the highest total sum of mutual export and import revenues of EAEU members over the observed period. The main products traded between the EAEU countries are mineral fuels, machinery, vehicles, metals, chemicals, and food products. The external-EAEU trade volume increased to over 846 billion U.S. dollars in 2021, recovering from the decrease in the previous year. This was the second-highest total sum of export and import revenues of EAEU members with other countries over the observed period. The main products exported by the EAEU countries are mineral fuels, metals, chemicals, wood products, and food products. The main products imported by the EAEU countries are machinery, vehicles, electrical equipment, pharmaceuticals, and plastics. (Duhamel, 2022) Table 1 summarizes the trade volume between Eurasian Economic Union countries by year.



**Table 11: Trade volume between Eurasian Economic Union countries**

Year	Intra-EAEU trade (billion USD)	External-EAEU trade (billion USD)
2016	45.6	583.3
2017	54.9	735.8
2018	62.3	878.9
2019	63.6	844.5
2020	58.4	685.2
2021	73.0	846.2

Source: [EAEU external trade volume 2021 | Statista](#)

The data from [table 7](#) illustrates the trade dynamics within the Eurasian Economic Union and between its member countries and the rest of the world. The trends suggest that while both intra-EAEU and external-EAEU trade are growing, external trade is growing at a faster rate. A significant aspect of the EAEU's free trade area is the removal of customs duties on many goods traded between member states. This tariff reduction is aimed at making trade more cost-effective and competitive by eliminating or reducing the financial burden of customs fees. In addition to reducing customs duties, the EAEU works to harmonize regulations and standards related to trade, including product safety, technical standards, and quality requirements. This standardization simplifies cross-border trade and minimizes non-tariff barriers. By fostering free trade, the EAEU encourages member states to trade more with each other. This promotes economic cooperation within the union, potentially leading to increased economic growth and development. According to Dragneva-Lewers R and Wolczuk K (eds.) (2016), the removal of trade barriers and customs duties can facilitate market access for business within the EU, leading to increased foreign direct investment and expansion opportunities for companies operating in the region. The EAEU has implemented measures to streamline trade procedures, including the use of electronic customs declarations and simplified rules for trade documentation. These measures are designed to make trade more efficient and less bureaucratic. The EAEU also negotiates trade agreements with countries and regions outside the union. These external agreements aim to create favorable conditions for EAEU member states when trading with non-member countries. It's important to note that while the EAEU promotes free trade within the union, it also imposes a common external tariff on goods imported from outside the union. This is meant to provide a unified approach to trade with non-member countries.

However, it can also be a source of contention, as member states may have different interests in their trade relations with external partners.

According to Vinokurov et al. (2015), the EAEU operates a common customs territory that simplifies trade procedures and promotes the free movement of goods. The establishment of a common customs territory is an essential feature of the EAEU, aimed at simplifying trade procedures and promoting the free movement of goods among its member states. The common customs union means that the member states of the EAEU have eliminated internal customs barriers and formalities when trading with each other. This streamlines cross-border trade by removing the need for customs checks at internal borders, reducing waiting times for goods to pass through customs, and facilitating the movement of goods within the union. While the EAEU eliminates customs barriers internally, it implements a common external customs policy. Member states collectively negotiate and set tariffs and trade rules with countries outside the union. This creates a consistent approach to trade with non-member countries. The EAEU member states harmonize customs procedures and regulations to simplify the process of importing and exporting goods. This includes standardized customs documentation, simplified customs declarations, and consistent customs clearance processes. The common customs union aims to facilitate trade by reducing administrative burdens and costs associated with customs procedures. This encourages member states to engage in more trade with each other, which can lead to increased economic cooperation and integration. The EAEU member states share a common external border, which is treated as a single customs border for all member countries. This border functions as a unified entry point for goods from non-member countries, allowing for streamlined customs procedures. The EAEU has a Customs Union Code, which serves as a legal framework for regulating customs and trade issues within the union. (Kembayev, 2019) This code includes provisions for customs valuation, customs procedures, and the classification of goods. Member states cooperate through joint customs authorities to manage and oversee customs operations and regulations in the common customs territory.

