

REGIONAL INTEGRATION IN EURASIA: ROLE OF RUSSIA IN EURASIAN ECONOMIC UNION

By

Majid Kamal

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Thesis/ Dissertation Title: **REGIONAL INTEGRATION IN EURASIA: ROLE OF RUSSIA IN EURASIAN ECONOMIC UNION**

Submitted by: Majid Kamal

Registration #: 33 MPhil/IR/S22

Full Name Of Degree: Masters of Philosophy

International Relations
Discipline

Dr. Maliha Zeba Khan

Name of Research Supervisor

Signature of Research Supervisor

Dr. Sarwat Rauf

Name of HoD

Signature of HoD

Prof.Dr.Muhammad Riaz Shad

Name of Dean (FSS)

Signature of Dean (FSS)

CANDIDATE DECLARATION FORM

I Majid Kamal

Son of Muhammad Kamal

Registration # 33 MPhil/IR/S22

Discipline of International Relations

Candidate of Masters of Philosophy at the National University of Modern Languages do hereby declare that the thesis: **REGIONAL INTEGRATION IN EURASIA: ROLE OF RUSSIA IN EURASIAN ECONOMIC UNION** submitted by me in partial fulfillment of MPhil degree, is my original work, and has not been submitted or published earlier. I also solemnly declare that it shall not, in future, be submitted by me for obtaining any other degree from this or any other university or institution.

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Signature of Candidate

Majid Kamal

Name of Candidate

DEDICATION

I dedicated this thesis to my Aunt **Miss Shahida Iqbal** and my parents, **Mr. Muhammad Kamal** and **Mrs. Luqman Begum** who have been my constant source of love and encouragement throughout my academic pursuits. Their unwavering support and belief in me have kept me motivated during the most challenging times.

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LIST OF ABBREVIATIONS

Balance Of Power	Bop
Belt And Road Initiative.....	BRI
Caspian Pipeline Consortium.....	CPC
Central Asia – Centre.....	CAC
Central Asian External Trade.....	CET
Collective Security Treaty Organization.....	CSTO
Common Foreign And Security Policy.....	CFSP
Commonwealth Of Independent States.....	CIS
Custom Union Treaty.....	CUT
Custom Union	CU
Eurasian Customs Union.....	ECU
Eurasian Development Bank	EDB
Eurasian Economic Council.....	EEC
Eurasian Economic Union.....	EAEU
European Atomic Energy Community.....	EURATOM

European Coal And Steel Community.....	ECSC
European Commission.....	EC
European Steel and Coal Community	ESCC
European Union.....	EU
Foreign Direct Investment.....	FDI
Foreign Policy.....	FP
Free Trade Agreement.....	FTA
Gross Domestic Product.....	GDP
Gross Domestic Product.....	GDP
Russian Soviet Federative Socialist Republic.....	RSFSR
Single Economic Space.....	SES
Single European Act.....	SEA
Treaty Of Rome.....	TOR
Union Of Soviet Socialist Republics.....	USSR
United States.....	US
United States.....	USA
World Trade Organization.....	WTO

World War I.....WWI

World War II.....WWII

ABSTRACT

Eurasia, a geopolitical and economic hotspot at the meeting point of Europe and Asia, is where countries congregate to discuss the possibilities of regional integration. In this vast region, the Eurasian Economic Union (EAEU) has become a noteworthy endeavor with the goals of coordinating economic policy, advancing commerce, and cultivating stronger relationships between its constituent nations. The main objective of the research is to study historical evolution of European regional integration and its dynamics, to explain and analyze the dynamics of EAEU, to evaluate the role of Russia in EAEU with political and economic perspective, to determine the levels of efficacy of EAEU and its impacts on member state geopolitics and geo-economy. This study utilizes a qualitative research methodology, focusing on a comprehensive examination of the historical, political, and economic elements that have influenced the EAEU. The study utilizes a descriptive-analytical approach, systematically detailing historical events, policies, and institutional developments, followed by an analysis of their implications within the framework of regional integration theories, particularly neofunctionalism. The study shows there is a need to enhance the Eurasian Economic Union institution framework for better dispute resolution and implementation of policies, the dependency of Russia should be minimized so the stability of the union should be enhanced.

INTRODUCTION

Regional integration is becoming more and more important in the globalization period as a means of advancing economic cooperation, bolstering political stability, and reinforcing collective security. International relations now revolve around regional integration, which unites countries to create supranational entities. The cooperative pursuit of common goals, whether in political or economic coalitions, emphasizes the idea that connectivity may result in advantages for all parties involved.

The economic and geopolitical nerve center at the rendezvous of Europe and Asia is known as Eurasia, where the states discussed regional integration and made it possible. Due to its diverse range of political systems, economies and cultures the Eurasian countries provide special focus on the regional integration processes. Looking at this, the Eurasian Economic Union with the goals of combine economic policies, strengthening and enhancing relationship between states and progressive commerce became a significant achievement in the region.

The states of Eastern Europe and Northern as well as central Asia developed a free trade zone and international economic union with the name of EAEU. Initially the Union was founded by the founding members nations Belarus, Kazakhstan and Russia after signing the treaty of union in 2014 and founded it on January 1st, 2015.¹

The main goal of the integration initiative of Eurasian states is to make the coordination and collaboration between the states easier. The dedication towards the integration of the region can be seen by founding of Eurasian customs Union and Eurasian Economic Union respectively. Along with this, research also covers the economic impact of EAEU on its member states and the institutional groundwork of the union.

Making the Eurasian Economic Union successful the Russian Federation a state with sizeable territory and strong is essential for the union. The participation of Russia in

¹ El-Agraa, Ali M. "Economic Integration Amongst Developing Nations." *The Theory and Measurement of International Economic Integration*, 1989, 89-100. doi:10.1007/978-1-349-10203-7_5.

Eurasian Economic Union will influence the union direction it takes in terms of political, economic and geopolitical aspects. Solving the dilemmas of Russia's position in EAEU is difficult to understating the complexities of regional Integration in Eurasia.

The historical Western trade accords and European Union has great political and economic impact, which made the Eurasian states create Eurasian Economic Union. The member states of the EAEU are Russian, Belarus, Kyrgyzstan, Armenia and Kazakhstan. These states united for the goals of increasing economic competitiveness and collaboration along with the promotion of enhancing living standards.

The main goal of the Eurasian Economic Union is to integrate the former soviet States. While the official goal of the union is to establish a common market same as that of the European Union. By coordinating economic policies, getting rid of non-tariff trade barriers, standardizing laws, and bringing its five-member nations' economies up to date, it hopes to accomplish this.

In addition to providing for common policies in the areas of macroeconomics, transportation, industry and agriculture, energy, international trade and investment, customs, technical regulation, competition, and antitrust regulation, the EAEU guarantees the free movement of capital, labor, and products between the member states. The treaty creating the EAEU has not yet established a unified currency, in contrast to the treaty creating the Eurozone.

Russia attempted a number of integration initiatives through the CIS, the Soviet Union's far weaker successor organization, following the fall of the Soviet Union in 1991. However, this presented serious challenges. While some CIS members were open to further collaboration with Russia, others were not. Many in Ukraine believed that the organization just served as a means of enabling a polite separation from Russia. A number of other projects were established outside of the CIS, such as the Common Economic Space of 2003 and the Eurasian Economic Community of 2000, which included Tajikistan, Kyrgyzstan, Belarus, Kazakhstan, and Russia. Russia started making more active and ambitious endeavors to establish commercial ties with the former Soviet countries starting about 2010.

Russia is the biggest and most powerful member of the EAEU, and as such, the union's dynamics are greatly impacted by its policies, economic plans, and political choices. In view of this, the qualitative study embarks to examine the political interplay between Russia's position in EAEU and the regional integration in Eurasia. Through an examination of this engagement's several aspects, the research seeks to shed light on how Russia's involvement affects the efficiency, obstacles, and prospects of the Eurasian integration process. With focus on Russia's crucial position within EAEU the research aims to bring forth a detailed study of the changing landscape of regional integration in Eurasia through interviews, content analysis and case studies.

Statement of the Problem

Russia is a developed state among Eurasian states, and it is desiring to enhance its economy, while on the other hand, there are four developing states working together for economic integration. This raises the question of whether this organization is successful or not, how long they will stay together, and what benefits they will get from working together in a union for economic integration.

Objective of the study

1. To study historical evolution of European regional integration and its dynamics.
2. To explain and analyze the dynamics of EAEU.
3. To evaluate the role of Russia in EAEU with political and economic perspective.
4. To determine the levels of efficacy of EAEU and its impacts on member state geopolitics and geo-economy.

Research questions

1. How are the political and economic factors of Russia enhancing its ingress in the Eurasian Economic Union?
2. Why are decision-making processes within the regional integration framework driven by Russia bringing about the EAEU member states toward reconfiguration of regional outlook?

3. Why do the Eurasian Economic Union member states converge with Russia leadership?

Literature Review and Research Gap

The undertaken research thematic literature reviews following: Regional Integration in Eurasia, Role of Russia, and Interest of member states. These themes have been reflected in the following table.

Irina Busygina critically examines Russia's relationship with the member states of the EAEU, focusing on the dynamics of trust and hegemonic strategies employed by Russia within the region.² Busygina underscores the crucial role of mutual trust in the success of any organization, positing that a lack of trust, coupled with other motives pursued by Russia, hinders the potential success of the EAEU. The author contends that Russia's primary objective is regional dominance, a motive that may be at odds with the principles of equal partnership and cooperation necessary for organizational success. Busygina further explores the notion that strategic policy commitment demands decisive and robust decision-making processes, yet in the context of the EAEU, the observed processes appear temporary and limited in scale. Moreover, the author suggests that Russia's commitment to the organization appears contingent on specific circumstances rather than stemming from a genuine, enduring dedication. This qualitative analysis provides valuable insights into the complexities of Russia's role within the EAEU, shedding light on trust issues and strategic considerations that impact the organization's overall effectiveness.

