



ONE FOR ALL, OR ALL FOR ONE?

EXPLAINING EURASIAN REGIONAL INTEGRATION THROUGH
THE LENS OF LIBERAL INTERGOVERNMENTALISM

MA thesis by

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GLOSSARY

CIS: Commonwealth of Independent States

CISFTA: Commonwealth of Independent States Free Trade Area

CSTO: Collective Security Treaty Organisation

EaEU: Eurasian Economic Union

EaP: Eastern Partnership

EC: Eurasian Commission

ECU: Eurasian Customs Union

EEC: Eurasian Economic Commission

EU: European Union

EurAsEC: Eurasian Economic Community

IC: Intergovernmental Council

SC: Supreme Council

SES: Single Economic Space

WTO: World Trade Organisation

INTRODUCTION

Throughout the past decades, the increased level of globalisation has resulted in nations working together on various platforms. From Europe to Asia, states started cooperating through border-transcending organisations, deepening cooperation between countries within specific regions. Arguably the best-known example of such a regional organisation is the European Union (EU). Previously known as the European Coal and Steel Community, the organisation continuously evolved over the course of its existence, culminating in the organisation that is today known as the EU. With its current composition of twenty-eight member states – ignoring the British initiative to withdraw – the EU as an organisation is heralded as a pioneer of regional integration. Boening et al. (2008) referred to the EU as the “undisputed leader of regional integration,” as well as proclaiming that the EU offers a useful model of regional integration for other organisations. It is therefore not surprising that the EU model has indeed been used as an inspiration, if not blatantly imitated elsewhere in the world. The most recent regional organisation based on a similar framework as the EU is the Eurasian Economic Union (EaEU). On the first of January 2015, this new regional organisation was officially established by Russia, Kazakhstan and Belarus. The organisation, which was proudly presented as a powerful economic bloc, seemed to be the next big step in the process of Eurasian integration. Structure-wise the EaEU shares many similarities with its European counterpart.

Even before its official launch the EaEU had been the subject of fiery debates. Various labels were given to the EaEU, ranging from truly being an economic regional integration project, to being branded as an attempt to fulfil neo-imperialistic dreams of Russia. Some statements went as far as to say that Eurasian integration is nothing more than an attempt to recreate the defunct Soviet system. Initial announcements of establishing a ‘Eurasian Union’ made by Russian president Putin were quickly met with opposition. Hillary Clinton (2012), who served as Secretary of State of the United States at that time, criticised the idea of such an initiative because she saw it as an effort to “re-Sovietise” the region. Economist Anders Åslund (2016) shares this negative and somewhat cynical perspective, believing that the EaEU does little more than reinforcing obsolete Soviet standards, and

furthermore believes the organisation provides no actual economic benefits for its participants. Timofei Bordachev (2015), the director of the Centre for Comprehensive European and International Studies at the National Research University, denies claims of the EaEU not bringing economic benefits. He further believes that Russia sharing its sovereignty with other members is a sign that contradicts accusations of neo-imperialistic ambitions. Putin (2011) stressed in his oft-cited article introducing the Union that the project would be economic in nature and would respect the sovereignty of those willing to join, thus debunking claims of imperialistic ambitions. The other two founding members, Kazakhstan and Belarus, demanded that the project should contain the word 'economic', to ensure the nature of the organisation was clear (Dragneva 2016: 6).

To make educated statements about the EaEU and its ambitions, one must first understand the process of regional integration. In the academic debate the actual focus on how the Union is progressing with its integration is often ignored, or perhaps overlooked however. The EU, which served as an example for the EaEU framework, has been thoroughly subjected to multiple theories of regional integration. These have helped explaining how the integration process of the EU has progressed over the years. Such theories provided different perspectives and insights on why the EU and its member states acted the way they did in certain pivotal situations. The two main streams of regional integration theory were known as functionalism, which was later altered to neo-functionalism, and intergovernmentalism, which was followed up by liberal intergovernmentalism. To avoid confusion, it should be noted that despite its name liberal intergovernmentalism has no specific connection to liberal democracies or other liberal types of regimes. The theory is in fact considered to be part of the realist stream of thought. Both theories have been used extensively to gain a better understanding of the integration process experienced by the EU. The popularity of the theories led them to be applied to other regional organisations too, for example the African Union (Eriksson & Gelot 2013; Touray 2016) and post-Soviet integration projects, which are discussed later. This thesis is built on the assumption that liberal intergovernmentalism could be a useful tool for gaining a better understanding of the motivations of the EaEU founding members to create the Union. Therefore, the primary goal of this thesis is to show how liberal intergovernmentalism can help explain why Russia, Belarus and Kazakhstan formed the EaEU.

When seeking general literature on the EaEU one mostly finds debates concerning the nature of the project. Pre-existing literature also heavily focuses on the uncertain future of the Union, resulting in an abundance of literature making predictions of what will happen in the years to come. Examples of such literature include Adomeit (2012), who described the notion of a Eurasian Union as a ‘tug-o-war’ between Russia and the EU for control over the shared neighbourhood. Bordachev (2015) on the other hand sees the EaEU as an ample opportunity for economic gain in Central-Asia. Aside from these general predictions, literature devoted to deeper scientific analysis has been produced over the past few years. Notable examples include Kembayev (2016), who wrote an elaborate analysis on the functioning of the Eurasian Commission (EC). Another example of comprehensive analysis is an economic report written by Kubayeva (2015), who discussed the economic impact of the integration project on its member states.

Despite there being a considerable amount of resources on the mentioned theories of regional integration, research on the EaEU related to the liberal intergovernmentalist theory remains marginal. Obydenkova (2011) wrote a study that is somewhat comparable to this thesis. In her work, she argues that theories of regional integration used for the EU could indeed prove to be useful tools for analysing Eurasian integration as well. The scope of her research was aimed at the Commonwealth of Independent States (CIS) however, a project preceding the EaEU. Furthermore, Obydenkova makes the proposition that both neo-functionalism and (liberal) intergovernmentalism would be suitable theories for the region, though focuses mostly on neo-functionalism while giving intergovernmentalism a minor role. This means there is still room left for further research. Similarly, an article written by Roberts and Moshes (2015) goes deeper into the integration process of the EaEU by using the neo-functionalist theory, arguing this theory is an obvious choice as an analytical framework for the region while at the same time acknowledging its flaws. Intergovernmentalism on the other hand is only mentioned twice throughout their work. Karliuk (2015) touches upon the importance of intergovernmentalist elements within the EaEU, but restricts himself to a pragmatic approach when analysing the roles of EaEU institutions. Furthermore, he does not attempt to link the institutions or the EaEU and its member states to the actual theoretical framework, nor using the liberal variant of intergovernmentalism.

Fissolo (2016) presents a comparative study between the EU and the EaEU. This study also acknowledges the limits of neo-functionalism as an integration theory, as well as the necessity for a possible alternative theory to fully understand the Eurasian integration process. Fissolo continues to present us with shallow conclusions at best however, while further mentioning neo-realism instead of (liberal) intergovernmentalism as a suitable alternative for neo-functionalism. Vicari (2016) wrote an article comparable to Fissolo, in which she mentions similarities between the EU and the EaEU as well as discussing functional spill-over; this once again is an element of neo-functionalism. Much like Fissolo, she refrains from making in-depth analyses of regional integration. Thus, when looking at previous works, numerous studies advocate using neo-functionalism for Eurasian integration, whereas liberal intergovernmentalism is largely side-lined as a suitable theory. This thesis attempts to remedy this gap in the literature by demonstrating that liberal intergovernmentalism can also be applied to gain a better understanding of Eurasian integration and why members of the EaEU put their efforts into it.

Filling this gap in the literature could prove to be useful in the case of the EaEU. It is a relatively young organisation and its true intentions are yet to be fully uncovered. The Union could evolve into a partner for the EU, or a rival competing for regional influence not only in Europe, but also in Asia and perhaps the Middle-East. Moreover, the EaEU achieved something which other Eurasian projects failed to do: making actual progress in terms of integration. How this was done is discussed in later chapters. These successes, marginal as they may be, indicate it is too early to disregard the EaEU as another failed attempt of post-Soviet integration. Additionally, the re-ignition of geopolitics as an important part of foreign policy in both Western Europe and Russia emphasise the role of the EaEU. Using liberal intergovernmentalism to explore the regional integration process in Eurasia adds depth to both understanding the founding members of the EaEU and the choices they make, as well as adding information to the ongoing debates on theories of regional integration. Using elements of liberal intergovernmentalism on the EaEU member states could either support or debunk the use of the theory, as well as exploring its usefulness outside of the EU. This could lead to the formation of new perspectives on existing theories as well as renewed interest in the debate on classic theories of regional integration.

This thesis is divided into four chapters. The first chapter introduces the EaEU and its founding members. The chapter discusses the origin of the organisation, its organisational structure, and provides information on Russia, Kazakhstan and Belarus to create an image of how the countries function. The second chapter presents the liberal intergovernmentalist framework used for this thesis. Besides background information on the theories of regional integration, this chapter also gives an elaborate justification on why liberal intergovernmentalism was chosen instead of neo-functionalism. Moreover, the chapter shows how the framework is operationalised for this research. Chapters three and four present the case of the EaEU through the scope of the framework, and show how the countries correspond to certain elements of liberal intergovernmentalism. By analysing actions and decisions, this thesis shows the behaviour of the states can indeed be analysed through liberal intergovernmentalism, justifying the claims made in the primary goal of this research. The founding members are approached through a practical manner based on a combination of empirical evidence taken from secondary literature and political and economic analyses, as well inductive reasoning by looking at situations within the region, statements made by leaders and other high officials, and information gathered from literature, which then serve as the basis for reaching conclusions.

Due to the recent formation of the EaEU, concrete information on the project remains somewhat scarce. This thesis bases its conclusions mostly on inductive reasoning, which in turn is based on visible information. Therefore, it must be considered that the shortage of information available is likely to result in outcomes based on inductive assumptions and suggestions rather than set-in-stone outcomes. Although this thesis primarily relies on qualitative data, quantitative data is not entirely ignored. Certain economic indicators, ratings and other quantifiable data are considered in the process of regional integration. Other methods of quantitative research such as questionnaires are not used however. This is due to the limited timeframe in which the research is conducted, as finding suitable candidates to fill in the questionnaires on such a specific topic is a time-consuming task. In short, the primary methods to conduct this research stem from inductive reasoning based on information gathered from pre-existing literature, academic writings and data, perceivable situations within the countries and statements made by leaders, high officials and other individuals that are of importance.

CHAPTER 1: THE EURASIAN ECONOMIC UNION

The following chapter presents the necessary background information regarding the EaEU and its founding member states. The origin of the project is explained through previously failed attempts of post-Soviet integration, and indicates how the EaEU differs from these former attempts. This chapter discusses the organisational structure of the Union and argues it is a mere mimicry of its European counterpart, with institutions lacking true substance or function. Furthermore, this chapter provides country profiles of the three founding members and highlights what types of regime rule them. The regime types are important; as this proves liberal intergovernmentalism is not necessarily linked to liberal regimes.

ORIGIN OF THE EAEU: FROM SOVIET UNION TO CUSTOMS UNION

Despite its relatively recent establishment, the EaEU is preceded by a history of failed attempts to integrate the Eurasian region, which can be traced back to the early nineties. Even before the dissolution of the Soviet Union on December 26th in 1991, attempts to reorganise the region were already made. Mikhail Gorbachev, then president of the Soviet Union, made plans to form a Union of Sovereign States with other members of the Soviet Union, which was already in a state of disarray. These were reorganisation plans rather than integration plans. Leaders of various Soviet states never managed to agree on the formation of this Union however, and the 1991 August coup in Russia led to such a Union never being established. This failed attempt to reorganise the Soviet Union was directly followed by the first attempt of regional integration, involving independent states instead of reorganising a pre-existing body. This initiative became known as the CIS, an organisation that is still operating today. This organisation was officially established by the leaders of Ukraine, Russia and Belarus, as a successor entity to the Soviet Union which dissolved in December 1991.