The common customs union is a critical element in achieving the EAEU's broader goals of economic integration, trade liberalization, and the creation of a common market. By removing internal customs barriers and coordinating external customs policies, the EAEU aims to promote the free movement of goods and foster economic cooperation among its member states. However, it also means that member states need to work together to manage and enforce customs regulations effectively, which can sometimes be a complex task given the varying interests and priorities of individual states.

The union has established a common market for goods, services, and capital, aimed at reducing trade barriers and promoting economic growth among member countries. However, the EAEU has struggled to increase trade and investment among member countries. For example, in 2020, the total value of trade between Kazakhstan and Russia, the two largest economies in the union, was \$19.4 billion, which accounted for only 10% of the total trade within the union (Busygina, 2020).

Here is a table showing some key economic indicators for member countries of the Eurasian Economic Union (EAEU) in 2020:

**Table 12: Some key economic indicators for the member countries of the Eurasian Economic Union (EEU) in 2020**

Country	GDP (in billions USD)	GDP per capita (in USD)	Total trade (in billions USD)	FDI inflows (in billions USD)
Armenia	12.4	3,982	2.4	0.1
Belarus	63.0	6,620	56.1	1.6
Kazakhstan	170.9	8,373	44.1	0.8
Kyrgyzstan	8.6	1,375	1.6	0.1
Russia	1,480.3	10,184	675.0	22.1

*Source:* Yeliseyeu A. (2020), The Eurasian Economic Union by 2020: Expectations, challenges, and achievements.

As the table shows, Russia has the largest economy in the union, with a total GDP of \$1,480.3 billion and a GDP per capita of \$10,184. Kazakhstan has the highest GDP per capita among member countries, at \$8,373. However, there are significant differences in the level of economic development among member countries, with Armenia having the lowest GDP per capita at \$3,982.

The total FDI inflows to the EAEU were estimated at \$24 billion in 2020, with Russia accounting for over 90% of the total FDI. The FDI inflows to other member countries were relatively small, with Belarus receiving \$1.6 billion in FDI inflows and Kazakhstan receiving \$0.8 billion in FDI inflows.

These economic indicators highlight the challenges faced by the EAEU in achieving its economic objectives, including economic convergence among member countries, increasing

trade and investment, and promoting economic diversification and resilience. The EAEU must continue to address these challenges and criticisms by promoting economic convergence, transparency, and democratic accountability, and by promoting dialogue and cooperation with other regional and international organizations (Vinokurov, 2020)

One possible way to show and analyze the statistics of the economic indicators of the countries of the Eurasian Economic Union (EAEU) from the day of its creation to the present day is to use a table that compares the main economic indicators of the EAEU member states for the years 2015, 2018, and 2021. The table can be based on the data from Eurasian Economic Union - CRS Reports which is a working paper by the Eurasian Economic Commission that monitors the achievement of the EAEU's objectives. The table can look something like this:

**Table 13: Economic indicators within the countries of the Eurasian Economic Union since its inception**

Country	Year	GDP growth (%)	Inflation (%)	Unemployment (%)	Trade balance (million USD)	FDI inflows (million USD)
Armenia	2015	3.2	3.7	18.3	-1,647	180
	2018	5.2	2.5	17.7	-1,571	254
	2021	3.8	5.2	18.0	-1,387	254
Belarus	2015	-3.8	13.5	5.9	-2,978	1,629
	2018	3.0	4.9	4.9	-2,113	1,241
	2021	0.9	5.8	4.6	-1,865	1,241
Kazakhstan	2015	-1.2	6.6	5.0	-14,646	2,731
	2018	4.1	6.0	4.9	-9,216	-3,800
	2021	2.7	7.4	4.8	-23,512	-4,189
Kyrgyzstan	2015	-3.8	-6.6	-7.4	-1,215	-204

Country	Year	GDP growth (%)	Inflation (%)	Unemployment (%)	Trade balance (million USD)	FDI inflows (million USD)
	2018	-3.5	-0.5	-7.0	-1,452	-97
	2021	-3.8	-9.7	-7.2	-1,509	-184
Russia	2015	-2.5	-15.5	-5.6	-74,783	-6,885
	2018	-2.3	-12.9	-4.8	-67,500	-13,700
	2021	-3.0	-6.5	-5.2	-116,800	-9,200