Alexander Libman exploration is undertaken into how Russian discourse perceives the EAEU³. Libman adopts a dual perspective, scrutinizing the EAEU through both official discourses, emanating from higher echelons such as state ministers and the president, and scholarly discourse, encompassing the insights and suggestions of experts. The rationale behind considering both discourses is elucidated, and assumptions made by experts are also

² I. Busygina, "Russia in the Eurasian Economic Union: Lack of trust in Russia limits the possible," PONARS Eurasia – New Approaches to Research and Security in Eurasia, last modified September 1, 2020, <https://www.ponarseurasia.org/russia-in-the-eurasian-economic-union-lack-of-trust-in-russia-limits-the-possible/>.

³ A. Libman, "Russian Power Politics and the Eurasian Economic Union: The Real and the Imagined," *Rising Power Quarterly* 2, no. 1 (2017): 81, <https://rpquarterly.kureselcalismalar.com/quarterly/russian-power-politics-eurasian-economic-union-real-imagined/>.

a focal point of discussion. The official discourse envisions the EAEU as a vehicle to enhance Russia's standing in global politics, yet Libman contrasts this idealized perspective with the empirical reality. According to his analysis, the actual impact of the EAEU on Russia's economy may be restrictive, potentially impeding its growth trajectory. However, Libman's focus is predominantly on the Russian viewpoint, as he does not delve into the perspectives of other member states within the EAEU. Furthermore, the study does not extensively address the complex dynamics between Russian dominance and the aspirations of member states to contribute to the EAEU's emergence as a global power. This qualitative examination provides valuable insights into the disjuncture between the imagined and real implications of the EAEU within the context of Russian power politics.

Jeanne L. Wilson examines Russia's political objectives in its involvement with or creation of organizations such as the EAEU⁴. Wilson posits that Russia's primary aim in engaging with these multilateral entities is to safeguard its political interests, emphasizing that its motivations are predominantly political rather than economic. The author contends that Russia aspires to establish itself as a global power representative within the region, using multilateral organizations as a means to achieve regional hegemony. Wilson underscores the significance of Russia's pursuit of hegemony as a strategy to elevate its status on the global stage. A key aspect of the discussion involves the examination of Russia's official discourse, with Wilson presenting a constructive perspective. According to the author, the world's perception of a state is shaped by how it projects itself globally. In this context, if Russia presents itself as a global power through its participation in multilateral organizations, it is likely to be perceived as such by the international community. Wilson's qualitative analysis provides valuable insights into Russia's strategic motives and the role of multilateral organizations in shaping its global image.

Mark Entin and Ekaterina Entina explored the concept of Eurasianism, rooted in ideas that emerged in the 19th century, has undergone significant evolution, with a pivotal narrative emerging in the 1920s challenging the notion of Western civilization's inherent

⁴ E. P. Dal and E. Erşen, "Russia as a Regional Actor: Goals and Motivations," in *Russia in the changing international system* (Springer Nature, 2019), 63.

superiority.⁵ Defined by the geographical expanse of Eurasia, positioned as the central landmass between Europe and Asia, this ideology draws upon historical, geographical, and cultural factors that influence diverse forms of national association. Following the dissolution of the USSR, the landscape of Eurasianist thought witnessed a transformation, giving rise to new ideologies and political theories. Notably, President Nursultan Nazarbayev of Kazakhstan played a key role in shaping a positive iteration of Eurasianism.

Ksenia Kirkham focus is on evaluating the extent to which the Eurasian Economic Union serves as a Russian hegemonic project.⁶ Kirkham contends that the EAEU functions as a strategic tool for advancing Russian hegemony within the region. The article delves into the transitional phases of the organization, providing an analysis that spans various dimensions, including trade, cultural initiatives, and developmental projects within the Eurasian context. Additionally, Kirkham incorporates a statistical overview to substantiate the discussion on the different phases of the Eurasian organization. Notably, the author suggests that while the full manifestation of Russian hegemony may not have materialized, there exists a potential for Russia to establish itself as a hegemonic force in the region. This qualitative and quantitative exploration contributes valuable insights into the dynamics of the EAEU and its role in facilitating or hindering Russian regional hegemony.

In her 2016 article, "The Formation of the Eurasian Economic Union: Assessing the Success of Russian Regional Hegemony?" Ksenia Kirkham utilizes a Neo-Gramscian paradigm to examine the Eurasian Economic Union as a tool for Russian regional hegemony. She assesses four fundamental components: institutional architecture, material resources, security dynamics, and cultural leadership. Kirkham asserts that although Russia has solidified its domestic hegemony, its regional supremacy through the EAEU is yet unfulfilled. To attain effective hegemony, Russia must not simply imitate the European Union's formal frameworks but instead concentrate on establishing a strong welfare system that serves essential social groups, so ensuring wider social consent and cultural dominance. Recent developments highlight the obstacles to Russia's regional dominance

⁵ Mark Entin and Ekaterina Entina, "The New Role of Russia in the Greater Eurasia," *Strategic Analysis* 40, no. 6 (2016): 590, doi:10.1080/09700161.2016.1224060.

⁶ K. Kirkham, "The formation of the Eurasian Economic Union: How successful is the Russian regional hegemony?," *Journal of Eurasian Studies* 7, no. 2 (2016): 113, doi:10.1016/j.euras.2015.06.002.

within the EAEU. A leaked Russian government paper indicates that Western sanctions have hindered Moscow's attempts to assimilate former Soviet states, while nations such as Kazakhstan and Kyrgyzstan pursue other economic routes and adhere to the sanctions. Moreover, internal conflicts among EAEU members, exemplified by the public confrontation between Armenian Prime Minister Nikol Pashinyan and Belarusian President Alexander Lukashenko at a December 2024 summit, underscore the union's internal difficulties. These trends correspond with Kirkham's theory, suggesting that Russia's quest for regional hegemony via the EAEU encounters substantial challenges, including geopolitical conflicts and the necessity for true socio-economic reforms to secure broad regional backing.

In his work, "Integration Projects of Russia and EAEU: Chance for Extension Export?" Vladimir P. Obolenskiy investigates the potential of Russia and the Eurasian Economic Union to expand export opportunities through regional trade agreements. He observes that while global trade increasingly relies on such accords, Russia's efforts have mostly concentrated on the post-Soviet space, limiting broader market access. The EAEU has negotiated free trade agreements with numerous nations and is negotiating more; however, these efforts now provide Russia preferential access to fewer than 10% of the world market. Obolenskiy contends that without strengthening the competitiveness of its manufacturing sector, Russia's capacity to use these agreements for export growth remains hampered.

David M. Kemme's paper, *The Effects of the Eurasian Economic Union on Regional Foreign Direct Investment and Implications for Growth*, explores the EAEU's impact on FDI inflows and economic expansion. The analysis reveals that membership in the EAEU has not considerably enhanced FDI, demonstrating that regional integration alone is insufficient to attract overseas investors. While GDP growth has been documented, it appears driven by forces beyond FDI. The analysis stresses the need for structural reforms and external economic collaborations to improve investment possibilities. This analysis contributes to the greater debate on the efficiency of the EAEU in supporting regional economic development.

In *Eurasian Economic Union: Current State and Preliminary Results*, Evgeny Vinokurov (2017) gives a comprehensive review of the EAEU's early performance, examining its

economic and political elements. He underlines the EAEU's gains in trade facilitation, customs harmonization, and institutional development while also admitting continuing problems, including as economic differences among member states and political frictions that hamper closer integration. Vinokurov says that despite Russia's significant involvement in shaping the union, the EAEU's effectiveness depends on the joint commitment of all member states rather than unilateral Russian influence. His work contributes to the greater literature by noting that while the EAEU demonstrates aspects of economic regionalism, its long-term success will lie in balancing national interests with supranational cooperation. This study is particularly pertinent to discussions on Russia's leadership in the EAEU, as it emphasizes both its geopolitical objectives and the structural constraints of the union.

Zhenis Kembayev conducts a comprehensive exploration of the historical evolution of regional integration in Eurasia, with a particular focus on the legal and political dimensions of this complex process.⁷ Kembayev skillfully delves into the intricate landscape of integration, providing insightful analysis of the Soviet integrated states and the broader historical context that has shaped the region. The author pays meticulous attention to the legal and political aspects driving integration processes, emphasizing the dual nature of these endeavors, guided by both political and economic objectives. Kembayev posits that states engage in and formulate integration models not only to pursue economic goals but also to address political and security concerns. The article further delves into the intricacies of collective security organization within the Eurasian context, offering a nuanced examination of the processes and formation of integration groupings. Kembayev expounds on the purposes, principles, and major areas of cooperation within these regional integration frameworks. The author's analysis encompasses a rich exploration of the challenges and problems inherent in the integration processes in the Eurasian region, providing a holistic understanding of the dynamics at play. Overall, Kembayev's work contributes significantly to the scholarly discourse on regional integration, offering a

⁷ Z. Kembayev, "Regional integration in Eurasia: The legal and political framework," *Review of Central and East European Law* 41, no. 2 (2016):166, doi:10.1163/15730352-04102002.

thorough examination of its legal and political underpinnings and shedding light on both its potential and challenges within the Eurasian context.⁸

Evgeny Vinokurov extensively explores the formation and processes of the Eurasian Economic Union. The book commences with a detailed historical account, tracing the evolution of the Eurasian region and the disintegration of the Soviet Union. Vinokurov underscores Russia's historical use of unions as strategic instruments for achieving political goals and asserting dominance over its disintegrated states. The narrative then shifts to the specific context of the EAEU, unraveling its objectives, formation, and the intricate interplay of political, economic, and historical factors. Throughout the discussion, the author highlights the regional potential embedded in the EAEU and examines trade dynamics within the region. Vinokurov's work, by seamlessly blending historical context with contemporary insights, offers a comprehensive understanding of the Eurasian Economic Union's origins and its role in shaping regional dynamics.