Although the CIS still functions to this very date, its continued existence is not necessarily a testimony of it being successful as an organisation. At the time of its formation, many of the CIS members were new to the concept of being independent, and suddenly each individual state had their own interests to pursue instead the interests of the Soviet system. This has led to the CIS being

plagued by conflict due to diverging interests between participating countries, which heavily influenced affected its operations throughout the years. Several member states of the CIS shifted their position within the organisation due to changes on the global stage. Ukraine for example, despite being a founding member of the CIS, chose not to ratify the CIS charter but wished to remain involved as an associate member to not threaten their neutral position. Georgia on the other hand decided to fully withdraw from the CIS after the events of the Russo-Georgian War in 2008, showing that being part of the same initiative did not stop countries from waging war on one another. If the CIS was meant to be anything even close to a union, the heated conflicts between participants immediately discredited such aims.

The tensions between members and the active pursuit of reaching individual goals led to many plans of integration either being partially implemented, or completely ignored. Initial attempts of integration in the economic sphere for example were made in 1994, when a Free Trade Agreement for CIS members was proposed. Most of the CIS members never bothered to ratify this agreement however, effectively rendering it obsolete. Moreover, there was no clear structure in economic ties within the CIS, which resulted in member states forming bilateral and multilateral agreements with states most beneficial to them, rather than using the overarching structure of the CIS (Czerewacz-Filipowicz & Konopelko 2016). The organisation essentially lacked an effective institutional framework. As noted by Kubicek (2009: 242), cooperation within the CIS was based on consensus, resulting in the option to either adhere to CIS agreements or choose not to do so. This legal framework thus required zero dedication from participants towards the CIS. This also affected the overall effectiveness of the organisation, as indicated by unsuccessful attempts to improve legal harmonisation, customs clarification lists and railway tariffs (Zhalimbetova & Gleason 2001). Another issue was that the CIS was mostly based on Soviet institutions that did not function properly in the first place, which turned the CIS into what some refer to as a “paper organisation” (Hancock & Libman 2014: 7).

It is generally accepted that the CIS failed to truly integrate the post-Soviet region, but there are also some arguments in favour of the organisation. Early assessments made by Olcott, Åslund and Garnett (1999) for example claimed that the CIS is not entirely obsolete as an organisation, as it did

manage to mediate during the breakup of the Soviet Union and contributed to maintaining peace over border disputes in the region during chaotic times. They do however state that the CIS failed to form a functional mechanism for resolving trade disputes between members, and thus caused the situation in which most deals were made on a bilateral and multilateral basis. Konończuk (2007) argues that the CIS was nothing but a forum for periodic top-level meetings, providing participants with chances to create new bilateral or multilateral deals. More recent assessments made by Czerewacz-Filipowicz and Konopelko (2016: 30) confirm these claims, stating the CIS can still be perceived as a forum for high-level debates rather than an actual organisation pushing economic integration. In short, the CIS seems to have served primarily as a tool to soften the blow of the Soviet dissolution, ensuring that not all intrinsic ties between former Soviet members would suddenly be severed. The CIS failed to be an effective driver for economic integration, however.

The lack of progress made by the CIS quickly resulted in the need for an alternative project. Russia was the first to propose a full-fledged economic union in 1993, but this proposition was met with scepticism from others in the region that had just gained independence and feared renewed Russian dominance. Additionally, an overall lack of political will of states to initiate such a project disallowed the idea to gain any momentum (Dragneva & Wolczuk 2012). The earliest mention of an actual Eurasian Union was made in a speech by President Nursultan Nazarbayev of Kazakhstan in 1994. The official website of the EaEU published a document with excerpts of the speech, in which Nazarbayev notes the failures of the CIS to fulfil its obligations, and a new union built upon other principles could be the right solution (*Prezident Respubliki Kazakhstan N.A. Nazarbaev o evrazijskoj integratsii [President of the Republic of Kazakhstan N.A. Nazarbayev on Eurasian integration]* 1994). In the following year, serious attempts to improve Eurasian integration were made through the idea of creating a customs union for post-Soviet states. These efforts eventually culminated in the Agreement on the Customs Union in 1995, which was initialised by Belarus, Russia and Kazakhstan.

One year after the signing of the 1995 agreement the three original founders, this time joined by Kyrgyzstan, signed a second treaty which focused on increased integration in economic and humanitarian spheres, improving living standards for civilians, protection of human rights and harmonisation of law among other objectives to pave the way towards the common market. Three

years later in 1999 a third treaty was signed, the Treaty on the Customs Union and the Common Economic Space. Despite the name creating the assumption the customs union was formed, the treaty merely identified the goals for the participating states to achieve the single economic space. The process of Eurasian integration appeared to gain prominence in 2000, with the establishment of the organisation known as the Eurasian Economic Community (EurAsEC). In terms of organisational structure the EurAsEC was comparable to the European Economic Community, a precedent of the current EU, which marked the beginning of Eurasian organisations copying European models. The goal of this organisation was to stimulate the integration process and establish a common market for all participants (Mamlyuk 2014). Whereas the CIS had failed to achieve noteworthy economic integration, the EurAsEC managed to lift tariff and quota restrictions in the economic and trade spheres, and efforts to adopt a singular trading agreement were made (Vousinas 2014). This indicated that this new organisation had more potential than the CIS.

Throughout the following decade, the EurAsEC aided the states involved in the integration process. The year 2010 marked a milestone for the organisation, as Russia, Belarus and Kazakhstan officially formed the Customs Union, which was later renamed the Eurasian Customs Union (ECU). By 2014 approximately eighty-four per cent of the import duties between members of the ECU were harmonised, and compared to its predecessors the ECU functioned well (Dreyer & Popescu 2014). Two years after its establishment the ECU was further expanded into the Eurasian Single Economic Space (SES), which was designed to promote the four main freedoms: the free movement of goods, capital, people and services. The establishment of the SES also led to the introduction of the Eurasian Economic Commission (EEC), which – when ignoring the faux institutions of the CIS – could be considered the first real supranational institution in twenty years of attempting to integrate the post-Soviet region.

This added new weight to the Eurasian integration process, as progress was now being made. In 2011, well before the establishment of the SES, Vladimir Putin had already stated that the establishment of an official Eurasian Union could become reality by 2015, and his judgement was impeccable. After fourteen years of operation, the EurAsEC was terminated and officially replaced by the EaEU on the first of January 2015. The accuracy of the statements made by Putin hint that the

establishment of the EaEU was more of a policy-driven action rather than being the result of successful progress in terms of integration between states. Such assumptions are shared by Garcés de los Fayos (2014). He believes the EaEU was hastily established through pressure from Moscow on other member states to reach the proposed deadline given by Putin four years earlier. This is no strange thought if one keeps in mind it took the EU forty years to develop to its current form, while the EaEU did the same in roughly fifteen years. After its formation, the EaEU started to present itself as a union driven by economic interests and an alternative for the EU (Lane 2014). The seemingly rushed establishment of the EaEU was one of the causes for scepticism however, and led to the belief that its motivations stemmed from geopolitical interests rather than economic ones; an effort made by Russia to block post-Soviet states from deeper cooperation with its European counterpart (Vilpišauskas, et al. 2012).

ORGANISATIONAL STRUCTURE: IMITATION IS THE SINCEREST FORM OF FLATTERY

Now that some background information on the organisation was given, the organisational structure of the EaEU will be discussed. The EaEU and its institutional bodies are registered in the Treaty on the Eurasian Economic Union. The Treaty as well as the institutions it encompasses is, at least on paper, similar to the Treaty on the EU. Various terms have been used to describe the similarities between the EaEU framework and that of the EU. Nicu Popescu (2014) uses the term ‘inspired’ when speaking of the EaEU framework compared to the EU. Dragneva and Wolczuk (2013) prefer the term ‘borrowed’ when speaking of elements found in the EaEU, whereas Vicari (2016) fancies the term ‘emulation’. Aliaksei Kazharski (2014) takes it one step further and divides emulation into two subcategories, lesson-drawing and mimicry, and argues that the latter can be derived from the construction of the EaEU. Whereas terms like ‘inspired’ and ‘borrowed’ are relatively positive or neutral, the definition of mimicry is more negative. Markus Hoehne (2009) extensively defined ‘mimesis’ and ‘mimicry’ in his work, stating that the first is an attempt to imitate as a strategy to battle uncertainty, while mimicry helps concealing true intentions of those practicing it. Although the choice

of words may depend on personal perspectives of authors, it is undeniable that the EaEU used the institutional framework of the EU for its establishment.

The similarities with the EU are also reflected by the institutions representing the EaEU. Much like its European counterpart the EaEU has the EEC, a Court of the Eurasian Union, and a Eurasian Intergovernmental Council. In addition, the EaEU has a body known as the Supreme Eurasian Council (SC) which is led by the heads of state of participating nations. The EEC is the executive body of the Union, and is responsible for non-politicisation, improving efficiency and burry transparency and balancing interests (Eurasian Economic Commission 2017). Despite the EEC claiming its decisions are binding on members, its effectiveness is discredited by a few issues. The EEC may only operate and make decisions in specific areas, reducing its influence as an executive organ. Furthermore, the EEC must deal with monopolies and non-tariff barriers, both of which are still issues in the region (Roberts & Moshes 2015: 8). This hints at a lack of concrete power for this institution. The Court of the Union serves as the judicial body, and is the successor of the Court of the EurAsEC. The Court is approachable by commercial actors from inside and outside the Union to challenge decisions made by the EEC. This new Court arguably lost some of its power compared to its predecessor, as it lost various privileges and rights that its predecessor had (van der Togt, Montesano & Kozak 2015: 24). Moreover, the Court is undermined by lacklustre attitudes of members towards its rulings caused by weak disciplinary and enforcement mechanisms that affected post-Soviet integration since the formation of the CIS (Dragneva 2016: 17). Rulings are perceived as recommendations that can be adhered to voluntarily rather than binding measures.

The Intergovernmental Council (IC) is comprised of the heads of government of each member state. This body must ensure the implementation and control the performance of the EaEU Treaty, international treaties and decisions made by the presidents, as well as considering issues on which the EEC could not reach consensus and issue instructions to the EEC. The IC may intervene with decisions made by the EEC whenever it deems it necessary, even when consensus in the EEC has already been reached. The IC can be perceived as an intermediary institution rather than a full-functioning body, as the SC takes decisions on similar matters but has even greater power. The SC is the highest authority in the EaEU and has the right to determine the composition of the EEC and

terminate its powers; it appoints the judges of the Court and can exercise ‘other powers’ which are not further specified by the Treaty (Treaty on the EaEU 2015). The SC also has the jurisdiction to get involved with Court decisions, whenever rulings are not implemented by those involved. Furthermore, the SC determines which issues are ‘sensitive’ and may not be discussed in the EEC. Essentially, the SC represents the pinnacle of the EaEU decision-making process. This leads power vertical in which each institution can overrule another, except for the SC. Such a construction casts doubts on whether the EaEU’s institutions truly hold supranational power.

MEMBER STATES OF THE EAEU: MEET THE FOUNDING FATHERS

The EaEU is currently comprised of five members: Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan. This thesis focuses its attention on the three founding members to narrow its scope, but still consider a large member, a medium-sized member and a small member of the Union. Despite having merely five members, the EaEU accommodates approximately 182.7 million people as of January 2016 (Eurasian Economic Union 2016), and covers around fifteen per cent of the world surface. The Union is characterised by extreme asymmetry between member states in terms of size, economic power and demographics, with Russia accounting for more than eighty per cent of the Union’s GDP (Kirkham 2016).

Something that differentiates EaEU member states from their EU counterparts, despite following a similar institutional framework, is how the countries are ruled. Whereas the EU attempts to promote liberal democratic values, the founding members of the EaEU can be described as autocratic. The term autocracy is used to describe regimes where a single leader or a small group of elites hold most power, and rule through a highly-centralised power vertical. Such structures are prominently present in all three of the founding members. Belarus is under the incumbent rule of President Aleksandr Lukashenka. He was the first to assume office as President of Belarus in 1994, and has not left the position since. Due to his authoritarian style of ruling Lukashenka has sometimes been referred to as “the last dictator in Europe” (van der Togt 2017). There are various political parties in Belarus, but these hold little political influence as shown by unsuccessful boycotts against

Lukashenka in the past (Kulik & Pshizova 2005). Bakunowicz (2015) adds that several officially registered parties are in fact “façade parties” endorsing the president, and that real opposition is kept at bay through various forms of repression (intimidation, arrests, and prison sentences). The existence of opposition in Belarus appears to be little more than a tool for Lukashenka to create the suggestion that his country is democratic.