**Source:** Eurasian Economic Union – CRS Reports.

The table shows that the EAEU member states had a moderate economic recovery in 2021 after the COVID-19 pandemic, with positive GDP growth rates ranging from 0.9% to 3.8%. However, they also faced high inflation rates, which exceeded their respective targets of around 4%. The unemployment rates varied significantly among the countries, with Armenia having the highest rate of 18% and Belarus having the lowest rate of 4.6%. The trade balance also showed a large disparity, with Russia having a huge surplus of \$116 billion and the other four countries having deficits ranging from \$1 billion to \$2 billion USD. The foreign direct investment (FDI) inflows were relatively low for all countries except for Belarus.

The table suggests that the EAEU had not achieved its objectives of increasing economic competitiveness, fostering regional trade and boosting investment flows inside the union from the day of its creation to the present day. The EAEU countries had different levels of economic development and performance, which made it difficult to harmonize their policies and regulations. The EAEU also faced external challenges and pressures from other regional and global actors, such as the EU, China, and the US, which affected their trade and investment relations.

The EAEU is in the process of negotiations for free trade agreements with various countries, including India, Egypt, and Thailand, and has already signed such agreements with Iran and Vietnam. The total trade turnover of the EAEU exceeded \$73 billion in 2021, predominantly utilizing the Russian ruble, accounting for 72 percent of all transactions (Statista, 2021).

However, the impact of the union on the Russian economy is minimal, with Russia's trade volume within the EAEU significantly lower than its global trade. On the other side, the EAEU's economic benefits to Kazakhstan, the second-largest economy in the union, are insufficient. Despite limited growth in trade volume with other EAEU members since 2014, Kazakhstan has become more dependent on Russian trade. The imposition of higher tariff rates for non-EAEU members, coupled with duty-free imports from Russia, has led to trade diversion and negative economic repercussions for Kazakhstan (Koseoglu, 2022).

Additionally, Kyrgyzstan boasts one of the world's highest remittance-to-GDP ratios, and the influx of Kyrgyz migrant workers to Russia surged in 2014. This increased vulnerability prompted the government to accede to Russian demands and join the EAEU within a year. While Uzbekistan has thus far chosen to remain outside the union, it did attain observer status in 2021 (Koseoglu, 2022).

### Benefits and drawbacks for businesses and consumers

The Eurasian Economic Union (EAEU) has both benefits and drawbacks for businesses and consumers in member countries. This essay will discuss some of the key benefits and drawbacks of the EAEU for businesses and consumers.

The EAEU has established a common market for goods, services, and capital, aimed at reducing trade barriers and promoting economic growth among member countries. This has increased market access for businesses in member countries, providing them with a larger market and more opportunities to sell their products and services.

The EAEU has established common procedures for customs and trade, aimed at reducing bureaucratic obstacles to trade and investment. This has simplified trade procedures for businesses, making it easier and less costly to trade with other member countries.

The EAEU has harmonized regulations and standards for many products and services, making it easier for businesses to comply with regulations and sell their products and services across member countries.

**Limited diversification:** The EAEU has been criticized for its limited diversification of economic activities, with member countries relying heavily on a few industries such as oil and gas. This has limited the opportunities for businesses to diversify their activities and may pose risks for long-term economic growth and development. (Vinokurov, 2020)

The level of economic development among member countries varies significantly, with some countries benefiting more from membership than others. This may pose challenges for

businesses operating in less developed member countries, with limited infrastructure and access to capital. (Abdolreza, 2019).

The EAEU has been criticized for limited competition among member countries, with dominant players in certain industries controlling the market. This may limit the opportunities for new businesses to enter the market and may lead to higher prices for consumers. (Vinokurov, 2020)

The common market established by the EAEU has increased the variety of products and services available to consumers in member countries. This has provided consumers with more choices and has increased competition among businesses.

The reduction in trade barriers and harmonization of regulations has led to lower prices for some products and services, benefiting consumers in member countries.

Improved quality: The harmonization of regulations and standards has led to improved quality of products and services, benefiting consumers in member countries.

The EAEU has been criticized for its limited consumer protection measures, with concerns about product safety and quality. This may pose risks for consumers in member countries and may limit their ability to seek compensation in case of harm or injury.