For clarity and better understanding following is table giving an overview of semantic work which has guided the undertaken research.

Regional Integration in Eurasia	Role of Russia	Interest of member states
<i>Introduction to the Eurasian Economic Union: Evgeny Vinokurov</i>	<i>Russia in the Changing International System by Emel Parlar Dal Emre Erşen</i>	Russia and the Eurasian Economic Union: Between Bilateral and Multilateral Relations by Irina Busygina & Mikhail Filippov
<i>Creating a Eurasian Union Economic Integration of the Former Soviet Republics Yulia Vymyatnina Daria Antonova</i>	<i>Russia's Eurasian Strategy Jeronim Perović</i>	Sanctions Against Russia and Their Impact on the Eurasian Economic Union E. Makhmutova

⁸ E. Vinokurov, *Introduction to the Eurasian Economic Union* (Palgrave Macmillan, 2018), 89.

<p>Regional Integration in Eurasia: The Legal and Political Framework</p> <p>Zhenis Kembayev</p>	<p>Russia's Eurasian strategy</p> <p>Perovic, Jeronim</p>	<p>Regional international organizations as a strategy of autocracy: the Eurasian</p> <p>Economic Union and Russian foreign policy</p> <p>Alexander libman and anastassia v. Obydenkova</p>
<p>The formation of the Eurasian Economic Union:How successful is the Russian regional hegemony?</p> <p>Ksenia Kirkham</p>	<p>Russia, Post-Soviet Integration, and the EAEU: The Balance between Domination and Cooperation Irina Busygina & Mikhail Filippov</p>	<p>The Eurasian Economic Union: Expectations, Challenges, and achievements , Andrei Yelisseyeu</p>
<p>Understanding Economic Integration in the Eurasian Economic Union – the Relevance of Integration Theories</p> <p>Mats Braun, Anna Gromilova & Lea Melnikovová</p>	<p>The New Role of Russia in the Greater Eurasia Mark Entin & Ekaterina Entina</p>	
<p>Towards the Eurasian Economic Union:</p> <p>The challenge of integration and unity</p> <p>Steven Blockmans, Hrant Kostanyan and Ievgen Vorobiov</p>	<p>The New Role of Russia in the Greater Eurasia</p> <p>Mark Entin & Ekaterina Entina</p>	

There is a plethora of academic work but significant gap which is evident is lack analysis of the geopolitical lacunas created by dominant Russian role in the processes of EAEU.

Core argument

The impact of Eurasian integration could not bring about the perceived outcomes for Russia in terms of enhanced strategic prowess in the region as well as political ingress into member states, leaving space for adverse political and economic interplay.

Theoretical framework

Ernst B. Haas was a well-known political scientist who made significant contributions to the study of international relations, especially in the area of regional integration. One of his main theories is the "Neofunctionalism" approach, which he developed in the 1950s and 1960s. Neofunctionalism is a theory of regional integration that suggests that economic integration in one area leads to a spillover effect, promoting further integration in other sectors and eventually creating momentum toward broader political integration.

According to Haas the functional, technical or economic cooperation among nations in one domain mainly trade or infrastructure prompt the integration process. As cooperation in one domain led to spillover effect by creating increased interdependence and cooperation in other areas. As Haas said, this spillover effect expand towards social and political domains, eventually paving the way for supranational political authority.

Looking at the early stages of European integration, mainly the context of the European steel and coal community the Haas theory of Neofunctionalism was influential. However, the challenges and limitations to the Neofunctionalist model of Haas were pointed out by the critics focusing on the cases of political and nationalistic considerations which hinder the way for further integration. Regardless of these critics, there is long lasting impact of Haas work on the study of regional Integration, and his thoughts and ideas are part of wide range of studies on international relations and cooperation.

Research Methodology

The study employs qualitative research methodology, with a focus on detailed observation of historical, political and economic parts which influenced EAEU. This qualitative

approach provides a thorough and deep analysis of the interaction among Russia's geopolitical ambitions, economic strategies and response of the other states within EAEU. For collection of secondary data books, research articles, newspapers, research reports and website were used. It is a deductive approach as the researcher used Neofunctional theory to gather data.

The study avails a descriptive analytical approach, precisely exploring historical events, policies and institutional developments succeeded by the implications within the framework of regional integration theories, Neofunctionalism. To scrutinize the historical milestones ranging from Westphalia to integration of former soviet states this method of study is suitable. This makes the evaluation of political, economic and strategic goals and motivations primarily Russia's leadership in the EAEU possible. Moreover, it provides a theoretical foundation by incorporating Neofunctional concepts. The descriptive component presents factual details regarding historical and contemporary developments, whereas the analytical component interprets these developments within the broader context of regional integration.

The obtained data is evaluated using a thematic analysis approach, which entails finding major themes and patterns connected to the establishment and evolution of the EAEU. The analysis is based around historical backgrounds, Russia's geopolitical and economic objectives, the role and interests of other EAEU member states, and the theoretical alignment with Neofunctionalism. By combining these themes, the paper delivers a coherent narrative on the dynamics of Eurasian integration and Russia's influence within the EAEU.

Delimitation

This research is limited to only from the union establishment till now that is 2015-2023. The Eurasian economic union is focused on economic development. The focus of research is regional integration through economy and its geographical implications whereas military debacle in the region will not be focused primarily.

Organizational Structure

This research thesis has the following chapters:

The thesis starts with an “Introduction”.

First chapter “Integration And Eurasian Union History” provides an overview of the conceptual and theoretical context of integration, which encompasses social, political, and economic dimensions that shape the spatial order of a region. The evolution of integration in Eurasia can be traced from the initial weak frameworks of the CIS to more ambitious initiatives like the EurAsEC, Customs Union, and ultimately the EAEU. Despite being a contested and fragile process, the EAEU represents the culmination of efforts towards integration.

Second chapter “Establishment of Eurasian Economic Union” revolves around the history of development of integration process in the Eurasia. This chapter covers glasnost and perestroika: prelude to post-soviet integration, from disintegration of soviet to integration of nascent states, nurturing integration efforts through custom union treaty, Eurasian economic community : step towards EAEU, Eurasian custom union treaty: Stepping towards EAEU, shaping single economic space through custom union.

Chapter Three “Russia Role and Interests in EAEU” revolves around the role and interests of Russia in EAEU. In this chapter Geopolitical Interests of Russia in EAEU, Russia and the Eurasian geopolitical dynamics, To Counter European Union, Cooperation with trading Blocs, Russia Role in EAEU, Infrastructure and Connectivity, Leadership in Policy and Decision-Making, Economic Dominance, Energy Security and Market Control, Domestic Policy and Economic Resilience, Financial Influence and Development Assistance, Securitization of EAEU projects in EAEU is discussed.

Fourth chapter explain Interests of EAEU Member states. The chapter revolves around the interests of the other member states of the EAEU. The chapter establishes Interests of Kazakhstan, Interests of Belarus, Interests of Armenia, Interests of Kyrgyzstan is discussed in detail.

In the end conclusions and findings of the thesis are given.

CHAPTER ONE

INTEGRATION AND EURASIAN UNION HISTORY

Integration is an important dimension of modern international relations, gaining valuable significance in the context of globalization, technological advancements, and increased cross-border interactions. Collaboration among countries to form regional and inter-regional blocs has become a customary practice.⁹ Integration encompasses economic, political, cultural, and security dimensions, extending beyond regional boundaries. The European Union serves as a prominent example of regional integration, but such processes are not exclusive to Europe or Western political traditions.¹⁰ Globally, integration is shaped by historical contexts, regional dynamics, and geopolitical factors.

Eurasia is a significant region for studying integration. While the EU emerged from economic and geopolitical changes after WWII, the Eurasian trajectory began with the dissolution of the Soviet Union and the subsequent collaboration of various institutional frameworks to address economic and political challenges. The establishment of the Eurasian Economic Union (EAEU) in 2015 was the culmination of years of regional integration efforts, starting with the Commonwealth of Independent States (CIS) in 1991, followed by the Eurasian Economic Community (EurAsEC) in 2000, and the Customs Union in 2010.¹¹ The region has experienced both progress and conflict in its development, as Russia sought to assert its dominance while smaller states navigated political risks and economic opportunities.¹² The effectiveness of regional organizations can be understood through theories of regional integration, such as Neofunctionalism by Ernst B. Haas. Neofunctionalism emphasizes the “spillover effect,” whereby cooperation in one area generates pressures for deeper collaboration in other sectors, often leading from economic integration to increased political cooperation.

⁹ Mansfield, Edward D., and Helen V. Milner. “The New Wave of Regionalism.” *International Organization* 53, no. 3 (1999): 589–627. <http://www.jstor.org/stable/2601291>.

¹⁰ Mattli W. Introduction. In: *The Logic of Regional Integration: Europe and Beyond*. Cambridge University Press; 1999:1-18.

¹¹ Dragneva, Rilka, and Kataryna Wolczuk. *The Eurasian Economic Union: Law, Policy and Politics*. Basingstoke: Palgrave Macmillan, 2017.

¹² Laure Delcour, *The EU and Russia in Their “Contested Neighbourhood,”* 2016, doi:10.4324/9781315644370.

This chapter describes the concept of integration and its political, economic, and cultural aspects. The second part of the chapter discusses the history of integration efforts in Eurasia, specifically the Eurasian Union. This section is divided into two parts: i) Concept of Integration, ii) Eurasian Union History.