Like his Belarusian colleague, Nursultan Nazarbayev was the first to assume the office of president in his country. Nazarbayev has been in power since 1991, and remains the unchallenged leader of Kazakhstan. Nazarbayev has not shunned from using his presidential power to his own benefits. In 1995, he increased his presidential power by amending the Kazakh constitution, disadvantaging other branches of government in the process (Heinrich 2010: 27). Nazarbayev is the head of the Nur Otan Party, which is currently the most dominant party in Kazakhstan. The party managed to gain significant power through presidential endorsement, for example by using control administrative resources unavailable to opposition, persecution of opposition politicians, and the use of legislation to fulfil personal interests (Boban 2017: 74). Furthermore, Kazakh governance is characterised by high degrees of nepotism. Henderson (2000: 492) notes that many high-level positions are taken by those related to the incumbent leader, including Nazarbayev’s son-in-law and stepdaughter being the vice president of Kazakhoil and CEO of the main television station respectively. Henderson refers to this nepotistic web as “the Nazarbayev clan,” who chooses to share wealth with competing elite clans to subdue tendencies to oppose the regime.

Russia is currently under the rule of Vladimir Putin, who first became president of Russia in 2000 and remained in office until 2008. Unlike Lukashenka and Nazarbayev Putin stepped down as president in 2008, as the Russian constitution disallows more than two consecutive terms. Putin became Prime Minister under Dmitry Medvedev, yet maintained significant power in this role. Historian Daniil Kotsyubinsky (2012) refers to the situation as “Dmitry Medvedev’s powerless presidency and Vladimir Putin’s all-powerful premiership.” In 2012 Putin won the presidential elections and switched roles again with Medvedev. While not officially in power, Putin maintained control through what can be referred to as a duumvirate. Putin has kept certain individuals close to him during his rule. Such individuals are often referred to as oligarchs and *siloviki* in academic literature.

Originally the term *silovik* was used to describe influential current or former officials of government bodies, but modern *siloviki* are also found in private organisations (Bremmer & Charap 2007: 86). Both oligarchs and *siloviki* are considered part of Putin's 'inner circle'. These elites are an influential group within the Kremlin and often personally acquainted with Putin, creating a personalised web of interests.

Pierre Hassner (2008: 10) argues that Russia has been moving away from democratic values ever since Putin came to power, creating a more authoritarian system by centralising his power in Russia while at the same time maintaining the illusion of democracy. This notion is supported by Mark Galeotti and Andrew Bowen (2014), who stated that contemporary Russia has progressively become more autocratic under Putin's rule. More recently, Nelli Babayan (2016) of the organisation GMF argued that over the past few years the regimes in each of the countries participating in the EaEU have become more autocratic, disregarding previous rhetorical commitments of their leaders to increase levels of democracy. The regimes of the founding members make for an interesting research, as empirical evidence has shown that autocracies are less likely to adopt a cooperative stance in international relations (Leeds & Davis 1999), likely due to the chances of supranational organisations threatening national monopolies on power. Despite this, Russia, Kazakhstan and Belarus chose to establish the EaEU, raising the question as to why they would do such a thing. This question can be approached through the liberal intergovernmentalist framework, which is discussed in the following chapter.

CHAPTER 2: INTRODUCING THE LIBERAL INTERGOVERNMENTALIST PERSPECTIVE

The following chapter outlines the liberal intergovernmentalist framework, and further elaborates why this framework was chosen. Furthermore, some general background information on the rivalling theory, neo-functionalism, is given to show why liberal intergovernmentalism could in fact be the better option. The chapter continues to explain which parts of the liberal intergovernmentalist framework are used and why these were chosen for this research.

NEO-FUNCTIONALISM VERSUS LIBERAL INTERGOVERNMENTALISM

Various frameworks for regional integration were developed in the early years of the EU, as an attempt to explain its integration process. Neo-functionalism was the first major theory to solely focus on EU regional integration. The theory was first proposed by Ernst Haas, who believed the process of political integration was: “the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new centre, whose institutions possess or demand jurisdiction over the pre-existing nation states” (Haas 1958: 16). This theory argues that individual states are not the most important actors in the integration process, relying on the importance of supranational entrepreneurs and institutions instead. Neo-functionalists consider the integration process to be linear, thus once it is instigated it becomes increasingly difficult to stop, or even slow down its progression. The concept of spill-over is the main driver of integration according to neo-functionalism. Functional spill-over is the expansion of integrative activities from one sector to another (Lindberg & Scheingold (1970: 7), whereas political spill-over is an increase of politicisation of sectoral activities (Rhodes & Mazey 1995: 31).

The liberal intergovernmentalist framework was conceived out of criticism on Haas’ neo-functional theory. This stream of thought is inseparably connected to its founder, Andrew Moravcsik. Moravcsik argued that certain elements of neo-functionalism only occurred in exceptional cases, thus discrediting the empirical value of the neo-functional assumptions. He further believed

that 'Haasian' neo-functionalism was not suited for analysing contemporary European integration (Moravcsik 2005: 351). Therefore, Moravcsik devised his own framework, mostly drawing inspiration from his critiques on neo-functionalism and, to a lesser extent, traditional intergovernmentalism. This new realist theory became known as liberal intergovernmentalism, and is presented by Moravcsik as a baseline theory of regional integration. The theory was built upon the notion that integration is not the result of unstoppable spill-over, but rather a product of intensive bargaining between nation states. Moravcsik argued that: "from the signing of the Treaty of Rome to the making of Maastricht the EC has developed through a series of celebrated intergovernmental bargains" (Moravcsik 1993). Liberal intergovernmentalism departs from traditional intergovernmentalism by denying the affixed preferences of wealth, power and security as proposed by the former, since doing so turns states into standardised 'black boxes' (Moravcsik 1993: 481).

MORAVCSIK'S VISION: THE FRAMEWORK EXPLAINED

The liberal intergovernmentalist framework stresses that the participating nation states in the process of regional integration, regardless of (geo) political or economic motives, are the most important drivers for integration and determine the speed of the entire process. Moravcsik (1993) argued that member states of an integrating bloc always attempt to guard their own national interests by attempting to limit the transfer of sovereignty, thus avoid granting supreme authority to supranational institutions that could threaten national sovereignty. Moreover, Moravcsik considers states to be rational actors responding to external stimuli, and attempts to explain how collective decisions by national governments lead to integration (Moravcsik 2005). The liberal intergovernmentalist framework as invented by Moravcsik is a tripartite framework, dividing the process of regional integration into three major steps. The first step revolves around national preference formation, the second step discusses interstate bargaining, and the final step of the framework considers the institutional choices made based on steps one and two.

National preference formation according to Moravcsik (1998: 20) does not simply involve a set of policy goals, but rather attempts to look at a set of underlying national objectives formed by

wishes of various domestic groupings. The liberal intergovernmentalist framework suggests that national preferences can be based on either politico-economic motivations, or geopolitical motivations. In Moravcsik's view, choosing one of the two motivations automatically results in the other being of lesser importance; it is either economics over geopolitics or geopolitics over economics. While not entirely excluding geopolitical factors throughout his analyses of European integration, Moravcsik has concluded that politico-economic factors are of greater importance than geopolitical ones, claiming that the main reasons for countries to join the EU came from tight economic constraints rather than security concerns (Moravcsik 1998: 7). To prove these statements, Moravcsik focused his attention on Germany, France and Great Britain, and came to the mentioned conclusion of economics outweighing geopolitics.

The second step of the liberal intergovernmentalist framework is interstate bargaining, which can only be analysed once the underlying goals of nations are identified. Moravcsik applies two dimensions of bargaining outcomes into his framework; the first being the nation's efficiency in bargaining, the second being distributional outcomes. These dimensions analyse whether governments manage to exploit all potential agreements to their fullest during negotiations, thus showing efficiency, and how benefits are divided among participants once negotiations are concluded, thus showing the distribution of gains (Moravcsik 1998: 51). Through this method, it should be possible to find out which countries benefitted the most from the bargaining process. Moravcsik advocates the liberal intergovernmentalist approach of bargaining, which suggests that national governments are well-informed when entering negotiations, have no need for the aid of supranational actors in the negotiating process, and uphold relations based on asymmetrical interdependence. Additionally, this theory argues that negotiations are mostly aimed towards the distribution of gains and agreements can be made without any further supranational intervention (Moravcsik 1998: 55), showing the state-centred outlook of the theory.

The final step in the liberal intergovernmentalist framework is institutional choice. In this step participating nations decide in what ways they shall provide power to supranational institutions to secure the bargains which were agreed upon in the second step. This process, which is described by Moravcsik as the 'constraining' of sovereignty, can occur in two possible ways. Firstly, it can occur

through the pooling of sovereignty. Secondly, it could be done through the delegation of sovereignty. Pooling of sovereignty occurs when governments agree to implement voting procedures other than unanimity voting. The delegation of sovereignty happens when national actors agree to provide supranational actors with the authority to make certain autonomous decisions without intervention of interstate votes or threats of veto (Moravcsik 1998: 67). When applying the framework to European integration, Moravcsik concluded that power is pooled or delegated to lock participants into credible commitments (Moravcsik 1998: 70). Through this perspective, supranational institutions are tools for national states to ensure they receive their end of the bargain.

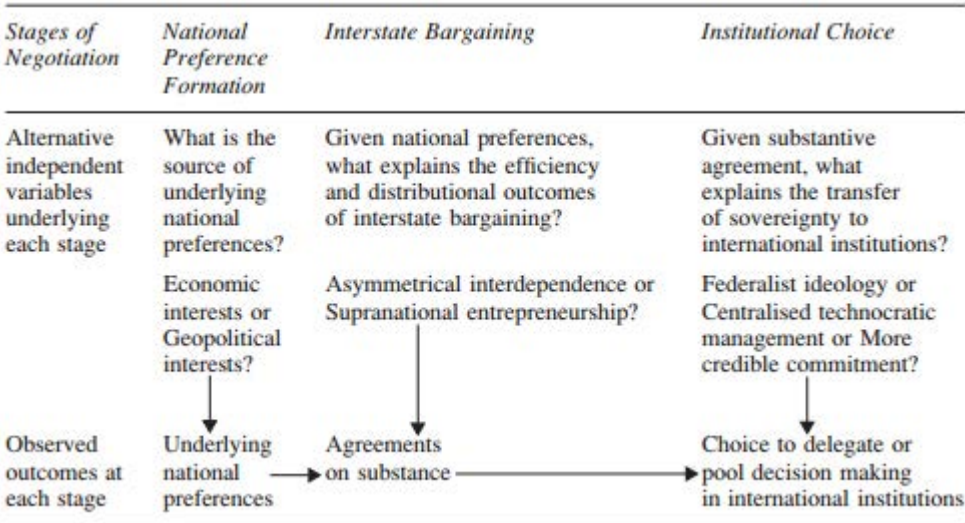


Figure 1: visualisation of the liberal intergovernmentalist framework (Moravcsik 1998: 24)

THE CHOICE FOR LIBERAL INTERGOVERNMENTALISM

Although neo-functionalism is used in a variety of academic literature, and its potential value for analysing the region of the EaEU is recognised by the author of this thesis, there are reasons to believe liberal intergovernmentalism is a suitable theory for the region as well, if not a superior theory. Firstly, neo-functionalism was conceptualised during the earliest stages of European integration, whereas liberal intergovernmentalism was created after integration had progressed further. Despite being a young organisation, the EaEU underwent roughly the same steps as the EU did yet in a shorter amount of time, meaning the organisation has already passed the earliest stages of integration. This leads to the belief that Moravcsik’s criticism on Haasian neo-functionalism not fitting contemporary

trends of integration may also be applied to the EaEU. Secondly, as mentioned in the first chapter the EaEU shows many similarities to its European counterpart, both in the steps undertaken in the integration process as well as similarities between their legal frameworks. One could logically assume that theories of European integration can also be applied to another organisation that so closely follows the EU's example.