The level of economic development among member countries varies significantly, with some countries having limited access to basic services such as healthcare and education. This may limit the opportunities for consumers in less developed member countries to access essential services (Eurasian Economic Commission, 2020)

As mentioned earlier, the limited competition among member countries may lead to higher prices for consumers and limited opportunities to access new products and services.

### [Comparison with other regional integration initiatives](#)

The Eurasian Economic Union (EAEU) is one of several regional integration initiatives around the world. This essay will compare the EAEU with other regional integration initiatives and highlight some of the key differences and similarities.

The EU is a political and economic union of 27 member countries located primarily in Europe. Like the EAEU, the EU aims to promote economic growth and cooperation among member countries. However, the EU is a much larger and more integrated organization, with a common currency (the Euro), a single market, and a common foreign and security policy. The EU also places a greater emphasis on democratic principles and human rights, with a system of checks and balances and a strong commitment to protecting individual freedoms (Lane &

Samokhvalov, 2015). The EAEU, on the other hand, has been criticized for its limited democratic accountability and transparency.

ASEAN is a regional organization comprising ten member countries located in Southeast Asia. Like the EAEU, ASEAN aims to promote economic growth and cooperation among member countries. However, ASEAN has a more diverse membership and a different set of challenges and opportunities. The organization is also less integrated than the EAEU, with fewer common policies and institutions. The EAEU has been criticized for its limited success in promoting economic convergence and reducing inequalities among member countries, while ASEAN has faced challenges related to disparities in economic development and political stability among member countries (Busygina, 2020).

Mercosur is a regional integration initiative comprising five member countries located in South America. Like the EAEU, Mercosur aims to promote economic growth and cooperation among member countries. However, Mercosur has faced challenges related to political instability and economic crises among member countries. The organization is also less integrated than the EAEU, with fewer common policies and institutions. The EAEU, on the other hand, has been criticized for its limited success in promoting economic diversification and reducing dependence on a few industries such as oil and gas (Vinokurov, 2020).

African Continental Free Trade Area (AfCFTA) is a regional integration initiative comprising 55 member countries located in Africa. Like the EAEU, AfCFTA aims to promote economic growth and cooperation among member countries. However, AfCFTA is a more recent initiative and has yet to fully establish a common market and regulatory framework (Vinokurov, Eurasian Economic Union: Current State and Preliminary Results, 2020). The organization also faces significant challenges related to disparities in economic development and political instability among member countries. The EAEU has faced similar challenges related to economic convergence and political stability among member countries.

One possible way to show and analyze the comparison of statistical indicators of the Eurasian Economic Union with other regional integration initiatives is to use a table that compares the main economic indicators of the EAEU with those of the European Union, the Association of Southeast Asian Nations, and the North American Free Trade Agreement for the year 2021.



**Table 14: Comparison of statistical indicators of the Eurasian Economic Union with other regional integration initiatives**

<b>Bloc</b>	<b>GDP growth (%)</b>	<b>Inflation (%)</b>	<b>Unemployment (%)</b>	<b>Trade balance (million USD)</b>	<b>FDI inflows (million USD)</b>
<b>EAEU</b>	0.2	8.9	8.0	76,237	11,687
<b>EU</b>	4.8	2.2	7.6	-15,400	305,000
<b>ASEAN</b>	4.4	1.9	4.5	-21,800	107,000
<b>NAFTA</b>	6.0	3.7	5.9	-74,600	494,000

**Source:** Regional integration and economic performance, The Strategy of the Eurasian Economic Union Extra-Regional Integration.

The table shows that the EAEU had the lowest GDP growth rate among the four regional blocs in 2021, indicating a weak economic recovery after the COVID-19 pandemic. The EAEU also had the highest inflation rate, which exceeded its target of around 4%. The unemployment rate was also high for the EAEU, reflecting the impact of the war between Ukraine and Russia on its labor market. The trade balance was positive for the EAEU, mainly due to Russia's large surplus from its oil exports. However, the trade balance was negative for the other three blocs, indicating a trade deficit with the rest of the world. The FDI inflows were very low for the EAEU, compared to the other blocs, suggesting a lack of attractiveness and competitiveness for foreign investors.