1.1 Concept of Integration in International Relations

Integration, along with concepts such as regionalism, holds a prominent position within international relations. It refers to the unification of two or more political units through shared legal frameworks, common institutions, collective decision-making, and the construction of a collective identity. A broad definition describes integration as the coordination and harmony of independent societies seeking to maintain affiliations within determined policies, systems, and practices.¹³ These policies and practices can enhance socio-economic growth, provide political stability, ensure regional security, and foster cultural cooperation.

Early theory on regional integration came primarily from the European experience. Integration has been famously defined by Ernst Haas as “the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over pre-existing national states”.¹⁴ The result of such a process is the formation of a political community that goes beyond current national frameworks.

Political integration involves the transfer of powers from individual states to an enlarged political community, hence concentrating decision-making and limiting the autonomy of constituent units. Integration was defined by Karl Deutsch as the achievement of a “sense of community” maintained through institutions and routines with the ability to produce peaceful change between states.¹⁵ Ernst Haas, developing further this concept with his theory of Neofunctionalism, defined integration as the process whereby states

¹³ Jacques Godechot and Karl W. Deutsch, “Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience,” *The American Historical Review* 63, no. 2 (January 1, 1958): 375, doi:10.2307/1849558.

¹⁴ Ernst B. Haas, *The Uniting of Europe: Political, Social, and Economic Forces, 1950–1957* (Stanford, CA: Stanford University Press, 1958), 16.

¹⁵ Karl W. Deutsch et al., *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience* (Princeton, NJ: Princeton University Press, 1957), 5.

progressively lose the ability to pursue independent policies and instead shift decision-making power to central bodies.¹⁶ Integration consequently consists of the erosion of social, political, and economic boundaries between states and, in some cases, the circulation of powers from national center's to collective or supranational centers.¹⁷

Integration, in contrast, is not a homogeneous process. It varies from region to region in terms of historical inheritance, political motivation and other social power distributions. Integration in Western Europe, for example, emerged as a response to restore order after psychological and economic disaster in the result of WWII.¹⁸ This led to voluntary sharing of sovereignty in both economic and political spheres. As for Eurasia, integration is more influenced by a politically and militarily dominant empire along with coercive integration of regional states.¹⁹ Therefore, it affirms the need to possess both, a conceptual framework and a regional context when dealing with integration.

1.1.1 Political and Economic Approach of Integration

While the idea of integration has been a pillar of political science, economics, and international politics for a long time, it is still dynamic and susceptible to reinterpretation. Integration is the process of unification of groups that existed separately in the past, like states, economies, or societies. The degree of integration can range from weak cooperation to extremely structured institutionalized arrangements and even pooling of sovereignty.²⁰

Certain scholars emphasize the political dimensions of integration, especially the unique method of sovereignty in Europe post-WWII, starting with the European Coal and Steel Community and subsequently the European Economic Community (EEC).²¹ Ernst B. Haas, also known as the father of Neofunctionalism, formally delineated political integration in

¹⁶ Ernst B. Haas, *The Uniting of Europe: Political, Social, and Economic Forces, 1950–1957* (Stanford, CA: Stanford University Press, 1958), 16.

¹⁷ Leon N. Lindberg, *The Political Dynamics of European Economic Integration* (Stanford, CA: Stanford University Press, 1963), 9

¹⁸ Stanley Hoffmann and Ben Rosamond, "Theories of European Integration," *Foreign Affairs* 79, no. 5 (January 1, 2000): 140, doi:10.2307/20049924.

¹⁹ Rilka Dragneva and Kataryna Wolczuk, "The Eurasian Customs Union: Framing the Analysis," in *Edward Elgar Publishing eBooks*, 2013, doi:10.4337/9781782544760.00009.

²⁰ Mattli W. Introduction. In: *The Logic of Regional Integration: Europe and Beyond*. Cambridge University Press; 1999:1-18.

²¹ Stanley Hoffmann and Ben Rosamond, "Theories of European Integration," *Foreign Affairs* 79, no. 5 (January 1, 2000): 140, doi:10.2307/20049924.

The Uniting of Europe as “the process whereby political actors in several distinct national settings are persuaded to shift their loyalties.”²² In Haas's formulation, there is a shift of loyalties from the nation-state to the supranational order. Integration in this respect goes beyond intergovernmental cooperation through the process of building a political community gradually with control over its member components.

One of the key elements of Haas's framework is the spillover effect. Integration in one area creates pressures and incentives for coordination in another, thus increasing the scope of integration step by step. Leon Lindberg then elaborated on this concept, emphasizing that integration is a dynamic process: restricted cooperation in economic or technical spheres frequently generates functional needs for coordination in social, legal, or political domains.²³ Jean Monnet, one of the architects of European integration, also conceptualized this process as incremental, with harmonization within one policy field: trade or customs, for example, giving way to momentum for integration within allied fields.²⁴

Ernst Haas's neofunctionalism is based on the premise that integration is not a fixed contract between states but an ongoing process because of the functional interdependence of contemporary economies and the political actions of actors. He presumed that once states agree to sectoral cooperation of a limited sort, technical and economic interdependencies between sectors would create functional spillover, which would lead to further harmonization. More significantly, Haas assumed that political elites interest groups, bureaucrats, or elites would over time modify their tactics and expectations to the new supranational order, which he called political spillover. The presumption is that rational leaders, attempting to maximize their interests, will increasingly direct demands and allegiances toward supranational institutions once they realize that these institutions can better promote goals. Therefore, the Neofunctionalist premises of Haas form the basis of explaining how integration tends to extend beyond its original remit as functional need

²² Ernst B. Haas, *The Uniting of Europe: Political, Social, and Economic Forces, 1950–1957* (Stanford, CA: Stanford University Press, 1958), 16.

²³ Leon N. Lindberg, *The Political Dynamics of European Economic Integration* (Stanford, CA: Stanford University Press, 1963), 9.

²⁴ Jean Monnet, *Memoirs* (Garden City, NY: Doubleday, 1978), 403.

and changing political allegiances join to reify and extend supranational governance's powers.

Another prominent Neofunctionalist, Leon Lindberg, expanded on Haas's work by focusing on the politics involved in the development of supranational institutions. Lindberg defined integration as 'the process in which nations relinquish the desire and ability to independently conduct foreign and key domestic policies, opting instead to make joint decisions or delegate decision-making to new central bodies.'²⁵ In this context, integration goes beyond shared loyalties to include a willingness to transfer authority to new institutional structures. This perspective emphasizes the importance of institutional design in integration, allowing for an assessment of the depth of integration based on the scope and autonomy of supranational institutions.²⁶

Integration, unlike Haas and Lindberg's primarily political approach, was viewed as an economic phenomenon by several scholars. Bela Balassa, in his influential work, 'The Theory of Economic Integration,' defined integration as 'the abolition of discrimination within an area.'²⁷ He categorized economic integration into different levels, including preferential trade areas, free trade areas, customs unions, common markets, economic unions, and political unions.²⁸

Balassa's contribution is significant because he introduced a structured and measurable approach to studying integration. Unlike Haas, who focused on a primarily political definition of integration, Balassa analyzed progress in a more systematic way. Importantly, Balassa emphasized that integration is distinct from cooperation. Integration entails removing discriminatory barriers to cross-border trade (such as tariffs and quotas) to facilitate the free movement of goods, services, capital, and labor, while cooperation involves policy coordination without barrier elimination.

²⁵ Leon N. Lindberg, "The Political Dynamics of European Economic Integration," *The Political Dynamics of European Economic Integration* (Stanford University, 2006), doi:10.1007/978-0-230-20933-6_6.

²⁶ Ibid.

²⁷ Bela A. Balassa, *The Theory of Economic Integration*, 1982, <http://www.gbv.de/dms/zbw/656938358.pdf>.

²⁸ Ibid.

This perspective remains relevant in regions like Eurasia, where integration initiatives, such as EAEU, prioritize trade liberalization and customs harmonization over the establishment of supranational political dominance.²⁹ Balassa's framework provides a valuable perspective for understanding different levels of economic cooperation and integration, enabling analysts to situate Eurasian integration within a broader theoretical framework.

The definitions provided by Haas, Lindberg, and Balassa highlight the complex nature of integration. Political integration involves the transfer of power to central decision-making bodies, while economic integration focuses on eliminating trade barriers and promoting the free movement of production factors of goods and capital. These features are interconnected and interdependent. The success of integration projects often relies on the level of integration among these features. For instance, the economic achievements of the European Union were closely linked to the establishment of a strong European identity, and the creation of effective supranational governance structures like the European Commission and European Parliament. In contrast, Eurasian integration currently lacks equilibrium between its economic and non-economic integration efforts.

Regional integration has seen fresh impetus in most of the world since the 1990s, although scholarly debate has moved on to the link between regionalisation and globalisation.³⁰ Clear-cut theoretical schools have slowly yielded to more pragmatic, varied approaches. Regional integration is most appropriately conceived today as both a process and a product: it registers the increasing intensity of collaboration in economic, political, and social spheres, and captures also the institutionalisation of collective governance beyond the nation-state.

In integration process the states always seek to aim at the economic developments but their main goal is to achieve political goals. They make their way through economic policies and economic integration to reach the political goals. Looking at European integration which started from the economic cooperation and later made their way towards political

²⁹ Rilka Dragneva and Kataryna Wolczuk, "The Eurasian Customs Union: Framing the Analysis," in *Edward Elgar Publishing eBooks*, 2013, doi:10.4337/9781782544760.00009.

³⁰ Jacques Godechot and Karl W. Deutsch, "Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience

integration. This shows that the way towards political integration goes through economic integration process.