Choosing liberal intergovernmentalism over neo-functionalism is further based on several perceivable factors in the EaEU. The first factor is the autocratic nature of participating regimes. Neo-functionalism supports the notion of integration being an unstoppable linear process once instigated, and spill-over results in integration of other sectors. While suitable for the liberal democracies within the EU, autocratic regimes are known to avoid decisions that could threaten their authority and power. With this key characteristic of autocracies in mind, it could be argued that such regimes are inherently intergovernmentalist. Furthermore, the protectionist attitude of autocrats towards their power debunks the idea of an unstoppable, linear process. It is a viable thought that autocratic states are more prone to completely halt, or outright reverse the integration process as soon as the risk of losing too much power becomes evident, and will block any kind of spill-over in key sectors where they do not wish any kind of external interference.

Further reason to believe liberal intergovernmentalism is more suitable than its rivalling theory stems from its focus on the nation state. Neo-functionalism places the national governments in a lesser role, arguing that non-state (supranational) actors are of greater importance in the process of regional integration. Harkening back to the fact that the EaEU member states are perceived as autocracies with centralised governance protecting their own positions, it would make little sense to choose a theory that neglects the nation state as the single most important actor in the process of integration. The state-centred nature on which the liberal intergovernmentalist theory is built appears to be much more fitting when looking at the region involved with the EaEU. Moreover, Moravcsik claims that the will of national leaders is reflected in the integration process, giving them an important role as drivers of integration. Keeping the powerful positions of the leaders in the founding countries in mind, liberal intergovernmentalism once again seems to be the more logical choice.

There are certain issues that must be taken account when using the liberal intergovernmentalist framework for the EaEU. Firstly, the framework as shown in figure one is a basic representation of the liberal intergovernmentalist framework. In his work, Moravcsik provides an extremely fleshed out version of the framework, yet for this thesis the basic framework as presented above is sufficient for various reasons. Firstly, the narrow scope of this thesis makes it impossible to discuss each element present in the framework. Secondly, Moravcsik seems to have made the framework in such a way that several elements within it cater to the needs of his research on the EU, meaning that certain parts of the framework would not fit the EaEU to begin with. This thesis therefore only utilises elements from the basic framework to avoid unnecessary detail and redundant elements in its analysis of the EaEU's founders. Furthermore, this thesis deliberately chooses to ignore the third step of the framework. The main question of this thesis revolves around why the EaEU was founded, which can be answered with the help national preferences and interstate bargaining. Institutional choice is the result of step one and two however, and is of little relevance for the main question. Additionally, as shown in the first chapter, the institutions of the EaEU are mimics of its EU counterpart and are still overruled by the national leaders. This leads to the conclusion that sovereignty has neither been pooled nor delegated, thus making the third step useless.

Following the first step of the framework, this thesis attempts to find plausible sources of underlying national preferences. Since it remains unclear whether the Union is truly economic or in fact a geopolitical initiative, both politico-economic and geopolitical motivations are considered. Moravcsik notes various reasons for geopolitically motivated integration, including balancing of power, superpower balancing strategy, and regional integration to reduce chances of conflict among member states. He furthermore recognises that geopolitical ideologies are linked to security issues, such as averting threats to territorial sovereignty (Moravcsik 1998: 27). Economically motivated integration may stem from issues such as economic crises, opportunities for innovation, diversification and trade. Moravcsik identifies five dimensions, which are used to predict the source of underlying objectives. This thesis applies the two dimensions which it considers to be most important: timing and

domestic actors¹. Timing is an essential dimension as it provides insights as to why the founding members chose to establish the Union specifically now. This thesis attempts to answer that question by looking at significant economic and geopolitical shifts from around 2011 and beyond, which could influence the speed of the integration process. Domestic actors are relevant because Moravcsik's theory suggests they are the ones who determine the national preferences. In the autocratic EaEU states domestic groupings are less powerful however, and it is therefore important to discuss whose preferences are pushed forward in the integration process.

The intergovernmental bargaining theory of the second step is applied to examine the relative bargaining positions of each of the founding member states, and discusses the asymmetrical interdependence between them. This is done through various methods. Firstly, this thesis discusses how the three member states are independent based on political and economic links. Secondly, the research looks at demands made by the founding members and whether these demands were met, thus signifying bargaining strength *vis-à-vis* the others participating in the negotiations. Thirdly, Moravcsik's idea of asymmetrical independence argues that relative bargaining positions are strengthened or weakened through unilateral or coalitional alternatives. When a state has viable unilateral alternatives, it can threaten to veto policies suggested in the Union and instead follow its own course. Alternative coalitions occur when states opt to work together with one another to acquire better deals and more bargaining power, but they only work if the coalition can exert influence over countries excluded from the coalition. Finding out more about the relative bargaining positions of each of the founding members may clarify why they decided to join the integration project.

¹ For more information on the remaining three dimensions, see table 1.2 in Moravcsik's *The Choice for Europe: Social Purpose & State Power from Messina to Maastricht* (1998: 28).

CHAPTER 3: NATIONAL PREFERENCES – THE GEOPOLITICS AND ECONOMICS

This chapter begins with analysing the national preferences of the founding members of the EaEU based on the dimensions of the framework. The first dimension to be discussed is timing. Economic and geopolitical events that are likely to have influenced the willingness of the founding members to join the integration process are taken into consideration. The chapter then continues to show which individuals are primarily responsible for the formation of these preferences, thus identifying the domestic actors involved. The chapter proceeds to give an overview of the actual preferences per member state based on timing and domestic actors combined with foreign policies and opinions of relevant individuals, for example the presidents of each state. Plausible conclusions on national preferences are then formed by the end of this chapter.

TIMING IS KEY: CATALYSTS FOR INTEGRATION

The idea of establishing a Eurasian Union had been floating around since the early nineties, yet concrete plans to do it were made approximately two decades later in 2011. There are several major events, both geopolitical and economic, that can help explain why the plans for creating the EaEU suddenly gained momentum. First to be discussed are geopolitical events that possibly triggered the member states to establish the EaEU. The timing of the initial announcement of a Eurasian Union possibly being founded is the first reason why some consider the Union to be geopolitical in nature. The news article in which Putin voiced the idea of creating the Union was published not even a week after a summit conference in Warsaw between the EU and participants of the European Partnership Programme (EaP). This is a programme aimed towards improving economic and political ties between the EU and its neighbours in Eastern Europe through deeper cooperation. Adomeit (2012: 3) is convinced that the timing of Putin's news article is linked to this conference, and reflects the geopolitical nature of the project.

Adomeit supports his argument by stating several important prospect members for a Eurasian Union were participating in the EaP, such as Ukraine, Armenia and Moldova. The absence of those three would result in a Central Asian Union with a “Belarusian appendix.” This perspective thus suggests the announcement of a Eurasian Union was a response to counterbalance the growing influence of the EU in Eastern Europe, and to safeguard the balance between Central Asian and Slavic member states. The propositions made by Adomeit find some degree of verification in Russia’s attempts to convince Ukraine to join the project, which it tried to do by offering Ukraine hefty discounts on energy imports. On the other hand, Russia threatened to cancel preferential trade agreements should Ukraine seek deeper cooperation with the EU (Krickovic 2014: 504). Albeit convincing, these arguments can be countered by looking at the domestic situation in Russia at the time. Presidential elections were coming up in March 2012, which could imply that the idea of a Eurasian Union was merely part of Putin’s campaign to gather support for his presidency, and the EaP summit coincidentally occurred around the same time.

The EU is not the only reason for security-related fears, as the increasing presence of China in the region poses as a potential threat too. China, although fickle, is nowadays considered as an ally of Russia that supports actions against Western dominance. However, China has become an increasingly important actor in Central Asia through the trade of hydrocarbons and oil, arguably surpassing Russia in terms of economic influence in the region (Peyrouse 2016), threatening Russia’s dominion. Aside from the growing influence of the EU and China, regional conflicts, for example the Nagorno-Karabakh conflict between Armenia and Azerbaijan, and the rise of extremism and terrorism in nearby countries is another viable reason for the swift formation of the EaEU. In this sense, the EaEU serves as a bulwark for protecting its members from terrorist threats, as an attack on one is an attack on the entire Union. Although regional security is officially a task of another organisation, The Collective Security Treaty Organisation (CSTO), accession into the EaEU could be a way for members to ensure military protection from Russia.

Another perspective implying that the EaEU was the result of geopolitical shifts is the notion that the EaEU served as a response to the increased levels of globalisation and the threat of democratisation. This perspective also relates to the EaP, as cooperation with the EU often comes

paired with efforts of the EU to promote democratic values in participating states (Shapovalova & Youngs 2012). Memories of spreading democracy in the post-Soviet space often go hand in hand with so-called ‘colour revolutions’. These revolutions previously occurred in Georgia and Ukraine, and involved bringing down autocratic leaderships in exchange for more democratic rule. Thus, the spread of democracy is not necessarily favourable for the autocratic regimes found in the EaEU members, as their regimes may too become susceptible to such revolutions should democratic tendencies take root in society. With the EU slowly spreading its influence eastwards, the threat of democracy-demanding revolutions has become more realistic, and the fear of colour revolutions has sharply increased in Russia and Central Asia (Korsunskaya 2014).

As such, the establishment of the EaEU can be described as an attempt to ‘promote’ autocracies instead of democracies; an attempt in which authoritarian regimes choose to integrate – or create the illusion they are integrating – to shield their regimes from external democratic influences that threaten their position (Hancock & Libman 2014: 17). This idea is further supported by Lane (2014), who believes the EaEU attempts to position itself as a conservative alternative for the otherwise globalised neo-liberal system, seeking to prevent the loss of sovereignty of its member states. Harkening back to statements made in the first chapter of this thesis, which mentioned the regimes of EaEU members becoming increasingly autocratic over the years, the idea of the EaEU being a counteroffensive against encroaching democratisation makes sense. The increasingly repressive actions undertaken by those in charge serve as evidence of attempts to suppress any possible efforts to topple the regime.

Besides the announcement and actual establishment of the Union, the timeframe in which the project was realised indicates that geopolitical motivations were most likely involved. The EU took forty years to undergo the steps from a free trade area to an economic union, whereas the EaEU did so in roughly fifteen years. Putin stated in 2011 that the EaEU would possibly come into force on the first of January in 2015, and so it did. The entire process of the establishment of the EaEU, from the Customs Union to its official launch, was described by Roberts and Moshes (2015) as a “headlong rush.” The tempo of negotiations to launch the Union has further been described as “excessively rapid,” which resulted in a lack of agreements in certain areas (Jarosiewicz & Fischer 2015). The

hastiness in which the project was conceived was mostly possible through Russian efforts, leading to claims of the project being forced on others by Russia (Strzelecki 2016). Nazarbayev even commented on the rushed pace of integration, saying there was enough time to adopt a more moderate pace (Daly 2014: 89). The suspiciously rapid tempo, as well as the efforts put into the project by Russia, makes it seem like the establishment of the EaEU was an attempt to reach a deadline rather than creating a well-functioning unified body.

Since the founding members of the EaEU insist the project is economic, there should be some economic catalysts next to the geopolitical ones as well. The first and foremost reason to believe the EaEU was indeed an economic initiative can be derived from the bleak economic situations in the founding members around the time of the EaEU's announcement. The global economic crisis of 2008 led to steep drops in oil prices, a resource that mostly carries both the economies of Russia and Kazakhstan. Although by 2011 Russia's GDP had grown again, it was still much lower than pre-crisis levels, and Finance Minister Sergey Storchak predicted a "difficult 2012," in terms of economy (Weiss 2012). The economic situation in Belarus was also dire in 2011, with an official devaluation of the Belarusian rouble and rising unemployment (Dudko 2011). The worrisome conditions of the economies of the founding members make for a sensible reason to start the integration process; this makes the EaEU an organisation meant to counter the lingering effects of the economic crisis, and improve economic prosperity among its members. Oil prices tumbled further in 2014, which may be an explanation as to why the formation of the Union was suddenly rushed.