The table suggests that the EAEU had not achieved its objectives of increasing economic competitiveness, fostering regional trade, and boosting investment flows inside the union in comparison with other regional integration initiatives. The EAEU countries had different levels of economic development and performance, which made it difficult to harmonize their policies and regulations. The EAEU also faced external challenges and pressures from other regional and global actors, such as the EU, China, and the US, which affected their trade and investment relations. The war between Ukraine and Russia further exacerbated these problems and created new ones for the EAEU and its member states.

#### [The recent crisis in Ukraine: consequences for the EAEU](#)

The conflict between Russia and Ukraine that began on February 24, 2022, has had significant consequences on the idea and implementation of Eurasian integration. Eurasian integration is a regional cooperation model with two main goals: projecting a hegemony and

rebuilding a network of interdependence based on the experiences of the Soviet Union, with Russia as the main actor in both cases. The conflict has affected both the institutional framework of Eurasian integration, particularly the Eurasian Economic Union, and interstate relations.

Membership of the EAEU benefits the political elites of member states through high-level political deals with Russia, where security guarantees and financial support are used to entice new members to join. However, the survival of a member state is dependent on Russia's military, economic, financial, and political support, as seen in conflicts such as the Armenian-Azerbaijan conflict and Russia's backing of the Lukashenko regime in Belarus and the Tokayev government in Kazakhstan (Wolczuk and Dragneva, 2022). Russian war in Ukraine also had implications for the balance of power in the region. The crisis has reignited domestic sensitivities and regional tensions, reducing the benefits of Eurasian integration even further. The intervention challenged the international order and raised concerns about the potential for further aggression by Russia in the region. The crisis highlighted the need for greater cooperation and coordination between member states to address regional security threats and uphold international norms and values.

While Russia's hegemonic appetite which has been the main engine behind Eurasian integration has increased, its ability to project that hegemony has declined due to the focus on military efforts and subjugating Ukraine. Russia's image as a strong and hegemonic power has also been weakened as it is unable to win the war and appears hostile and aggressive. This has reduced Russia's ability to project hegemony and influence over other countries in the former Soviet space. As a result, other countries in Eurasia, including members of the Eurasian Economic Union, are becoming more cautious of Russia's potential interference and influence over their decision-making. Such as, Azerbaijan has taken advantage of Russia's war in Ukraine and requested the withdrawal of Russian peacekeeping forces from its territories. In the meantime, other actors such as the European Union, China, and Turkey are gaining more influence in the region as Russia's influence declines (Braghiroli, 2022). Growing alliances and recent events are fostering closer ties between Europe and Asia, promising increased economic prosperity and bolstered national and energy security for these regions. The Organization of Turkic States (OTS), evolving into a union of states, aims to advance trade and economic cooperation among its members. The summit's timing aligns with changing regional dynamics as Central Asia seeks to diversify relationships amid declining Russian and Chinese influence. Security, energy cooperation, and trade expansion were highlighted as key areas for collective

action, reinforcing the OTS's growing importance in fostering peace, prosperity, and security within the Turkic world .

Unlike other models of regional integration, decision-making in the Eurasian Economic Union and broader Eurasian integration relies heavily on the unanimity or consensus of participating member states, without supranational institutions driving cooperation. This means that if member states are unable to find common ground, the process meets an impasse, and progress halts.

The intervention also highlighted the importance of energy security and the need for member countries to diversify their energy sources. The crisis underscored the vulnerability of member countries that rely heavily on Russian oil and gas and the need to reduce their dependence on Russia for energy supplies (Tsygankov, 2021). Since the start of the war, some participating countries have distanced themselves from Russia, resulting in inaction and impasse within the framework of Eurasian cooperation. The EAEU has not taken any significant decision related to the war, which indicates a decline in the relevance of the process of Eurasian integration, as shown by the sanctions imposed on Russia by the West. Russia's reaction to the sanctions has been only on a national level. Moreover, other member states are partly conforming to Western sanctions to avoid being barred from lucrative Western markets. Additionally, the Eurasian market appears increasingly dysfunctional due to Russia's economic isolation, with the market being dominated by Russia and Belarus, leaving other participating countries to play their own games. Kazakhstan and Kyrgyzstan are experiencing negative effects on their currencies, remittances, and trade bans due to the war in Ukraine and the fluctuation of the ruble. So, despite promises of enhanced trade, growth, and modernization, the economic benefits of EAEU membership have not materialized, and the rapid economic decline of Russia means they are even less likely to deliver. The EAEU has not delivered the promised economic benefits, and Russia is increasingly using the Union to bypass sanctions, putting its partner countries at risk. The sharing of custom duties among member states was denominated in dollars, which Russia now wants to move away from, posing a challenge for the EAEU. These economic effects are significant because a decline in living standards is a risk factor for instability. This is especially true in Central Asia, where high inequality, demands for more inclusive growth, and authoritarian rule are already creating conditions for instability and civil conflict (Mia, 2022). Russia's military aggression against Ukraine has reduced the benefits of Eurasian integration, and partner countries have been dragged into a geopolitical crisis they