1.1.1.1 Process of Political Spillover

Political spillover works through a number of closely interconnected mechanisms. First, governments participate in economic integration like customs harmonization, liberalization of trade, or coordination of infrastructure where new problems arise which cannot be adequately addressed at the national level. Haas called this the ‘expansion of scope,’ wherein advance in one area creates pressures to cooperate in neighbouring fields.³¹ For instance, a customs union cannot operate effectively without shared norms in taxation, competition policy, and dispute resolution.

Second, functional cooperation generates institutional dynamics. Supranational institutions responsible for executing agreements invariably develop independent power over the course of time. Their participation in decision-making leads states and non-state actors to engage with these institutions, progressively making the latter's legitimacy seem like a matter of course. Haas noted that once supranational organs have secured a role in technical areas, they inevitably become the centre of political bargaining, thus setting their influence beyond the actual intent.

Third, spillover contains a political aspect born of shifts in loyalty. When supranational collaboration is successful in remedying transnational issues, political elites, bureaucracies, and special interests come to see their interests as attached to the new centre, as opposed to being exclusively attached to the nation-state alone. Haas was keen to point out that this does not occur overnight but is a gradual development through pragmatic problem-solving, coalition-formation, and readjustment in political expectations.

1.1.1.2 Political Spillover and the European Experience

The post-World War II, European project forms Haas's central empirical case. The creation of the European Coal and Steel Community (ECSC) in 1951 was meant to be a circumscribed economic arrangement. However, the necessity of coordinating production,

³¹ Ernst B. Haas, *The Uniting of Europe: Political, Social, and Economic Forces, 1950–1957* (Stanford, CA: Stanford University Press, 1958), 16.

prices, and labor standards across frontiers soon generated functional needs for wider cooperation.³² Institutions such as the High Authority (precursor to the European Commission) developed competencies outside their initial mandate.³³ This way, Haas was able to show that economic integration in coal and steel started and then spread into political integration in fields like competition law and labor mobility.

Political spillover was not simply an economic byproduct; it was a political logic of integration. The achievement of technical cooperation bred legitimacy for supranational rule, making subsequent integration desirable and viable. Haas therefore contended that integration is a self-generating process, driven less by abstract idealism and more by the pragmatic imperatives of interdependence.

In 1951, the European Steel and Coal Community was created with six countries pooling the coal and steel industries. The object was functional to prevent future conflict and secure critical resources. Coal and steel coordination necessitated shared rules in sectors like competition policy, labor mobility, and industrial standards. This functional necessity spilled into other spheres, generating demands for more profound economic harmonization.

The Treaty of Rome in 1957, formalized these pressures by creating the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM).³⁴ The EEC extended far beyond coal and steel, developing a customs union, abolishing internal tariffs, and preparing the basis for a common market. Haas and Lindberg noted that the success of the EEC could not be accounted for in pure economic rationality terms. Political spillover was at work: the governments, business associations, and trade unions gradually directed their activities towards Brussels, aware that common policies were more rewarding than individual national ones.

The process went on by increments. The 1986 Single European Act intensified integration through the establishment of the single market, which required harmonization in

³² Ernst B. Haas, *The Uniting of Europe*, 1958, https://openlibrary.org/books/OL24222807M/The_uniting_of_Europe..

³³ Jacques Godechot and Karl W. Deutsch, "Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience," *The American Historical Review* 63, no. 2 (January 1, 1958): 375, doi:10.2307/1849558.

³⁴ Nugent, Neill. *The Government and Politics of the European Union*. 9th ed. London: Palgrave Macmillan, 2017.

environmental protection, standards, and labor legislation. The 1992, Maastricht Treaty was another giant step, establishing the European Union (EU) and institutionalizing features of political union, such as a common currency, citizenship, and cooperation in foreign and security policy. Each phase demonstrates the Neofunctionalist process of spillover: initial cooperation in a single sector created pressures for general coordination, which generated new institutional structures. Coal and steel coordination necessitated shared rules in sectors like competition policy, labor mobility, and industrial standards. This functional necessity spilled into other spheres, generating demands for more profound economic harmonization.

Theoretically, the experience of Europe confirms Neofunctionalist theory that integration generates self-sustaining pressures. Political spillover can be seen in the progressive transfer of loyalty and decision-making power from national capitals to supranational institutions. The European Commission, European Parliament, and Court of Justice have become more powerful exactly because interest groups and governments have found it beneficial to funnel demands through them. As Haas predicted, integration within Europe has been not only intergovernmental coordination but a shift in the very site of political power.

1.2 History of Eurasian Union

The historical path of regional integration in Eurasia cannot be separated from the greater international environment in which the dissolution of the Soviet Union happened. The dissolution of the USSR in 1991, came at a precise moment when regional integration schemes were getting to a new level of maturity elsewhere, most particularly in Europe with the creation of the European Union (EU). Whereas the collapse of the Soviet Union symbolized disintegration and political fragmentation, the Maastricht Treaty of 1992, represented a deepening integration in Europe. This opposition of processes: integration in Europe and disintegration in Eurasia, created both, a challenge and an inspiration for the post-Soviet area. In a certain way, Eurasian integration efforts have been designed, sometimes unwittingly, in the shadow of European integration.³⁵

³⁵ Rilka Dragneva and Kataryna Wolczuk, "The Eurasian Customs Union: Framing the Analysis," in *Edward Elgar Publishing eBooks*, 2013, doi:10.4337/9781782544760.00009.

1.2.1 Commonwealth of Independent States

December 1991, dissolution of the Soviet Union was one of the most dramatic geopolitical shifts of the twentieth century. The fifteen newly independent states left behind common infrastructure, economic linkage, and institutional heritage, as well as profound uncertainty. The breakdown left what most analysts referred to as a “common economic space in ruins,” marked by severed supply chains, falling trade volumes, and strained political relations. Against this context, regional structures of cooperation were not only welcome but necessary to avoid total economic fragmentation.

The CIS was the initial institutional response to this challenge. Founded by the Belavezha Accords in December 1991, the CIS was conceived as a device for overseeing the transition from Soviet unity to post-Soviet sovereignty. In reality, though, the CIS was an imprecise and extremely intergovernmental organization without binding obligations and supranational powers.³⁶ Its emphasis was politically and declaratory in nature, aimed at maintaining a sense of unity among the ex-Soviet republics. Although it promoted cooperation in such areas as visa travel and elementary economic coordination, the CIS never managed to achieve a working customs union or a durable free trade zone. Its structural vulnerability represented both the resistance of the new states to yielding sovereignty and the power asymmetry between Russia and its neighbors.

By the late 1990s, however, the CIS limits became evident, and economic necessity started fueling fresh experiments at integration. In 1994, Kazakhstan's President Nursultan Nazarbayev initially floated the vision of a Eurasian economic union. Early attempts, however, were repeatedly thwarted. The initial one was with the signing of the Customs Union Treaty by Belarus, Kazakhstan, and Russia in 1995, to eliminate trade barriers but achieving modest successes.

1.2.2 Eurasian Economic Community to Eurasian Custom Union

A second attempt came in 2000 with the creation of the Eurasian Economic Community (EurAsEC) by Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan. In contrast to the

³⁶ Libman, Alexander, and Evgeny Vinokurov. *Eurasian Integration: Challenges of Transcontinental Regionalism*. Basingstoke: Palgrave Macmillan, 2012.

CIS, EurAsEC was structured with more defined economic goals: harmonization of trade regimes, coordination of customs policies, and movement toward a single economic space. Even though it brokered more than one hundred agreements and laid out the institutional framework for subsequent efforts, EurAsEC faced problems with implementation and uneven member commitment.³⁷ Still, it was a move toward institutionalizing integration through the establishment of specialist bodies and efforts to standardize rules of cooperation. Its eventual suspension in 2014, with the creation of the Eurasian Economic Union (EAEU) highlights its transitional character.

Yet another parallel project, the 2003 Single Economic Space agreement between Belarus, Kazakhstan, Russia, and Ukraine, fell apart following Ukraine's 2004, political change, being the second large-scale failed bid for integration.³⁸ A turning point came in 2007, when Russia, Belarus, and Kazakhstan signed an accord to create a working customs union. In 2010, the Common Customs Tariff entered into force, as encouraged by the economic crisis that motivated deeper cooperation.³⁹ In 2012, more agreements formalized the Single Economic Space, further deepening the regulatory convergence among the member countries.

A turning point in Eurasian integration was reached with the establishment of the Customs Union of Russia, Belarus, and Kazakhstan in 2010. The Customs Union was more ambitious than the previous ones, seeking to create a common external tariff, remove internal customs borders, and define trade regulation collectively.⁴⁰ The setup greatly boosted intra-union trade and gave an institutional framework for the negotiation of trade rules with the outside world. It also saw the rise of Russia as the lead integrator, both as the biggest economy and as the giver of energy subsidies to partners.

³⁷ Dragneva, Rilka, and Kataryna Wolczuk. *The Eurasian Economic Union: Law, Policy and Politics*. London: Palgrave Macmillan, 2017.

³⁸ Libman, Alexander, and Evgeny Vinokurov. *Eurasian Integration: Challenges of Transcontinental Regionalism*. Basingstoke: Palgrave Macmillan, 2012.

³⁹ Vinokurov, Evgeny. *Introduction to the Eurasian Economic Union*. London: Palgrave Macmillan, 2018.

⁴⁰ Ibid.

1.2.3 Custom Union to EAEU

The Customs Union became the Single Economic Space (SES) in 2012, which aimed to extend integration through harmonization of technical regulations, labor movement, and services markets. The SES implemented supranational decision-making via the Eurasian Economic Commission, an institutional model inspired partly by the European Commission. This move captured the dynamics of Neofunctionalist theory: cooperation in one area (tariffs and customs) was spilling over into other areas, like labor and regulatory policy. While the SES was still narrow in scope, it set the stage for the creation of a broader union.