What makes it fundamentally difficult to believe statements on the EaEU being purely economic, is the fact that aside from the worsening economic situations there are little economic catalysts that can be attributed to the formation of the Union. As mentioned, possible economic reasons to integrate are opportunities to remedy crises, increase diversification, innovation and trade. From these four opportunities only two are applicable to the EaEU, namely countering the economic crisis and the possibility of increasing trade through liberalisation of laws. Innovation and diversification are severely lacking in all three of the founding members, however. Both Kazakhstan and Russia are heavily dependent on the sales of raw resources such as oil and gas, whereas Belarus in turn is dependent on the Russian economy. The homogeneity of the Russian, Belarusian and Kazakh

markets creates little opportunity to diversify. Furthermore, innovation is difficult to achieve due to the backwards nature of the founding members, which Kirkham (2016) even refers to as “technological retardation.” Kirkham adds homogeneity could be turned into something positive if all members work together to achieve a ‘reindustrialisation’. While this could be possible, it requires members to start sharing their industrial sectors with other members, which means giving up sovereignty in sectors that are of strategic importance.

When looking at catalysts that possibly contributed to the sudden initiation of the integration process, it clearly shows most of them are geopolitical in nature rather than economic. Except for the 2008 economic crisis, which was a cause for the steep drop in oil prices, there are little significant economic events that could serve as catalysts for the formation of the EaEU. On the other hand, there were a handful of geopolitical events that most likely contributed, which indicates that, in terms of timing, the establishment of the EaEU was done out of geopolitical motivations instead of economic ones.

DOMESTIC ACTORS: RULE OF THE FEW

In respect of the liberal intergovernmentalist framework, the domestic actors within a state are responsible for the formation of its national preferences. The theory suggests that geopolitically driven integration is dictated by actors such as the chief executive, ministers for defence and foreign relations, as well as the elite and public opinion. Economic integration on the other hand is led by the chief executive, ruling parties and economic officials. As mentioned in the first chapter, the three founding members are characterised by centralised power verticals, with presidents and select groups of people in charge. In a work by Dragneva and Wolczuk (2015: 11-13) it is noted that both policy making and preference formation are centralised within the EaEU member states, and objectives and visions of the presidents are the main determining factors for participating in Eurasian integration. They further add there is little evidence of ‘domestic coalitions’ influencing Eurasian integration, thus the presence of bottom-up demand is difficult to prove. The weight of the presidential influence is further underlined by Kudaibergenova (2016: 8), who states that actors besides the president such as prime ministers,

party leaders and members of opposition either tend to agree with presidential discourses, or dispute them without offering any viable alternatives, thus leading to nothing.

Although these statements and visible power structures make clear the presidents of each state have the final say, it is worthwhile looking at other potential groupings that may have influence on the willingness of leaders to enter the project. Earlier in this thesis the so-called Russian *siloviki* were mentioned. In an interview, Mark Galeotti, Senior Researcher at the Institute of International Relations Prague describes the *siloviki* as a group that provides Putin with the information he thinks he must know, while also ensuring ministries are performing the tasks they are given by the president (Galeotti 2017). Certain *siloviki* can be found in private businesses, which may benefit from integrating the region. Igor Sechin, former Deputy Prime Minister and current Executive Chairman of Russian oil company Rosneft, is a good example of such a *silovik*. Further integration could increase the competitiveness of Rosneft in regional markets, which would benefit Sechin's personal gain. However, the influence of the *siloviki* is disputed by the various 'reshuffles' made by Putin, who for example replaced two regional governors who were involved in corruption scandals (Korgunyuik 2016). This indicates that ultimately the president controls the *siloviki*, and their power is limited to their advisory role and ensuring presidential rule while attempting to avoid aggravating Putin, lest they lose their beneficial positions.

The situation in Kazakhstan is slightly different, with the presence of various groupings or clans next to Nazarbayev's own. Despite the presence of multiple clans, Nazarbayev has managed to keep the elite mostly in check by making sure they were sufficiently funded, though the Kazakh elite appear to be quite volatile under certain circumstances. In 2015 for example, when Kazakhstan was experiencing economic hardships, rivalry between governmental elites started to rise as income was decreasing (Jarosiewicz 2015). Furthermore, even within Nazarbayev's own clan there are divergences in opinions. Timur Kulibayev, Nazarbayev's son-in-law, does not share the same ideas for economic development for example, and neither do the people close to him (Hagelund & Maplecroft 2016). Nevertheless, Nazarbayev has managed to stay in power for decades and determined the direction of Kazakhstan as a country, which signifies his influence as president and as a decision-maker. The capability of Nazarbayev to create balance between the elite groupings shows his effectiveness as a

leader, but may also prove dangerous for the future. Throughout the years there has only been Nazarbayev, and no successor has been appointed yet. Nazarbayev's death may result in the disruption of the balance between clans that he created, as the elite will be fighting for control over the country (Stratfor 2013). This is an issue for future research however, and currently Nazarbayev remains the most powerful man in Kazakhstan.

The power division in Belarus is arguably the easiest to explain. Lukashenka, "the last dictator in Europe," is by far the most powerful man in the country. Unlike Russia and Kazakhstan, Belarus never experienced the problem of overly powerful oligarchs influencing politics since the market was never privatised, not even partially. This means there is not really a group of influential businessmen like that in Russia or Kazakhstan besides ministers and politicians close to Lukashenka. Additionally, whereas *siloviki* and oligarchs are present in Russia, and clans in Kazakhstan, Belarus has no apparent division between powerful groups. Admittedly, there exists such a thing as *siloviki* in Belarus, but most of these individuals came in from Russia (Karatch 2016), and are directly subordinated to the will of Lukashenka.

The situations in all three of the founding member states essentially show the same elements. There is one powerful leader who makes major decisions whilst being surrounded by elites or acquaintances. Although some of these elites may be influential domestically, they do not have enough influence to distract the presidents from their own visions or goals on the global stage. This is shown through Putin's control over the elite groupings in Russia, Nazarbayev's control over the clans despite inner turmoil, and Lukashenka ruling without any opposition or alternative factions. Even if certain members of the elite in Russia and Kazakhstan had their doubts about integration, they were not influential enough to change the minds of their presidents, or simply did not voice their opinions. It can thus be stated that the national preferences in the case of the founding members of the EaEU are determined by their national leaders alone.

RUSSIA

Now that an overview of events and domestic actors is given, the national preferences of each individual state are discussed. In earlier chapters, it was shown that claims of the EaEU being a geopolitical initiative are usually related to its instigation by Russia. When keeping in mind the history of Russia and its foreign policies, such claims are hardly surprising. Historically speaking Russia has belonged to the largest and most powerful players on the global stage, constructing an image of Russia as one of the more imposing countries of the international community. After the dissolution of the Soviet Union, followed by a deep economic crisis in 1998, Russia was stripped of its superpower status. Eventually, some even started referring to Russia as a ‘failed state’ (Willerton, Beznosov & Carrier 2005: 225), which was a significant demotion compared to Russia’s previous image. Although Russia lost its status as a global superpower, the idea of Russia still being one is thoroughly promoted by president Putin, only under the modern moniker of ‘great power’. Under his leadership, the ideology of being a great power became an intrinsic feature of Russian foreign policy, affecting both Russia as its neighbouring states (Oldberg 2007). Putin has furthermore not attempted to hide his geopolitical ambitions. During his annual address to the Federal Assembly in 2003, Putin made clear statements related to Russia’s position including words as “Such a country as Russia can only survive and develop within the existing borders if it stays a great power. During all its times of weakness, Russia was invariably confronted with the threat of disintegration” (Putin 2003).

The geopolitical focus of Russian foreign policy has since been repeatedly underlined. Dmitry Medvedev announced that Russia had the right to interfere in what he referred to as geopolitical “spheres of privileged interest” (Medvedev 2008). Medvedev believed it to be natural for Russia to view post-Soviet republics, with the exclusion of the Baltic States, as key strategic zones for Russian interests (Trenin 2009). Another term oft-used in Russian foreign policy is *Russkii Mir* (Russian World), which gained prominence in 2014. Research Professor Marlene Laruelle (2015) coined the concept of the Russian World as a “geopolitical imagination, a fuzzy mental atlas on which different regions of the world and their different links to Russia can be articulated in a fluid way.” This fluid

articulation refers to the difficulty of concretely interpreting the term Russian World; there is no set definition and it can thus be used in various situations to justify certain actions or policy discourse. The conflict in Ukraine which started in 2013 can be used as an example of this Russian World, as Moscow claimed the intervention in Eastern Ukraine was to protect the rights of ethnic Russians in the region.

These policies and ideologies strongly hint at Putin's preference formation being aimed at maintaining its identity as a great power, whilst also securing the influence it has in the post-Soviet space. Maintaining both influence and reputation fit into Putin's idea of creating a 'multipolar world'. Classical understandings of a multipolar world were linked to the balance of power, whereas modern definitions can be defined as a global international system inhabited by conglomerations of economic interests united around the strongest centres of economic growth (Deutsch & Singer 1964; Lukyanov 2010). The initiative by Putin to form an economic bloc thus supports the definition of a modern multipolar world, as the EaEU would become a new centre of economic growth. Looking back at possible geopolitical reasons for integration, Russian contemporary foreign policy appears to fit the superpower balancing strategy, which suggests that regional integration can be used to bolster the power and autonomy of a state in a world dominated by other powers. While currently the term 'superpower' may be outdated, as it was mostly used during the Cold War, it can simply be replaced with 'great power' or 'pole' to allow modern-day usage.

Putin's constant obsession with proving his country is a great power, as well as claims of privileged influence spheres, only support earlier statements about the EaEU being a countermovement against growing influence of other actors in the region. The EU and its promotion of democratisation could result in countries breaking away from Russia in Eastern Europe, while China is overtaking Russia in terms of economic influence in Central Asia, neither of which is acceptable for Putin. This is one of the reasons which could explain why the Union was so hastily established; Putin sought to establish the Union as quickly as possible to consolidate Russia's position as the hegemon of the Eurasian pole. Another reason for the rapid establishment can be found in the Russian annexation of the Crimean Peninsula in 2014. The annexation led to Russia being struck by Western sanctions, reducing its economic strength, and resulted in other prospect members becoming warier of Russia.

Naturally, Putin sought to quickly establish the Union to ensure others would join before Russia lost all of its economic credibility. The reactions of Belarus and Kazakhstan on the annexation are discussed in their respective subchapters.

Counterarguments supporting the claim of the EaEU being an economic initiative lose their credibility when looking at the possible gains for Russia. Indicators for serious economic developments were neither present at the time of the announcement of the EaEU, nor are they present now. Lining up the available information results in the following conclusion regarding Putin and his preferences for establishing the EaEU: Putin seeks to present his country as a great power, notices increased influence of other actors within regions he considers to be privileged spheres of interest, and counteracts by promoting the swift establishment of a Eurasian Union without any concrete economic benefits. Based on these statements, this thesis induces that national preferences for Russia are indeed based on the wishes of Vladimir Putin to consolidate and maintain Russian regional hegemony.

BELARUS

Contrary to Russia's keenness on positioning itself as a global power *vis-à-vis* the 'West' and China, Belarus has a history which shows a more balanced approach to foreign relations. Belarus is often depicted as a close ally of Russia, and the two countries already established a Union State together in 2000. Belarus has furthermore been involved in each Russian-led attempt to integrate the region since the fall of the Soviet Union. In the late 1990s Lukashenka followed Russia in its geopolitical quest to oppose the west, claiming his country would become a bulwark against the West, and "...the Union of Belarus and Russia should become an actual counterweight to the unipolar world that has developed" (Lukashenka 1999). Despite these seemingly brotherly relations, Belarus is very much its own independent state and the relations with Russia have been through various ups and downs due to economic and political disputes (Wierzbowska-Miazga 2013). Belarus and Russia have frequently clashed over issues such as gas prices, for example in 2007 and 2010, and in recent years Lukashenka even accused Russia of launching a "black PR campaign" to discredit him as president (Nice 2012). Despite rising tensions, the countries continue to cooperate closely, and Belarus decided

to participate in the EaEU project. His reasons to do so however, are considerably different from Putin's.