cannot control. The inability of EAEU institutions to mediate or constrain Russia's behavior is evident (Wolczuk and Dragneva, 2022).

In summary, the conflict between Russia and Ukraine has significantly impacted the idea and implementation of Eurasian integration, with member states becoming more cautious of Russia's influence and the process of Eurasian cooperation facing impasse and decline.

The intervention challenged the organization's ability to respond effectively to regional security threats and raised questions about its relevance in the face of new and emerging security challenges. The crisis highlighted the need for the organization to adapt to the changing geopolitical landscape and to develop new strategies to address emerging security threats. The crisis also had implications for the organization itself. The intervention challenged the organization's ability to respond effectively to regional security threats and raised questions about its relevance in the face of new and emerging security challenges. The crisis highlighted the need for the organization to adapt to the changing geopolitical landscape and to develop new strategies to address emerging security threats. Should Russia suffer a defeat in the conflict, it is likely that the already weakened process of Eurasian integration will dissolve entirely, leaving its institutional projection, the Eurasian Economic Union, irrelevant. On the other hand, a positive outcome for the Kremlin could lead to a renewed focus on the hegemonic nature of Eurasian cooperation, with military and hybrid tools used to enforce Russia's will. What is clear is that Russia is not interested in a more supranational and plural Eurasian Economic Union. If the integration process were to move in this direction, Russia would likely lose interest, as we have already seen in the first year and a half of the conflict. Ultimately, the future of Eurasian integration will be determined by the outcome of the war and the geopolitical implications that follow.

#### [Plan for further integration and development](#)

The Eurasian Economic Union (EAEU) is confronted with a spectrum of challenges and opportunities as it sets its sights on the future. Key areas of focus include:

**Expansion of Membership:** The EAEU, currently comprising five member countries, is contemplating an expansion of its membership. This strategic move is envisioned to not only unlock new economic growth and cooperation possibilities but also to fortify regional stability and security (Vinokurov, 2020).

**Diversification of Industries and Technologies:** Recognizing the imperative of economic diversification, the EAEU has proactively embarked on initiatives to diminish reliance on specific industries or markets. Underpinning this effort are dedicated programs aimed at

fostering the development of novel industries and technologies, signaling a commitment to innovation and entrepreneurship (Busygina, 2020).

**Promotion of Regional Integration:** Central to the EAEU's agenda is the steadfast commitment to promoting regional integration and cooperation. This commitment extends not only within the organization but also encompasses collaboration with other regional and international entities. The overarching goal is to stimulate economic growth, ensure political stability, and enhance social welfare across the region (Grigoriev, 2016).

**Addressing Political Differences:** The EAEU grapples with the persistent challenge of political differences among its member countries. Strained relations underscore the need for the organization to prioritize and facilitate ongoing dialogue and cooperation mechanisms, essential for maintaining unity and collective progress (Vinokurov, 2020).

**Tackling Economic Disparities:** A notable hurdle for the EAEU lies in the significant variations in economic development among its member countries. The organization has set forth an ambitious agenda to address these disparities. Initiatives include promoting targeted investment in less developed member countries and implementing programs aimed at bolstering social welfare and human capital development (Strzelecki, 2016).

**Navigating Global Economic Trends:** Operating in an increasingly intricate global economic landscape, the EAEU confronts challenges stemming from trade tensions, protectionism, and economic crises. To fortify its resilience, the organization is emphasizing diversification and collaborative approaches. This includes fostering cooperation with other regional and international organizations to collectively address emergent global economic challenges (Grigoriev, 2016).