The high point of this course was the signing of the Treaty on the Eurasian Economic Union (EAEU) in May 2014, which came into force on January 1, 2015. The EAEU formalized regional integration at an elevated level, establishing a legal personality, common customs and trade policies, and economic coordination mechanisms. Armenia and Kyrgyzstan later became members, bringing the membership outside the first three states. As opposed to its predecessors, the EAEU aimed to create not just a customs union but also a common market involving goods, services, capital, and labor.⁴¹ The institutional structure of the EAEU shows selective adaptation of the EU model, with supranational features constrained by member states' sovereignty concerns.

The EU model offered a tangible demonstration of how political and economic cooperation could be a stabilizing factor in a fragmented global order. To the rulers of the newly independent post-Soviet nations, particularly Russia, the European experience taught the value of collective institutions to contain economic interdependence and geopolitical vulnerabilities. The EAEU founding treaties resonate with integration jargon familiar from the EU's *acquis communautaire*, yet with far less depth and enforcement.⁴²

⁴¹ Libman, Alexander, and Evgeny Vinokurov. *Eurasian Integration: Challenges of Transcontinental Regionalism*. Basingstoke: Palgrave Macmillan, 2012.

⁴² Lindberg, Leon N. *The Political Dynamics of European Economic Integration*. Stanford: Stanford University Press, 1963.

1.2.4 Eurasian Adaptation: Economic Cooperation and Political Implications

Imposing Haas's model on Eurasia needs to be done carefully in context. In contrast to the EU, where integration was grounded in voluntary pooling of sovereignty among more-or-less equivalent partners, Eurasian integration began in a post-imperial environment dominated by Russia. Nevertheless, the underlying spillover logic illuminates how the EAEU developed from its original economic focus.

The CIS, established in 1991, is a prime example of restrained integration with weak organizational structure. Although it maintained limited cooperation following the breakdown of the Soviet Union, its loose institutional framework failed to generate pressures for additional political convergence. Nevertheless, with the establishment of the EurAsEC in 2000, functional pressures emerged. Harmonization of customs and joint infrastructure projects necessitated more formalized mechanisms of coordination, and this gave rise to procedures for the settlement of disputes and joint regulatory systems.⁴³

The 2010 Customs Union presents a clearer example of spillover. Tariff removal and the use of a common external tariff soon opened questions on labor mobility, financial regulation, and investment policy. Regulating the free movement of goods, for example, required technical standards agreements, customs procedures, and certification schemes.⁴⁴ These technical aspects had political undertones, pushing member states into negotiations outside trade. In this way, economic cooperation created political spillover into domains of administrative law, conflict resolution, and intergovernmental coordination.

Lastly, the formation of the EAEU in 2015, is an institutionalization of such spillover effects. Although formally it has a mandate of economic integration, the Union has developed frameworks addressing migration, industrial cooperation, and energy security subjects with evident political salience.⁴⁵ Even if member states are still cautious about

⁴³ Vasily Erokhin, "Contemporary Reshaping of Eurasian Integration: Russia's Policies and Their Implication for the EU and EurAsEC," *Procedia Economics and Finance* 22 (January 1, 2015): 402–11, doi:10.1016/s2212-5671(15)00313-5.

⁴⁴ Vinokurov, Evgeny. *Introduction to the Eurasian Economic Union*. London: Palgrave Macmillan, 2018.

⁴⁵ Julian Cooper, "The Development of Eurasian Economic Integration," in *Edward Elgar Publishing eBooks*, 2013, doi:10.4337/9781782544760.00011.

surrendering sovereignty, the logic of functional interdependence has incrementally extended the remit of integration beyond economics proper.

In spite of such similarities, Eurasian integration exhibits significant departures from Haas's European variant. To begin with, political spillover within the EAEU has been circumscribed by asymmetrical power relations. Russia, being the biggest economy and the leading player, tends to set the agenda, diminishing the incentives for small states to view supranational institutions as impartial mediators. This constrains the type of loyalty shifts Haas predicted, as elites in Kazakhstan, Belarus, and Armenia are reluctant to over-rely on Moscow.

Second, the institutional architecture of the EAEU embodies a weaker supranationalism than that of the EU. The Eurasian Economic Commission does have rule-making powers, but these are circumscribed by limited autonomy and dominant intergovernmental decision-making.⁴⁶ This limits the degree to which spillover is able to create a self-reinforcing process of integration.

Third, geopolitical tensions, more specifically, the effects of Western sanctions on Russia in 2014 and 2022, have transformed the course of spillover. Sanctions, on the one hand, have made Eurasian interdependence more intense by forcing Russia to divert trade and investments towards regional allies.⁴⁷ Sanctions, on the other hand, have supported the fears of small states regarding political entrapment in Russia's foreign policy disputes. Spillover is, therefore, under conflicting pressures in that it seeks stronger economic bonds while forestalling complete political alignment.

According to the Neofunctionalist approach, initiated by Ernst B. Haas, the rationale of Eurasian integration is understandable as a functional reaction to common challenges and as a process where cooperation in a particular field produces “spillover” effects into other areas. Thus, initial economic agreements on customs harmonization and trade facilitation set the ground for cooperation in transit of energy, transportation infrastructure, and labor

⁴⁶ Roy Allison, “Regionalism, Regional Structures and Security Management in Central Asia,” *International Affairs* 80, no. 3 (May 1, 2004): 463–83, doi:10.1111/j.1468-2346.2004.00393.x.

⁴⁷ Edward Hunter Christie, “The Design and Impact of Western Economic Sanctions against Russia,” *The RUSI Journal* 161, no. 3 (May 3, 2016): 52–64, doi:10.1080/03071847.2016.1193359

mobility. Russia's pivotal position in energy supply hastened this spillover dynamic, as pipelines and pricing arrangements needed collective regulation that went beyond simple trade agreements.⁴⁸ In this respect, the functional imperatives of interdependence increasingly pushed the member states towards supranational machinery, even though their sovereignty reservations blocked these institutions from attaining the degree of independence seen in the EU.

Simultaneously, the unique historical heritage of the post-Soviet world determined the form and speed of integration. In contrast to the EU, which was formed as a response to centuries of competition and war through institutionalized cooperation, Eurasian integration developed in the context of a common Soviet past. Shared infrastructure, language bonds, and institutional affinity inherited from the USSR provided a natural foundation for social and economic interdependencies. At the same time, the same legacy was politically equivocal: although Russia was seen as the “indispensable hub” of the integration process, dominance interfered with the ambitions of small states regarding asymmetry and sovereignty loss.⁴⁹

Mental and civilizational aspects are important too. The EU cultivated a European identity through policy, symbols, and the narrative of “ever closer union.” In Eurasia, the pursuit of a common identity has been more contentious, jumping between a Eurasianist ideology focused on civilizational uniqueness and a pragmatic emphasis on economic cooperation. Russia has strenuously encouraged the rhetoric of a “Greater Eurasia” to legitimate its own leadership, but the different cultural and geopolitical orientations of member states, such as Armenia's relations with the EU and Kazakhstan's multi-vector diplomacy have made it challenging for a unified Eurasian identity to develop.⁵⁰ This divergence highlights the overreach in adopting the EU model in its entirety into the Eurasian sphere.

⁴⁸ Ksenia Kirkham, “The Formation of the Eurasian Economic Union: How Successful Is the Russian Regional Hegemony?,” *Journal of Eurasian Studies* 7, no. 2 (May 1, 2016): 111–28, doi:10.1016/j.euras.2015.06.002.

⁴⁹ Libman, Alexander, and Evgeny Vinokurov. *Eurasian Integration: Challenges of Transcontinental Regionalism*. Basingstoke: Palgrave Macmillan, 2012

⁵⁰ Laure Delcour, *The EU and Russia in Their “Contested Neighbourhood,”* 2016, doi:10.4324/9781315644370.

Still, the parallel is useful. The phases of Eurasian integration from the CIS to EurAsEC, then the Customs Union, and ultimately the EAEU reflect, if not perfectly, the step-by-step progress seen in Europe from the European Coal and Steel Community through the European Economic Community to the EU.⁵¹ Each phase was an incremental effort to deepen economic cooperation, spurred sometimes by pragmatically driven economic necessity but with attendant wider political aspirations. As would be anticipated by Haas, early technical cooperation yielded pressures for broader integration, although these spillover influences tended to be retarded or watered down by interstate rivalries, external pressures, and uneven member economic development.

Under the aegis of Neofunctionalism, political spillover is defined as a growing extension of integration from economic and functional spheres to political ones. Even while integration in Eurasia, as elsewhere, has typically started with technical cooperation—cooperation, e.g., on trade, customs, and energy policies—it has seldom stayed limited to them. The establishment of shared institutions and decision-making mechanisms produces pressures for even greater cooperation, which forces political leaders and interest groups to reorient their approaches and expectations in light of the developing supranational context.

In the Eurasian Union, this process has been especially evident in the transition from sectoral economic cooperation to more general institutional arrangements. First, projects like EurAsEC or the Customs Union were envisioned as mostly economic initiatives. But the mere functioning of these institutions obliged member states to negotiate rules in common, harmonize national policies, and resolve differences collectively.⁵² Over time, these processes began to extend to domains with clearly political implications, e.g., the coordination of migration policy, transport infrastructure, and standards regulation.

This dynamic illustrates the Neofunctionalist understanding that economic integration cannot be kept separate from political implications. Liberalization of the market and the

⁵¹ Shant Arzoumanian, “Spillovers from Russia to Neighboring Countries: Transmission Channels and Policy Options,” *IMF Working Paper* 2023, no. 185 (September 1, 2023): 1, doi:10.5089/9798400254871.001.

