



## Russia's Eurasian Disunion

by Emil Avdaliani

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**EXECUTIVE SUMMARY:** When the Eurasian Economic Union (aka the Eurasian Union) was unveiled in early 2015, it had one major goal: to strengthen Moscow's position across the former Soviet space. By promising economic benefits and military protection, the Kremlin managed to bring Armenia, Belarus, Kazakhstan, and Kyrgyzstan into the Union and solidify its influence over them. However, the Eurasian Union has stalled since then. It lags considerably far behind other major unions across the Eurasian continent in terms of overall economic and political influence, and will continue to face major geopolitical competition from the European Union (EU).

The Eurasian Union was created in early 2015, but the idea was hardly new. Since its inception as a veritable regional power in the 16<sup>th</sup> century hinterland, Russia has always worked to attract and dominate its smaller neighbors, which were hard pressed by other powers such as the Ottoman Empire, Iran, and Austria-Hungary.

The Russian Empire under the Romanov dynasty and its successor state under the Soviets are good examples of projects in which Russia positioned itself as a Eurasian power. Though its integration projects varied in size and intensity, the fundamental principle underpinning Moscow's actions was that the country did not entirely belong to either Europe or Asia. What has remained an unchanged imperative throughout the centuries was the necessity of establishing buffer states along Russia's western and southern borders to inhibit European influence.

The creation of the Eurasian Union reflects this Russian geopolitical imperative. Through the Union, any western economic or military encroachment on the former Soviet space would be, if not forestalled completely, at least considerably constrained. Indeed, the creation of the Union (despite the

economic considerations underlying this move) was largely about enhancing Russia's ability to project and solidify its influence over Belarus, Kazakhstan, Armenia, and Kyrgyzstan. Beyond trade, the countries also discuss security, military affairs, and other vital spheres of cooperation.

The overall intention behind the Eurasian Union (if never openly stated) was 1) to create a counterbalance to the European Union (EU) and its expansion into eastern Europe; and 2) to establish an equal partner to China in its Belt and Road Initiative (BRI), which was introduced in 2013.

The Eurasian Union has several strategic advantages. The collective population of the grouping totals almost 179 million people and its collective GDP nears \$1.9 trillion (though these are much lower figures than those of the EU or the BRI). Another advantage is the size and borders of the Union, which nearly correspond to those of the former Soviet Union. This enables Russia to project its influence over large swathes of land. Like NATO in the west, it can potentially use its Collective Security Treaty Organization as a shield against security challenges emanating from the Central Asian region or the South Caucasus.

A further advantage is the Eurasian Union's geographic dimension. A glimpse at the map shows that the Union is well positioned between the two economic powerhouses of Europe and East Asia. This is fortunate for the Union countries, considering the scope of the strides China is making in expanding and implementing its BRI initiative. Indeed, several of the major economic corridors through which China wants to connect to the European market are via Kazakhstan and south of Russia.

Nevertheless, despite some initial success, the expansion of the Union has stalled. There are several reasons for this.

When Russia launched the Union in 2015, it was suffering a recession that had been caused by low oil prices and sanctions imposed against the Kremlin for its involvement in the Ukraine crisis and the annexation of Crimea. The Russian economy contracted by 3.7% in 2015. Ukraine was lost, and with it, its rich business market and large population pool.

The Russian economic crisis had a significant spillover effect on other members of the Union, endangering the grouping's overall viability. This occurred because Russia accounts for the largest proportion of economic and population clout in the Union —\$1.6 trillion in GDP and 143 million citizens.

Another big hit to the prestige of the Union occurred in 2015 when several former Soviet states, including Ukraine, Moldova, and Georgia, signed association agreements with the EU.

Beyond those pro-European countries, even former Soviet states that had sought a neutral position in the standoff between Russia and the West have hesitated to join the Eurasian Union. This is because they are concerned about Moscow's clout. In the South Caucasus, Azerbaijan wants to continue pursuing the policy it has been following since the collapse of the Soviet Union without committing itself to any major alliances. Joining the Eurasian Union would invite too much direct Russian influence for Baku's tastes.

The same goes for Uzbekistan and Tajikistan. Media reports occasionally claim that Dushanbe and Tashkent are talking about getting involved in the Union, but so far, no action has resulted. The reason, again, is apprehension over Russia's overwhelming economic and military dominance within the Union. Moreover, the Central Asian states are learning from the example of Kyrgyzstan, the economy of which has not fared well since its entrance into the Union.

Although the EEU can be expected to continue to position itself as a bridge between Europe and China, it will face ongoing economic and political challenges as it struggles to sign up new members – even as the existing member states reel from Russian economic and military dominance. Beyond the five current members, other former Soviet Union states are unlikely to join the Union anytime soon.

*Emil Avdaliani teaches history and international relations at Tbilisi State University and Ilia State University. He has worked for various international consulting companies and currently publishes articles focused on military and political developments across the former Soviet space.*

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