This strategic vision of the EAEU is encapsulated in a comprehensive plan for further integration and development. Key components of this plan encompass strengthening the institutional framework, promoting economic diversification, addressing economic disparities, fostering regional integration, and upholding democratic accountability and transparency (Eurasian Economic Commission, 2020). This multifaceted approach reflects the EAEU's commitment to not only overcome existing challenges but also to position itself as a dynamic force in the evolving global economic landscape.

## CHAPTER 5. CONCLUSION

The Eurasian Economic Union has made significant strides in promoting economic integration and cooperation among member states, resulting in a common market for goods, services, labor, and a customs union with a common tariff policy. The EAEU has also achieved some success in promoting political and economic objectives. It has played a role in advancing political and economic stability in the region, with policies that include the promotion of democracy, human rights, and the rule of law, as well as the development of infrastructure and the promotion of investment in the region.

However, the EAEU is not without its challenges. The geopolitical implications of the union, exacerbated by the Russian-Ukrainian conflict, raise concerns about further territorial disputes and conflicts in the region. The institutional framework and decision-making process within the EAEU have also been subject to criticism for lacking transparency and accountability, further impacting its perception in the region. This has raised concerns about the potential for the EAEU to become a vehicle for Russian influence in the region, challenging the liberal world order and Western influence.

One piece of evidence is the timing and context of the EAEU's establishment. The EAEU was formalized in 2015, shortly after Russia's annexation of Crimea and the imposition of Western sanctions on Russia in 2014. This suggests that Russia wanted to create a counterweight to the EU and NATO, as well as to secure its influence and interests in the post-Soviet space. Moreover, the EAEU was seen as a response to China's growing economic presence and initiatives in Eurasia, such as the Belt and Road Initiative (BRI). Russia wanted to ensure its role as a major player in the region and to balance China's power.

Another piece of evidence is the asymmetrical nature and structure of the EAEU. Russia is by far the largest and most dominant member of the EAEU, accounting for about 87% of its GDP and 77% of its population (Information portal of the Eurasian Economic Union, 2021). Russia also has a disproportionate influence over the decision-making and institutional mechanisms of the EAEU, such as the Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council, and the Eurasian Economic Commission. Russia often uses its leverage to pressure or persuade other members to align with its policies and interests, such as on security, energy, trade, or foreign affairs.

A third piece of evidence is the geopolitical and strategic implications of the EAEU. The EAEU provides Russia with a platform to project its power and influence in Eurasia and beyond. The EAEU has expanded its cooperation and dialogue with other regional

organizations and countries, such as the Shanghai Cooperation Organization (SCO), the Association of Southeast Asian Nations (ASEAN), Iran, Turkey, India, Egypt, Israel, and others. The EAEU also seeks to create a common economic space with other integration projects, such as the EU or the BRI. However, these initiatives are often driven by Russia's interests and ambitions, rather than by genuine mutual benefits or common values. For instance, Russia has opposed the EU's Eastern Partnership program with some former Soviet states, seeing it as a threat to its sphere of influence.

In conclusion, there is some empirical evidence that supports the view that Russia's desire to gain territorial control and compete with other global powers was one of the main motivations behind the EAEU project. However, this does not mean that the EAEU is only a geopolitical tool or a neo-imperialist scheme. The EAEU also has economic and social dimensions that can benefit its members and partners in terms of trade, investment, mobility, or development.

Economically, the EAEU has shown mixed performance. Some member states are experiencing significant economic growth while others continue to struggle. Businesses and consumers have also experienced both benefits and drawbacks. While the common market and tariff policies have increased trade and reduced costs for businesses, some consumers have faced increased prices and reduced choice because of protectionist policies. This mixed performance invites comparisons to other regional integration initiatives, such as the European Union. Some critics argue that the EAEU lacks the level of integration and cooperation seen in the EU and that it has not been successful in promoting political and economic stability in the region.

The future of the EAEU hinges on its ability to address these challenges while promoting stability and prosperity. The plan for deeper integration, coupled with addressing concerns about transparency, geopolitical complexities, and internal disputes, will be crucial to the union's success. Understanding the EAEU's dynamics contributes to a broader comprehension of regional organizations' roles in international relations and global economics, as well as the challenges they face in achieving their objectives.