It is important to note that foreign policies of Belarus were never as focused on geopolitical strength as those of its Russian neighbour. Instead, Lukashenka has become efficient in following a delicate balancing strategy throughout the years. Although being described as the closest ally of Russia, Lukashenka has been actively exploiting competition between Russia and the EU to gain subsidies from both sides and sustain his regime (Nice 2012: 1). Lukashenka is all but secretive about his policies, and even noted during a 2008 speech that: "...Belarus' foreign strategy is based on three fundamental principles: political sovereignty, economic openness and equal partner relations with other countries. The 'Golden Rule' of our foreign policy is multi-vectoredness..." (Lukashenka 2008). Despite being an EaEU member Belarus has not abandoned its participation in the EaP, and contemporary attempts to reconcile with the EU while still cooperating with Russia show that Lukashenka continues to follow his balancing strategy. The balancing strategy followed by Belarus is not so much geopolitical in nature, but rather aimed at extracting substantial economic gains from different sides.

While Belarus attempts to balance its relations, the country is mostly reliant on Russia and its economy. This dependency on Russia largely stems from the energy sector. In the end of 2015, a published note in Belarus indicated that approximately ninety per cent of Belarusian energy imports came from Russia, and Russian gas accounted for ninety per cent of heat and energy production in Belarus (Smok 2016). This dependence puts Lukashenka in a precarious position, as the fate of the Belarusian economy is mostly determined by the success of its Russian counterpart. The fragile economy of Belarus also greatly benefits from Russian subsidies, which counterbalance Western sanctions and aid Lukashenka in maintaining power (Ambrosio 2006: 420). Essentially, Lukashenka's allegiance can be bought, and Russia is the highest bidder. Economic motivations rather than geopolitical ones were crucial for Lukashenka's choice to join the EaEU. A possible reason to show interest in the project is the mentioned 2011 crisis. Russia had denied Belarus an awaited loan worth one billion USD in June (Dudko 2011), so it is not unthinkable that Lukashenka agreed to join the project announced by Putin in October of the same year to ensure he would receive economic support.

Moreover, an integration project such as the EaEU revived hopes of receiving stable supplies of resources against competitive prices, and acquiring more loans on preferential terms from Russia (Astapenia 2015). Additionally, Lukashenka attempts to use the creation of a common energy market to his advantage by arguing a common electricity market can only be achieved if gas prices for national enterprises are standardised (Pastukhova & Westphal 2016).

Lukashenka clearly has neither the wish nor the resources to present his country as a geopolitical stronghold, and his willingness to participate in the EaEU stems from the prospect of substantial economic support. There is, however, a geopolitical aspect that can be found in Belarus' participation in the project. An important event contributing to geopolitics in Belarus was the Russian annexation of the Crimean Peninsula in Ukraine in 2014. The annexation caused a sudden turn in Lukashenka's attitude towards Russia; he refused to officially recognise Crimea as a part of Russia, and started to mend ties with the EU (Soldatkin & Makhovsky 2016). The events in Ukraine caused concern regarding the future of Belarus as an independent state, and raised fear for a possible breach of its national sovereignty and territorial integrity (van der Togt 2017: 2). Contrastingly, the annexation allowed Lukashenka to make amends with the EU, which considers Belarusian sovereignty as a crucial factor to counter Russian influence in the region (Nice 2012: 9). While useful for his balancing act, Lukashenka recognised the dependency of his country on Russia and was prepared to accept at least some degree of limiting sovereignty (Frear 2013) by still joining the EaEU.

Pivoting to the EU too much would bring serious implications for Lukashenka. Firstly, increased involvement with the EU could result in further pressure to democratise, which is not beneficial for Lukashenka's position. Secondly, Belarus risks both economic and political sanctions by Russia, which would have detrimental effects on the economy and overall stability of the country. Therefore, it can be stated that Lukashenka initially chose to participate in the EaEU due to the possible economic benefits, but later to safeguard his own position as well. By showing willingness to cooperate, Lukashenka reduced the chances of provoking Putin into a 'Crimea 2.0', as the Treaty on the EaEU states the organisation must "respect the principles of sovereign equality of the member states and their territorial integrity" (Treaty on the EaEU 2015). Violating territorial integrity of other members discredits the EaEU as an organisation, thus joining it was Lukashenka's safest bet on

protecting his position. Therefore, this thesis suggests that Lukashenka's willingness to join the EaEU was initially based on the prospect of economic grants, loans and benefits, but adopted geopolitical aspects due to the events in Ukraine.

KAZAKHSTAN

Kazakhstan, much like Belarus, aims at following a multi-vectored strategy. As the largest state in Central Asia, Kazakhstan has an important geopolitical position in the region. Its position supports the balancing of both economic and geopolitical interests of various regional powers, and has allowed Nazarbayev to diversify the economic and transport linkages of his country towards the north, south-east and south-west (Patnaik 2016). Kazakhstan is focused on economic ideologies with only marginal interference of geopolitical pressure. Nurgaliyeva (2016) rightfully notes that initial foreign policy of Kazakhstan was mostly based on geopolitics, but the discourse has changed to economic-oriented policies. In his work Nicu Popescu (2014: 21) notes that Kazakhstan does not harbour geopolitical ambitions like its Russian neighbour, and in fact wishes to avoid a geopolitical battle between Russia and the West. This is further supported by Baev (2014: 48), who believes Nazarbayev understands the negative consequences of Central Asia disengaging from the West, and therefore wishes for better relations between the West and Russia to increase profits. Furthermore, whereas Russia sees China as a threat, Kazakhstan sees potential to cooperate. Deepened cooperation with China would aid reaching Nazarbayev's goal of multi-vectoredness, and position Kazakhstan as an economic bridge between East and West. To achieve this though, Nazarbayev must cooperate with Russia too, otherwise China could gain too much ground in the region. Thus, in terms of goals and policies, Kazakhstan is somewhat comparable to Belarus.

Like Belarus, Kazakhstan's economy shares intrinsic links with the Russian economy. This has led to Nazarbayev being a proponent of integration, or at least closer ties with Russia since the early nineties (Henderson 2000: 492), to improve economic linkages and increase economic gains. Nazarbayev has always supported the notion of Eurasian integration, and has shown serious political commitment towards the integration process. The willingness of Nazarbayev to join the EaEU is therefore not necessarily linked to any major geopolitical or economic event; he simply had the wish

to integrate. He never shied from stressing that any form of integration should be purely based on economic motivations, however (Satpaev 2015). It was through the combined efforts of Lukashenka and Nazarbayev that the organisation was named the Eurasian *Economic* Union, opposing Russia's proposition of a full-fledged Eurasian Union (Dragneva 2016: 6), which was to follow the example of the EU more closely by adding a degree of political integration. The focus on economics further shines through Nazarbayev's 'Kazakhstan 2050' program, which he announced in 2012. This program aims to improve the overall economic situation through economic, social and political reforms in Kazakhstan, and ambitiously seeks to place the country among the top thirty global economies by 2050. It is safe to say that Nazarbayev signing up for the EaEU is the result of his wish to increase economic prosperity through integration.

Nazarbayev's economic dreams were rudely disrupted by the events in Ukraine, forcing a more geopolitically-oriented stance upon him. Nazarbayev always had some degree of geopolitical awareness, as even in his early speeches regarding renewed integration in the region he underlined the importance of sovereignty and equality (Kudaibergenova 2016). The incidents in Ukraine caused him to adopt a more protective stance however, and he started to voice concerns regarding the integration project, like Lukashenka had begun to do (Jarosiewicz & Fischer 2015). The anti-Russian sanctions by the West were a concern to Nazarbayev, as they caused spill-over damage from the Russian economy to Kazakhstan due to their economic interconnectedness (Daly 2014: 96). Moreover, Nazarbayev and Lukashenka attempted to avoid politicising the Union by not suspending Ukraine from trade agreements made in the Commonwealth of Independent States Free Trade Area (CISFTA), which Russia unilaterally did by presidential decree (Wolczuk 2016: 15). Other concerns came from Kazakhstan's northern regions where many Russians live, and threats of separatism that may arise there. Merely three weeks after the annexation of the Crimean Peninsula, Kazakhstan introduced a new legislation criminalising support for separatism (Popescu 2014: 34), indicating salient perceptions of possible threats. Nazarbayev further resorted to more drastic narratives, claiming Kazakhstan would retreat from the Union should its sovereignty be infringed (Satubaldina 2014).

In Kazakhstan, there is ultimately a similar situation as in Belarus. Nazarbayev's preferences that led him to join the Eurasian integration project were based on the ideas of increasing economic

prosperity and strengthening economic links. Eurasian integration was meant as a tool to fulfil Nazarbayev's wishes of becoming an economically strong country, yet recent actions by Russia brought geopolitics back in the picture. This caused Nazarbayev's attitude to become more critical, and he continues to stress the project is, and only should be economic in nature. He has further expressed increased concerns on maintaining national sovereignty.

PRELIMINARY CONCLUSIONS: NATIONAL PREFERENCES

This chapter has analysed events and individuals that were likely responsible for the formation of national preferences, and how these national preferences translated into willingness to join the EaEU. In terms of timing, most significant events leading to the announcement and formation of the EaEU were geopolitical shifts, while economically only one major economic event could have led to the instigation of the project. Major events include the increased presence of other actors in the region, notably the EU and China, as well as the pressure to democratise in the globalising international system. The domestic actors determining whether integration is taking place or not are the presidents of each respective state. Despite being surrounded by powerful individuals, these are ultimately subordinated to the wishes of their presidents, and have no final say in the progression of integration. If anything, the people surrounding the presidents are tools and advisors who ensure presidential wishes are implemented. By using the liberal intergovernmentalist approach, this chapter has indicated who are responsible for the national preferences in Russia, Belarus and Kazakhstan, which answers an important part of the question as to why the countries decided to join the integration process.

This chapter has further shown that the national preferences of the founding member states diverge in nature. Belarus and Kazakhstan joined the project under the presumption it would bring them economic benefits. Belarus sought to gain Russia's favour by participating to extract more subsidies, as well as to create a common energy market through the framework of the EaEU. Kazakhstan also proposed deepening of economic ties only, and cooperates with Belarus to maintain the economic nature of the organisation. Russia on the other hand has clearly shown signs of deeply rooted geopolitical ambitions. The announcement of a possible Eurasian Union followed a series of

geopolitical shifts, and combined with Russia's geopolitical ambitions this explains why the project suddenly gained momentum. This does not necessarily mean the Union itself is geopolitical in nature, however. Being the initiator and largest member, Russia has managed to geopolitically influence the Union, yet two of the other founding members insist it is economic and try to protect the Union from politicisation. Therefore, this thesis considers the EaEU to be an economic project hijacked by geopolitical ambitions of one member.

CHAPTER 4: INTERSTATE BARGAINING - MORE THAN YOU BARGAINED FOR

This chapter follows the second step of the liberal intergovernmentalist framework, interstate bargaining, to analyse the relative bargaining positions of each of the founding member states of the EaEU. To determine the strength of a country's bargaining position, this chapter follows several steps. First, the asymmetrical interdependence between the founding members is analysed, to determine how much influence they have over one another. Secondly, the demands voiced and concessions made by the determinants of national preferences are discussed, and whether their demands were met. This allows the determination of bargaining efficiency and the distribution of gains, which indicates the bargaining strength per member. Third, the possibilities for unilateral and coalitional alternatives for each founding member are analysed. The combination of asymmetrical interdependence, bargaining strength and alternatives allows the identification of the relative bargaining positions of each of the founding members, and what they wish to extract from their participation in the Union.

INTEGRATION THROUGH ASYMMETRY

There are several clear differences between the participating nations of the EaEU in terms of economic strength, military strength, size, and political influence. These differences have contributed to the discussion of the EaEU being mostly driven by Russian ambitions and the lack of equality within the Union. Russia surpasses all other member states in terms of economic, political and military influence, and without Russian input the project would not even exist. The asymmetry between member states of the EaEU can be derived from Russia's sheer size alone, which is far bigger than the other four members combined. Furthermore, Russian funds are the main driving force of the EaEU. This is proven by a document released in 2014 regarding the approved budget of the EaEU for the year 2015. The document showed Belarus would account for merely 4.7 per cent of the budget, Kazakhstan for 7.33 per cent, while Russia contributed for 87.97 per cent of the total budget (Supreme Eurasian

Economic Council 2014). Further documents on the budget of the EaEU have not yet been released, but it is safe to say such humongous differences are not remedied in a few years.