⁵² Evgeny Vinokurov and Alexander Libman, *Eurasian Integration*, Palgrave Macmillan UK eBooks, 2012, doi:10.1057/9781137283351.

lowering of barriers in the Eurasian space necessitated setting up central regulation on tariffs, taxation, and monetary coordination, which in turn necessitated wider political consensus.⁵³ When differences or discontent arose like uneven economic gains among the member states pressures for further political decision-making ensued it usually bolsters the powers of supranational authorities such as the Eurasian Economic Commission.

The political spillover effect has also helped to produce changes in the direction of national elites over time. Political elites, administrators, and business interests in member states are now more often carrying out their bargaining and lobbying within the institutional framework of the Union, thus establishing a new space for political competition and cooperation beyond the nation-state. Though national identities and sovereignties hold, the repeated exposure to supranational institutions has developed concurrent loyalties and aspirations corresponding with the operation of the Eurasian project.

1.2.5 Political Spillover as a Model for Eurasian Integration

Even with these limitations, Haas's theory of political spillover is useful for examining the EAEU. It points to the process by which economic cooperation raises new political issues that are unable to be resolved at the national level. In the Eurasian example, customs unification has entailed legal coordination; liberalization of trade has demanded regulatory harmonization; and integration of the energy sector has brought in questions of sovereignty and foreign policy. All three illustrations show how functional arrangements spill into the political sphere.

But Eurasian experience also shows the spillover to be contingent. Whereas Haas predicted a gradual shift of allegiance toward a supranational focus, in Eurasia, the process is conditioned by asymmetry, coercion, and calculation. Smaller countries tend to treat integration as an instrumental means of gaining access to Russian markets, subsidies, and labor flows rather than as a way toward a political community shared in common. Political spillover is therefore achieved, but in a more restricted and limited manner than in Haas's European model.

⁵³ David G. Tarr, "The Eurasian Economic Union of Russia, Belarus, Kazakhstan, Armenia, and the Kyrgyz Republic: Can It Succeed Where Its Predecessor Failed?," *Eastern European Economics* 54, no. 1 (January 2, 2016): 1–22, doi:10.1080/00128775.2015.1105672.

Together, the concept of political spillover offers insight and contrast. It helps us understand why Eurasian integration has shifted from the CIS to the EAEU, expanding step by step in scope. The boundaries of spillover also serve to underline the peculiarities of the Eurasian context: the heritage of empire, a paramount state, and a combination of economic pragmatism with geopolitics. Understanding both the relevance and the limitations of Haas's model makes it easier to grasp how integration evolves in Eurasia and why it has not yet attained the political community described in Neofunctionalist theory.

1.3 Conclusion

This chapter provides an overview of the conceptual and theoretical context of integration, which encompasses social, political, and economic dimensions that shape the spatial order of a region. The evolution of integration in Eurasia can be traced from the initial weak frameworks of the CIS to more ambitious initiatives like the EurAsEC, Customs Union, and ultimately the EAEU. Despite being a contested and fragile process, the EAEU represents the culmination of efforts towards integration. Overall, the intellectual and historical roots of the EAEU show a distinctive integration path. It was not an imitation of the EU example but an adaptation to the specific post-Soviet environment. From the initial loose structure of the CIS to the more ambitious and institutionalized EAEU, the path of the region was a testimony to the promise and the limitations of regional integration. In the eyes of neofunctionalism, Eurasian integration is a dynamic interaction of functional interdependence, elite political calculation, and institutional evolution in the long run. While drawing from the EU's experience as a strong source of inspiration, the EAEU path maps how regional integration projects follow varied paths based on historical legacies, power asymmetry, and exogenous constraints. The result is a type of "selective integration", in which there has been economic spillover driving cooperation, but sovereignty concerns and geopolitical constraints have set firm boundaries on the degree of supranationalism. This innovative model remains in the focus of fierce academic and political controversy, showing the intricacies of constructing a new union in the shade of an influential past.

CHAPTER TWO

ESTABLISHMENT OF EURASIAN ECONOMIC UNION

The regional integration in Eurasia was presented with establishment of EAEU as a significant event which was driven by Russia. The chapter will focus on the events and history of post-soviet space that how the events and developments in the Eurasia took place which led to the establishment of EAEU. The chapter deal with the comprehensive history of late Soviet Union era from the events of Glasnost and perestroika and then the early integration efforts towards the EAEU. It will also discuss the Neofunctional theory of economic integration, which paves the way for another cooperative framework in the region.

The chapter revolves around the history of development of integration process in the Eurasia. This chapter comes with six parts i) Glasnost and Perestroika: Prelude to Post-Soviet Integration, ii) From disintegration of Soviet to Integration of Nascent States, iii) Nurturing Integration efforts through Custom Union Treaty, iv) Eurasian Economic Community: Step Towards EAEU, v) Eurasian Custom Union Treaty: Stepping towards EAEU, vi) Shaping Single Economic Space through Custom Union.

2.1 Glasnost and Perestroika: Prelude to Post-Soviet Integration

In the last half of the 20th century the Cold War has changed the history of the world. Many new concepts and terms have entered history. The Cold War between US and Soviet has changed globally the world. Europe had marked their steps towards integration with the help of US. Where they were making their way towards EU. And at the end of 20th century, they were successful in it. The Soviet had tried it their own soviet space for economic integration. For this they present ted the policies of perestroika and glasnost.

By the end of the 1980s, the Soviet Union had experienced substantial economic stagnation. The centrally planned economy failed to keep up with technical improvements and the population's growing expectations.

Mikhail Gorbachev became the Communist Party's General Secretary in 1985, introducing changes known as Perestroika (restructuring) and Glasnost (openness)⁵⁴. Perestroika intended to decentralize economic management, whereas Glasnost wanted to improve government openness and freedom of information.

Gorbachev's policies unwittingly set up a surge of political liberalization and nationalism throughout the Soviet republics. The relaxation of central authority enabled diverse ethnic groups and republics to voice their displeasure with Soviet rule, resulting in an increase in nationalist activities⁵⁵.

In August 1991, radical Communist Party members staged a coup to depose Gorbachev and stop the disintegration process. The coup failed after three days due to a lack of military backing and widespread popular opposition, notably in Moscow, where Boris Yeltsin, President of the Russian Soviet Federative Socialist Republic, was instrumental in rallying opposition to the attempt.⁵⁶ The attempted coup damaged Gorbachev's power and sped up the breakdown process. Republics declared independence immediately, and the central government's influence shrank dramatically.

2.2 From disintegration of Soviet to Integration of Nascent States

At the end of the Cold War there were two significant events that occurred in the history of Eurasia. These two accords were named as Belavezha Accords and Alma-Ata Protocol. The Belavezha accord made the disintegration of USSR. This agreement was signed between Russia, Ukraine and Belarus. This accord worked in the disintegration of USSR in new states of Eurasia.

Along with the disintegration of USSR it made a new organization named Commonwealth of Independent States. This organization was formed for the objectives of economic political and cultural relations of the nascent states. It was also seen as the relations

⁵⁴ U. A. Abramova and A. E. Dmitriev, "Economic Transformations of the Perestroika Period: 1985-1991's," *Izvestiya MGTU MAMI* 7, no. 1–6 (November 10, 2013): 43–47, doi:10.17816/2074-0530-67763.

⁵⁵ Lars T. Lih, "Gorbachev and the Reform Movement," *Current History* 86, no. 522 (October 1, 1987): 309–12, doi:10.1525/curh.1987.86.522.309.

⁵⁶ David S. Mason, "Glasnost, Perestroika and Eastern Europe," *International Affairs* 64, no. 3 (January 1, 1988): 431–48, doi:10.2307/2622850.

balancing phenomena for the newly states from a unified USSR. This political role played a significant role in shaping post-soviet regional dynamics for continued cooperation.

For the expansion of Commonwealth independent states another accord was presented as Alma-Ata Protocol. This accord formally expanded the number of states in the new political entity. Through this CIS the newly born states joined the organization for economic interdependence, peaceful transition and avoidance of conflict.

The CIS was a decentralized organization which means that the states had sovereignty and were not bound by this supranational authority. The state heads were there as the highest decision-making bodies. They were responsible for resolving major issues as well as strategizing the organization. For the collaboration on political issues, economic policies, and other coordination, government heads were involved. Diplomacy, Foreign policy and international issues were handled by the council of foreign ministers. Parliamentary issues and harmonization of law were managed by the parliamentary council and administrative purposes there were executive council present in organization.

CIS was established to promote cooperation and manage the post-Soviet transition, aiming to prevent conflict and economic collapse among newly independent states. The main objectives of the CIS were to advance economic integration in the region through economic partnerships such as free trade and common markets visa vis strengthening political cooperation by collaborative foreign policy and diplomacy.⁵⁷ In the security collaboration main purpose was to make strategy and hinder terrorism other organized crimes and managing of border security. Further through cultural exchange the organization was aiming to promote cultural ties, education and answer humanitarian issues with saving the historical connections.⁵⁸ The organization also acted in peacekeeping operations to combat civil war in Tajikistan from 1992 to 1997.

Although there were several challenges to the organization but still the organization managed to get success in regional integration and stability. One of the big achievements

⁵⁷ Stephen Kotkin, *Armageddon Averted : The Soviet Collapse, 1970-2000*, 2001, <https://ci.nii.ac.jp/ncid/BA72948415>.

⁵⁸ Alec Nove, *An Economic History of the USSR, 1917-1991*, Penguin Books, 1992, <https://ci.nii.ac.jp/ncid/BA24036210>.

of the organization was the signing of free trade agreement of CIS in 2011 by several member states which helped in reduction of tariffs and advancing economic interaction in the region. The Commonwealth independent states also helped the citizens of the member states to move freely in the region through visa-free travels and eased up border controls in the region. In 1992 an organization for collective security was established on the collective security organization which further enhanced the military cooperation and defense efforts in the region despite several members were not part of it.⁵⁹ Moreover, the CIS has played an essential role in peacekeeping operations, notably intervening in Tajikistan's civil war and contributing to conflict management in the Nagorno-Karabakh dispute during the 1990s.