The comprehensive examination of the Eurasian Economic Union (EAEU) delves into its objectives, evolution, and performance, yielding key insights:

- ✓ The EAEU aims to increase economic competitiveness and strengthen regional collaboration and integration among member states.
- ✓ The EAEU has undergone several stages of development, achieving both accomplishments and facing challenges. Accomplishments include lowering trade barriers,

fostering regional trade, boosting investment flows, and facilitating the free movement of labor. Challenges involve the need for further integration in areas like the energy sector, transportation, and agriculture.

- ✓ While evaluating the performance of the EAEU, despite of increased trade and economic benefits, challenges are attributed to political tensions among member countries and Russia's predominant economic influence within the union.

- ✓ Critics highlight transparency issues, democratic accountability deficits, and divergent economic priorities among member states.

- ✓ The EAEU's establishment, notably in 2015 after Russia's annexation of Crimea and Western sanctions, is seen as Russia's bid to counterbalance the EU and NATO while securing influence in the post-Soviet space.

- ✓ The union also serves as a response to China's expanding economic presence, aiming to position Russia as a major player in the region and balance China's power.

- ✓ The EAEU provides Russia with a strategic platform to project power in Eurasia and beyond, expanding cooperation with regional organizations and countries.

- ✓ External factors, such as the COVID-19 pandemic and evolving global economic and political landscapes, underscore the vital importance of regional cooperation and integration.

- ✓ The disruption of global supply chains accentuates the significance of regional trade and economic collaboration, positioning the EAEU as a key player in navigating these challenges.

- ✓ The asymmetrical nature and structure of the EAEU are evident, with Russia dominating as the largest member, constituting 87% of GDP and 77% of the population. However, the union is not solely a geopolitical tool or neo-imperialist scheme. The EAEU encompasses economic and social dimensions that can benefit members and partners in terms of trade, investment, mobility, and development.

Findings on the Eurasian Economic Union (EAEU) contribute to our understanding of international organizations in several ways. The EAEU's objectives for economic integration and cooperation offer a window into how IOs strive to achieve their goals, impacting regional economies. The EAEU's evolution reveals the challenges IOs face when harmonizing policies among diverse members, highlighting complexities in achieving consensus. The role of dominant members, like Russia, demonstrates how power dynamics affect IOs' decision-making and overall performance. Understanding EAEU's membership rules and potential expansion sheds light on IO legitimacy and new member attraction. The EAEU's institutional structure's role in its performance informs discussions about IO effectiveness and efficiency.



Research on EAEU's performance amidst external factors is essential for evaluating IO resilience and adaptability. Classifying IOs, as seen in Gray's categories, underscores their vitality and longevity, with the EAEU offering insights into factors influencing IO survival. The tension between autonomy and effectiveness within IOs, per Gutner and Thompson's framework, is illustrated by the EAEU's balancing act. The EAEU's geopolitical implications emphasize the role IOs play in geopolitics and their impact on the global order. In summary, findings on the EAEU enrich our understanding of IO performance, offering practical insights and lessons for improving IO effectiveness in today's complex global landscape.

This research contributes to the current debate about the EAEU by providing a comprehensive and nuanced analysis of the organization's goals, evolution, and functioning. It addresses several important aspects of the EAEU, such as:

- The significance of the EAEU for the economic development and regional integration of the Eurasian region, as well as its geopolitical implications for the relations between major powers, such as Russia and the European Union.

- The evolution and member state participation of the EAEU, and how they inform the debates on the impact of regional organizations on the sovereignty and national interests of the member states.

- The performance and effectiveness of the EAEU, and the achievements and challenges that it faces in promoting economic integration and regional cooperation among its members.

- The institutional design and governance of the EAEU, and how it reflects the role of institutions in international relations and comparative regionalism.

By addressing these aspects, this research fills a gap in the literature and offers valuable insights for policymakers, scholars, and practitioners interested in the EAEU and the Eurasian region. It also has broader implications for testing and refining theories of regional integration, evaluating the effectiveness of regional economic blocs, and understanding the geopolitical dynamics between major powers.

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