When looking at military capacity, Russia is once again the strongest member of the EaEU. Russia has further consolidated its military influence through the CSTO. Each member of the EaEU is also participating in this organisation. While the actual effectiveness of the CSTO is different topic for discussion, it surely gives Russia possibilities to exert its influence on others in two ways. Firstly, the CSTO allows Russia to veto the establishment of foreign military bases in other CSTO members, making it near impossible to cooperate with other security initiatives. Secondly, the CSTO Rapid Reaction Force Mandate allows Russia to intervene in case of internal instability within members of the organisation (Grigoryan 2014: 100). There is no clear specification of when a situation is 'instable', giving members certain freedoms in applying the mandate.

Russia is aware of the difference in power of the EaEU members, and has not shied from underlining this difference by using a variety of methods. Throughout the years, Russia has become somewhat notorious for using coercive and manipulative tactics to achieve its goals (Obydenkova & Libman 2016; van der Togt, Montesano & Kozak 2015; Starr and Cornell 2014). Especially in the energy sector Russia has remarkable influence over its neighbours due to their dependence on Russian natural resources (Wolczuk 2016). This dependence is exploited by Russia in several ways, for example altering gas prices between customers without logical commercial explanation (Forsberg & Haukkala 2016: 105), and by banning specific products of others due to sudden issues with their quality, for example Belarusian dairy in 2009. Belarus and Kazakhstan have both been affected by such measures, occasionally responding with countersanctions and bans, yet their economic influence on Russia is not nearly as great as the influence Russia has on them.

Although Kazakhstan and Belarus are economically more reliant on Russia than vice versa, there are several indicators that Russia is in fact also dependent on Belarus and Kazakhstan in certain ways. First and foremost, Russia needs Belarus and Kazakhstan as allies in the Eurasian integration process, as without their participation the EaEU would lose its credibility as an organisation. The withdrawal of Kazakhstan would mean losing the largest state in Central Asia, reducing the Union to Russia accompanied by Belarus and parasitical Central Asian states. Belarus is important because it

plays a key role in the Russian plan to solidify the *Russkii Mir* (Shendrikova 2015: 15), which was mentioned in chapter three. Ukraine was the third party of the ‘Slavic triangle’ which was supposed to be part of this Russian World, but the annexation of Crimea destroyed any chances of Ukraine taking part in the initiative. Belarus is thus Russia’s only shot at consolidating their idea of the *Russkii Mir*. Furthermore, if Belarus and Kazakhstan were to distance themselves further from Russia, it would have detrimental effects on Russia’s influence in the region. This shows that relations between Russia, Kazakhstan, and Belarus are not based on one-sided economic dependence, but rather on interdependence based on economic, political and ideological foundations.

EFFECIENCY AND DISTRIBUTION

RUSSIA

The asymmetrical interdependence found within the EaEU results in fluctuating bargaining strength for its founding members. At a first glance Russia’s position within the Union seems vastly superior compared to its peers, but the complexity of the relations with Belarus and Kazakhstan required Russia to make concessions on multiple occasions. The earliest concession made by Putin was related to the name of the organisation. As mentioned, Putin initially proposed a full-fledged union with both economic and political elements, and has attempted to convince his colleagues this was the better option for integration. Putin argued a Eurasian Parliament would be a useful addition, but both Kazakhstan and Belarus disagreed with this notion out of fear for politicisation (Michel 2014). Putin thus had to concede and settle with the current EaEU. Of course, this is a minor concession, as changing the name does not automatically mean there are no political elements to be found in the EaEU, but it is a concession nonetheless. Additionally, Russia has spent significant sums of money on countries joining the EaEU to ensure the transition of becoming an EaEU member would proceed smoothly. Russia provided these loans through its own efforts, but also through the Russian-dominated Eurasian Development Bank (Jarosiewicz & Fischer 2015).

Another concession made by Russia was the agreement to make changes in the voting system of the EEC. Decisions made in the EEC were originally based on a system of weighted voting, in

which Russia had fifty per cent of the votes, and Belarus and Kazakhstan each held twenty-five per cent of the votes. This meant that the system disallowed Russia to impose its will on the other two members, but decisions could not be taken without Russia either. In the new system of the EEC, the decision-making was changed to unanimity voting, thus giving each individual member the power to veto any decision in the EEC (Popescu 2014: 11). These alterations considerably limited Russia's influence on the decision-making process, in which it previously held a monopoly position. Regardless of this 'sacrifice' of influence, Belarus and Kazakhstan have repeatedly complained about Russia abusing its dominant position in the region (Pastukhova & Westphal 2016: 2). This casts doubt on whether the change of systems had any real effects, or if it simply gave Lukashenka and Nazarbayev the opportunity to say "no," only to be ignored or pressured into agreeing with Putin later.

Due to its economic strength Russia could make considerable demands regarding certain economic aspects of the Union, and so it did. During negotiations, Belarus and Kazakhstan agreed with Russia's proposition to adopt a common external tariff equal to the national external tariff of Russia. Aside from the fact that Russia did not have to make any significant changes to its tariffs, the acceptance of the common external tariff had beneficial effects for the country. The tariff resulted in what critics dubbed a 'tariff umbrella', which allowed Russia to expel European goods from markets of other members and replace them with Russian ones (Kirkham 2015). The new tariff regulation thus provided Russian producers with new opportunities to sell their products, which positively affected Russian industry in other member states of the EaEU (Tarr 2016: 18). The acceptance of these tariff changes thus contributed to a positive distribution of gains for Russia. On the other hand, the formation of the Union cost Russia vast quantities of money in the form of loans and subsidies, which equalises or perhaps even surpasses the gains from the external tariff rate.

When looking at the current situation in the EaEU, it can be stated that Russia has performed relatively well in terms of efficiency, but has an uncertain future in terms of distributional gains. The efficiency is dictated by the success of a nation to exploit all possible demands during negotiations. While Putin had to concede his ideas of a political union, the fact that the EaEU was established is already a testimony of his success. Putin actively pushed the notion of integration forward; the EaEU is very much his personal project. Its establishment alone is already a sign of great efficiency in

negotiations, as others were apparently convinced it was a good idea. Moreover, Russia managed to exploit economic opportunities by adopting a common external tariff equal to its own. Not only is this a sign of efficiency, it also shows Russia managed to receive distributional gains from the negotiations. These gains are somewhat mitigated by Russia's willingness to 'buy' memberships for the EaEU however, and the degrading Russian economy may result in these memberships turning into liabilities in the future. Still, the formation of the EaEU gave Putin opportunities for renewed influence in the post-Soviet region, meaning that economic gains may be lacking, but (geo) political gains were certainly made.

BELARUS

Lukashenka is not unfamiliar with exploiting Russia, and negotiations for joining the EaEU clearly showed his cunningness. Due to the loss of Ukraine as a prospect member, Russia was more than willing to make concessions, and Lukashenka sought to use this to his full advantage. Considering Belarus' dependence on the Russian energy sector, it comes as no surprise that most of Lukashenka's demands were energy-related. During negotiations, Lukashenka made it clear that the participation of Belarus in the EaEU project would depend on the abolition of duties on exported oil products created with Russian crude oil (Pastukhova & Westphal 2016: 4). Creating a common energy market is also high on the list for Belarus, as it allows for more competitiveness and reduces the risk of fluctuating prices of energy resources. The demands made by Lukashenka were certainly heard, and declarations for the creation of a common electricity market and a common oil and gas market were made early in the negotiating process. Disappointingly, the creation of a common electricity market and common oil and gas market are postponed until 2019 and 2025 respectively; this is mainly due to reluctance of other members to integrate such strategically important sectors (Jarosiewicz & Fischer 2015). Nevertheless, the issue of common energy markets is on the agenda, which could be considered a victory for Lukashenka. In addition, Lukashenka has managed to extract subsidies from Russia with an approximate value of ten billion USD through cheap supplies of oil and gas (Åslund 2016).

Other demands made by Lukashenka revolved around the issue of member states being equal. This issue was addressed by adopting the 'one country, one vote' system in the EEC, which – at least

on paper – gives Belarus an equal voice in the Union. Furthermore, by joining the EaEU Belarus gained the option to undertake legal action against other members through the judicial body of the organisation. The Treaty on the EaEU states court decisions are binding, meaning Belarus could bind Russia through decisions of the Court (Dragneva & Wolczuk 2015: 12). While it sounds nice in theory, the first chapter of this thesis already touched upon the fact that Court decisions are often seen as recommendations rather than binding rulings. Additionally, members of the SC can overrule Court decisions as well. This means that in practice, Putin could overrule decisions made by the Court, and ultimately resort to personal negotiations with Lukashenka to resolve the issue. Still, Lukashenka has managed to keep up the idea of equality by countering any opportunity threatening to plunge Belarus into unfavourable contractual obligations (Korosteleva 2016: 3), and reminded Putin of Belarus' importance by no-showing at the 2016 heads of state meeting. By doing so, Lukashenka blocked the confirmation of a Customs Code document (Kłysiński 2017).

While seemingly successful in the negotiations, Lukashenka has not achieved much in terms of efficiency. Lukashenka demanded common energy markets in the EaEU, yet was given vague statements on the formation of common markets in 2019 and 2025. Whether this will happen is another question, so Lukashenka ultimately left empty-handed. He did, on the other hand, manage to extract hefty subsidies, which provided him with short term positive distributional gains. Long term distributional gains remain largely dependent on Russia though. The opportunity to veto Russia's decisions and block documents that Lukashenka disagrees with are a sign of positive gains in terms of political power, but complaints of Russian dominance in the region indicate this power has limitations.

KAZAKHSTAN

Out of all three founding members Kazakhstan arguably had the least amount of demands, but made serious concessions. The reason for this to happen can perhaps be explained by looking at Nazarbayev's support for regional integration, and his wish to position Kazakhstan as a Eurasian state. The demands that Nazarbayev did make were that the establishment of any union had to be purely economic in nature. In some perspectives, Nazarbayev was successful during negotiations, as issues such as common foreign policies, common citizenship, and inter-parliamentary cooperation were

scrapped from the Treaty on the EaEU on behalf of Kazakhstan's request (Garcés de los Fayos 2014: 6), and at the expense of Putin's political Union. Then again, fear of politicisation of the EaEU remains a hot topic for both Belarus and Kazakhstan, showing that the issue is not yet entirely resolved. Furthermore, both Nazarbayev and Lukashenka were initially against the joining of Kyrgyzstan into the Union, as it was feared that Kyrgyzstan would be able to strengthen its position as a Chinese re-exporter (Strzelecki 2016). Their failure to block Kyrgyzstan from joining the Union indicates the weakness of the demands made by Kazakhstan and Belarus opposed to Russia.

When looking at the distribution of gains Kazakhstan did not do well. Kazakhstan was forced to raise half of its tariffs from a rate of 6.5 per cent to 12.1 per cent to comply with the new EaEU standards (Dreyer & Popescu 2014: 1). The increase in tariffs adversely affected Kazakhstan's business environment while increasing prospects for Russian producers (Dragneva & Wolczuk 2015). Bordachev (2015) claimed that Kazakhstan was in fact benefitting the most of the EaEU, but economic analyses contradict this statement. In an analytical report by Tarr (2016: 17) it is shown that the Kazakh economy suffered from the new tariff regulations, and Nazarbayev's hopes to compensate these losses through the reduction of nontariff barriers were dismantled due to slow progress in this area. Another economic report by Kubayeva (2015) argues that in the first three years of the Customs Union it was Kazakhstan that benefitted the least of the new tariff regulations. Additionally, due to Kazakhstan having an economy highly dependent on natural resources such as oil, it did not receive subsidies from Russia as goodwill for joining the EaEU (Tarr 2016: 17), unlike Belarus. Overall, Kazakhstan has thus achieved little in terms of short-term and long-term gains.

At first sight Nazarbayev has seemingly proven to be efficient during negotiations to some extent by blocking Putin's attempts to politicise the Union. On the other hand, complaints of Russian abusing its position and the failure to block Kyrgyzstan's accession indicate Russian political influence still dominates in the Union. This undermines Nazarbayev's attempts to counter politicisation, thus showing he has not been efficient at all. Out of all three founders Kazakhstan has profited the least, showing Nazarbayev failed to exploit negotiations to receive distributional gains. The timid attitude of Nazarbayev during negotiations could be accredited to his wish of integration finally being fulfilled, which caused him to not make too many demands besides the Union being

economic. Another possibility is that initial prospects of economic gains were higher, but afterwards disrupted by the conflict in Ukraine and the economic sanctions on Russia that followed. In terms of efficiency and gains, Kazakhstan's performance was the least effective of all founding members.

ALTERNATIVE OPTIONS: UNILATERAL AND COALITIONAL

The final factor determining the relative bargaining positions is the option to establish alternatives. In terms of alternatives, both unilateral and coalitional, Belarus is in the most vulnerable position of the three founding fathers. Despite Lukashenka's efforts to exploit the strongest possible position for his country, the interconnectedness with Russia discredits these attempts. It must be acknowledged that Lukashenka managed to sustain his balancing act, and showed Putin his influence on Belarus has limitations. Despite this, Belarus is currently facing increasingly negative terms of trade due to worsening relations and decreasing demands from the Russian market (van der Togt 2017: 7). Moreover, Lukashenka has been careful with taking criticism on the EaEU too far, lest he trigger events like Crimea (Kłysiński 2017). This reflects the true position of Lukashenka; a position based on cautious bluffing and questionable threats. The dependence on the Russian economy makes it difficult for Belarus to pursue any credible unilateral alternatives. Unilateral alternatives are strengthened by the right to veto, which Belarus has in the EaEU, but this is likely to result in a stalemate between members as Belarus has no viable alternatives to adopt.

Lukashenka has voiced threats of Belarus leaving the EaEU, but doing so could bring detrimental effects for Belarus. Firstly, Lukashenka could risk economic sanctions, political pressure and military interventions from Russia if he chooses to distance himself from the Union. Secondly, article 18 section 2 of the Treaty on the EaEU notes that member states withdrawing from the Union are obliged to fulfil their financial obligations to the Union, even after withdrawal (Treaty on the EaEU 2015: 136). This means that Russia could demand reimbursement for all the loans and subsidies it has provided for Belarus' accession into the EaEU, something that Lukashenka can hardly afford. Such demands could perhaps be avoided if the EaEU were to collapse on its own, but withdrawing from the Union unilaterally is too dangerous for Lukashenka at this moment.

In terms of coalitional alternatives, the most logical option for Belarus is to cooperate with other members within the EaEU. The possibility to do so is undermined by the exorbitant difference in economic, geographical and military power however. This makes it near-impossible to form alternative coalitions in the Union that could effectively exert influence over Russia. Cooperation between Belarus and Kazakhstan to block politicisation can hardly be considered as a sign of possible coalitional alternatives. These efforts were merely coalitional countermeasures against Putin's plans to change the name, but this did not provide any alternatives for further integration, nor did it exclude Russia from negotiations. Relations between Belarus and Kazakhstan are furthermore not strong enough to create a threat to Russian dominance. A 2015 census shows that only two per cent of Belarusian exports went to Kazakhstan, and merely 0.15 per cent of Belarusian imports came from Kazakhstan (Global Edge 2017). Forming a coalition would carry little to no economic weight against Russia. The EU is a possible external alternative for Belarus, but this is not realistic. Relations with the EU remain underdeveloped compared to Russo-Belarusian relations, and it would take many years for Lukashenka to reduce its dependency on Russia to such an extent that the EU would become a viable alternative. The same goes for China, which could prove to be a solid trading partner for Belarus, but would take years to efficiently replace Russia.

Kazakhstan did a better job than Belarus in creating alternatives to reduce its dependence on Russia. Nazarbayev has successfully diversified the oil trade routes of his country, which allowed him to circumvent Russian pipelines when possible. Examples include Kazakhstan's support of the BTC pipeline project, which goes westwards from Azerbaijan to Turkey. Partaking in such a project would provide Kazakhstan with new possibilities and markets for exporting oil. China is an interesting export market for Kazakhstan as well, and the two are already collaborating on pipelines bypassing Russia (Nurgaliyeva 2016). If negotiations in the EaEU regarding the harmonisation of the oil sectors are not concluded, or end up being unfavourable by 2025, Kazakhstan could unilaterally decide to pursue better conditions to both the West and East. Pursuing a coalition with China could be risky for Kazakhstan though, as too much Chinese influence would reduce Kazakhstan from a bridge between East and West to a transit state for Chinese products. Another option for Kazakhstan is to leave the

EaEU and focus on its membership in the World Trade Organisation (WTO) instead, but would then also risk demands of EaEU members to fulfil previously-made agreements.

In Russia's case, it is not the question whether it has unilateral or coalitional alternatives at its disposal – because it clearly does – but it is the question whether it should pursue those alternatives. Putin's wish was to establish a new bloc, and as shown he made several concessions to achieve that. If Russia, the driving force of integration was to follow unilateral alternatives circumventing the Union, it would tarnish the credibility of the EaEU. This has occurred before with Russia's unilateral exclusion of Ukraine from the CISFTA, which required the EEC to jump in to save face (Bolgova 2016). Such occurrences undermine the effectiveness of the Union and discredit statements that the EaEU is a well-functioning economic entity. Since Russia contributed the biggest amount of money and loans to the Union and its member states, and most economic policies of the Union are based on Russian ones, article 118, paragraph two of the Treaty would be of little concern. Russia is thus free to leave the Union and attempt to pursue closer cooperation with for example the EU or members of the BRICS², but then all Putin's work would be for nothing.

PRELIMINARY CONCLUSIONS: INTERSTATE BARGAINING

The goal of this chapter was to discuss the relative bargaining positions of the three founding member states based on asymmetrical interdependence, efficiency and distribution of gains and unilateral and coalitional alternatives. When looking at asymmetrical interdependence both Belarus and Kazakhstan are economically dependent on Russia. Contrastingly, before the official establishment of the Union Russia was dependent on the memberships of Belarus and Kazakhstan, because without their allegiance any chance of the EaEU being established was lost. Now that the EaEU is established this dependence is reversed, and article 118 makes it difficult for members to leave without facing economic repercussions. The establishment of the Union is by itself a testimony of Putin's success in the negotiations, and concessions made such as changing the name of the Union are of minor importance. Financial support for other members is but a small sacrifice compared to

² Brazil, Russia, India, China, South-Africa; a term institutionalised by Putin which included rising economies.

Russia's distributional gains, especially in terms of political influence. Through the establishment of the Union Russia gained more political influence in the region, as well as economic influence through the common external tariff and loans.

Nazarbayev failed to exploit negotiations to their fullest, which can be derived from a lack of demands made and the distributional losses rather than gains. The only demand adhered to was the depoliticisation of the Union by removing certain elements, but this has ultimately not resulted in the disappearance of political pressure in the Union. The adoption of the common tariff and failed reduction of nontariff barriers caused severe losses for the Kazakh economy, indicating that Kazakhstan has arguably been the least effective member in terms of distributional gains. The relative bargaining position of Kazakhstan is at least strengthened by its geopolitical location and diversification, which gives the country options for unilateral and coalitional alternatives. These alternatives save Kazakhstan from having the weakest relative position.

Even though Lukashenka adopted a tough stance during negotiations, and managed to secure some short-term gains, his efficiency is low. Demands made by Lukashenka regarding the energy sectors have all been postponed until later years, so effectively Belarus did not truly manage to exploit its seemingly strong bargaining position. Short-term distributional gains were made in the form of loans and subsidies, yet these could prove to be a tool of Russian leverage if Belarus were to make the wrong choices regarding its membership in the Union. If anything, Belarus' membership in the EaEU has only increased its already high dependency on Russia. Belarus' relative bargaining position is lowered further due to the absence of realistic alternatives, both unilateral and coalitional. Shortly summarised, when looking at relative bargaining positions it can be stated that Russia is the strongest member, Kazakhstan comes second, and Belarus is the weakest.

CONCLUSION

The primary goal of this thesis was to show how liberal intergovernmentalism can help explain why the founding members of the EaEU established the organisation. Through the analysis of national preference formation and interstate bargaining, this thesis has shown that the liberal intergovernmentalist theoretical framework can help clarifying as to why Russia, Kazakhstan and Belarus formed the Union. First, this thesis has shown that the national preferences of the founding members differ from one another, with one member basing its preferences on geopolitical motives, and two members basing their preferences on economic motives. These formations are dictated by national leaders accompanied by marginal influence of elite groupings. The interstate bargaining shows on what basis the leaders decided to agree to establish the Union.

Putin's national preferences can indeed be considered geopolitical when analysing major events during the time of the EaEU's conception, as well as Russian foreign policy. Besides the economic crisis of 2008 no significant economic shifts took place, whereas multiple geopolitical events occurred around the time plans for an integration project were announced, and also shortly before the time of its establishment. By presenting the Union as an alternative to the EU, Putin created a bulwark for shielding autocratic states. Concessions made by Putin during the negotiations gave the impression that the Union would indeed be purely economic, yet they did not truly reduce Russia's political influence over other members. Economic influence has also been strengthened through the adoption of Russian tariffs and providing members with loans and subsidies, which can serve as future leverage for Russia. Thus, the main purpose for Putin to establish the Union was to maintain control in the region and, when looking at the political and economic influence he retained throughout the negotiations, he successfully managed to do so.

Then national preferences of Lukashenka were mostly aimed at receiving as much economic benefits as possible. By joining the Russian-led integration project Lukashenka sought to gain preferential trade deals, subsidies and loans from its neighbours, especially since the economic situation in Belarus was not looking good at the time. His most prominent wish was for harmonisation of energy sectors, which would be preferential for Belarus considering its dependence on Russian gas.

Furthermore, by joining an organisation that treated members as equals, Lukashenka tried to reduce Russian influence over Belarus. In practice, it did not work out like that. Russia is still the most dominant member within the Union despite the Union's legislative framework. Although Lukashenka received a significant sum through subsidies and loans, this is only a short-term effect of joining the EaEU. The weakening economic situation in Russia makes chances on such preferential deals less likely in the future, and the loans granted by Russia are now dormant tools of leverage. Whether the energy sectors will be harmonised is uncertain as well. Lukashenka agreed to establish the EaEU under the pretence of economic benefits and equal political power, but instead stranded in a union with no real prospects for long-term economic development and harmonisation, nor with political equality for its members.

Nazarbayev long wished for renewed integration in the region, so it is no surprise why he decided to agree on joining the project. His goal was to establish a union based on respecting sovereignty and economic gains. By joining the Eurasian integration project Nazarbayev hoped to position his country as a bridge between East and West, trading with both sides for maximum economic potential. His willingness to see the integration process happen caused Nazarbayev to not make significant demands regarding the Union, except for the name and nature of the Union to be economic. Much like Lukashenka, Nazarbayev's dreams of a Union based on equality were shattered by Russian dominance. Nazarbayev agreed to policies that severely harmed Kazakhstan's economy whilst creating a beneficial environment for Russian producers. The EaEU was supposed to be an economic organisation for increasing prosperity in Kazakhstan, but ironically the country was affected the worst of all three founding members. In the end only one of the founders truly received what they intended, and left the other two stuck in a broken union hijacked by geopolitical ambitions.

The author is convinced that liberal intergovernmentalism can be used as a baseline theory for Eurasian integration, and that this thesis has shown in what ways it can do that. This thesis could serve as a stepping stone for new research concerning liberal intergovernmentalism as a theory to analyse Eurasian integration. Not only can this thesis add to the discussion of Eurasian integration, but also to the discussion concerning the application of liberal intergovernmentalism. As this thesis focused on the first two steps of the basic liberal intergovernmentalist theoretical framework, further research

could focus on adding additional elements of the theory to reach complementing, or perhaps contrasting conclusions regarding the usefulness of liberal intergovernmentalism when analysing other regions. Additionally, the scope of this thesis was aimed towards the three founding member states of the EaEU. Future research could opt to include the remaining members of the Union, or solely focus on these members to reach new results. Furthermore, discussions regarding Eurasia and regional integration theories often call for a new theory to be developed. The author of this thesis believes it is not necessary to develop an entirely new theory, but an alteration of the existing liberal intergovernmentalist framework would be sufficient, once peculiarities of the region in question are considered. This hypothesis serves as a suggestion for further research on Eurasian integration through the lens of liberal intergovernmentalism. It should be acknowledged that no single theory can cover all aspects of regional integration, liberal intergovernmentalism included. Nevertheless, it can be considered as a useful baseline theory for any type of research regarding regional integration, and should receive more attention than it currently does.

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