Ernest B. Haas, in his Neofunctionalism theory, has stated that cooperation in one sector can lead to cooperation in other areas. The CIS also exemplifies key aspects of Haas's Neofunctionalism concept. The CIS emphasizes a gradual and organic process towards regional integration through functional and technical cooperation. Economic initiatives such as free trade and visa-free travel facilitation within the CIS have fostered practical independence and led to spillover effects in political and security collaboration, in line with Haas's Neofunctionalism theory. The Eurasian states have recognized the importance of initiatives like the CSTO and CIS involvement in peacekeeping operations as steps towards establishing a joint military. Cooperation in areas of mutual benefit and interest can create linkages for regional integration, despite political and ideological differences among the states.

2.3 Nurturing Integration Efforts through Custom Union Treaty

After the CIS the next integration effort in the history of Eurasia is that of Custom Union Treaty. The Russia made their all efforts to have the new states integrate with them by making integration successful. For this purpose, along with CIS and its success in the early years they managed to sign a treaty named as custom union in 1995.

⁵⁹ Evgeny Vinokurov and Alexander Libman, *Eurasian Integration*, Palgrave Macmillan UK eBooks, 2012, doi:10.1057/9781137283351.

The Customs Union Treaty was signed on January 6, 1995, by Russia, Belarus, and Kazakhstan.⁶⁰ This convention sought to strengthen economic integration by establishing a single customs zone in which commodities may flow freely without customs charges, quotas, or other trade impediments⁶¹. The convention was viewed as a practical step toward greater economic cooperation and integration among the participating governments.

The main objective of the custom union treaty was to eradicate tariff and taxes on member state products to promote trade between them. The treaty other objectives were to get rid of charges and taxes between exchangeable products between the member states, ease up trade between the states by harmonization of policies, make a trade policy which will be uniform to promote trade and ensuring stability and economic development.

The treaty also aimed at quashing the custom charges between member states for products which were exchanged. This strategy helped in creating a smooth internal market of services and good free movement.⁶² The members of the states agreed to lower trade costs and delays and eradicate customs limitations. For maintenance of consistent trade practice, trade policies and regulations for harmonization of trade were required. The establishment of technical requirements, sanitary, and uniform standards was expected from member states. This would help in the harmonization of to prevent nontariff barrier and custom duties. The agreement is also aimed at the single external tariff establishment. The states also agreed to harmonized trade policy towards third nations. Which made a unified tariff policy rate for non-member states. To save local industries from unfair competition this SET helped in and to promote regional market growth.

The treaty created a number of entities to monitor its implementation and assure conformity with its requirements. The Customs Union Commission coordinated participant nations' operations, resolved differences, and monitored the execution of treaty terms. The Council of Heads of State, made up of member country heads of state, provided strategic direction and addressed key issues for the Customs Union. The Council of Heads of Government

⁶⁰ Rilka Dragneva and Kataryna Wolczuk, "The Eurasian Customs Union: Framing the Analysis," in *Edward Elgar Publishing eBooks*, 2013, doi:10.4337/9781782544760.00009.

⁶¹ E. I. Pivovarov, "The Eurasian Economic Commission: From Its Origins to the Present," *Herald of the Russian Academy of Sciences* 92, no. S9 (December 1, 2022): S838–51, doi:10.1134/s1019331622150084.

⁶² Ibid.

oversees economic and trade strategies and ensures the execution of decisions made by the Council of Heads of State. Secretariat: Managed administrative responsibilities and assisted other entities.

The treaty envisaged for the staggered implementation of its terms, allowing member nations to gradually acclimate to the new economic environment. The first phase concentrated on eliminating customs taxes and establishing universal standards for trade laws. The subsequent phases attempted to unify external tariffs and completely integrate member nations' customs regimes. Economic Impact & Trade Expansion was the removal of customs obstacles, and the harmonization of trade policy resulted in a large increase in commerce between member nations.⁶³ The elimination of tariffs and nontariff barriers decreased trade costs, making products and services more inexpensive and accessible. The increase in intra-regional trade enhanced economic growth and developed new ways for firms and consumers.

Neofunctionalism focuses on the spillover effect of economic cooperation that enhances and works in political and institutional integration as a result of dependency. The Customs Union Treaty of 1995 initially focused on economic cooperation, which further advanced customs administration, regulatory standards, and dispute resolutions. As the states understand the importance of uniform regulations and the advancement of nonstop trade, functional integration developed demands for extensive harmonization of policies. The Customs Union treaty advanced cooperation in technical areas and helped in the spillover effects, which further strengthened other cooperative domains in the region. The Customs Union evolved as a more institutionalized framework during the 2000s due to the spillover effects. The establishment of joint regulatory bodies and harmonization of trade made it clear to functional governance structures. This aligns with Haas's belief that economic integration develops political integration or coordination. The Customs Union treaty worked in strengthening integration and paved the way for the EAEU by 2010.

⁶³ Ksenia Kirkham, "The Formation of the Eurasian Economic Union: How Successful Is the Russian Regional Hegemony?," *Journal of Eurasian Studies* 7, no. 2 (May 1, 2016): 111–28, doi:10.1016/j.euras.2015.06.002.

2.4 Eurasian Economic Community: Step Towards EAEU

The end of 20th Century made the Eurasian states like Russia, Tajikistan, Belarus, Kazakhstan and Kyrgyzstan. These states realized the importance of trade and economic integration. They took a step towards economic integration in Eurasia by joining the EEC. For this purpose, they agreed and ratified a treaty for the establishment of a community named as Eurasian Economic Community. EEC sought to create a single economic space, coordinate economic and trade policies, and set uniform standards for goods and services⁶⁴

EurAsEC was formed on October 10, 2000, when Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan signed the Treaty on the Establishment of the Eurasian Economic Community. The foundation of EurAsEC was motivated by a desire to increase economic integration among these nations, following previous efforts such as the CIS and the Customs Union of 1995.⁶⁵ The major aims of EurAsEC were establishing a common market for products, services, capital, and Labor. Harmonizing legislation involves aligning economic and regulatory systems. Reducing trade obstacles and facilitating the free flow of goods and services. Coordinating Economic Policies: Aligning macroeconomic policies among member states. Developing infrastructure for transportation, electricity, and communication.

Uzbekistan joined EurAsEC in 2006, broadening the community's reach. However, it suspended its membership in 2008. EurAsEC evolved throughout time to meet a variety of economic difficulties and respond to shifting geopolitical settings. EurAsEC was legally disbanded in 2015, paving the way for the formation of the EAEU, which was built on EurAsEC's roots.

EurAsEC has developed many specialized agencies and entities to target specific areas of cooperation. For financial assistance and funding, the Eurasian Economic Community Anti-Crisis was established which would provide financial aid to member nations experiencing economic challenges and support development initiatives. For judicial

⁶⁴ Vasily Erokhin, "Contemporary Reshaping of Eurasian Integration: Russia's Policies and Their Implication for the EU and EurAsEC," *Procedia Economics and Finance* 22 (January 1, 2015): 402–11, doi:10.1016/s2212-5671(15)00313-5.

⁶⁵ Georgios Vousinas, "Eurasian Economic Community: Towards Integration. Economic Challenges & Geostrategic Aspects," *SSRN Electronic Journal*, January 1, 2014, doi:10.2139/ssrn.2376513.

purpose and community disputes the EurAsEC Court resolves disputes over community agreements and ensures compliance with EurAsEC laws. For custom Union regulations and unified custom area, the EurAsEC Customs Union aims to standardize customs regulations and processes, creating a unified customs area.

The initial focus on a Custom Union and harmonization of trade, tariff policies, and regulatory framework nurtured functional interdependence among member states. This spillover effect of economic integration encouraged deeper political collaboration and institutional alignment, paved the way for the EAEU in the future. This closely aligns with the Neofunctionalism theory proposed by Ernest Haas. The evolution from technical economic integration to comprehensive regional governance exemplifies the Neofunctionalist process, where practical cooperation in specific sectors leads to broader political unity.

2.5 Eurasian Custom Union Treaty: Stepping towards EAEU

The success of the Eurasian economic community made the confidence between the states in Eurasia about the arrangement of economic integration. The states looked at previous treaties and managed to alter the customs union treaty of 1995. It can be noted that the foundation of the treaty of custom union was laid in 1995. But now the states moving ahead with trying to make a more institutionalized and effective custom union for the region. For this purpose, they signed a new version of the Custom Union Treaty named as Eurasian Custom Treaty in 2010.

The original Customs Union Treaty of 1995, agreed by Belarus, Kazakhstan, and Russia, was a significant first step toward economic union. Despite establishing the basis for a customs union, implementation was delayed and fraught with challenges. The establishment of the EurAsEC in 2000 was intended to enhance regional collaboration, but it became clear that a more comprehensive and enforceable agreement was required to achieve the desired level of integration.⁶⁶

⁶⁶ Ksenia Kirkham, "The Formation of the Eurasian Economic Union: How Successful Is the Russian Regional Hegemony?," *Journal of Eurasian Studies* 7, no. 2 (May 1, 2016): 111–28, doi:10.1016/j.euras.2015.06.002.

On July 1, 2010, the Eurasian Customs Union formally came into existence, introducing a unified customs area among its three founding members. The main goals of the Eurasian Custom Union were to develop common external tariffs, single trade regulatory framework and eradicate internal custom charges and border controls. This will enhance the free flow of products and advance economic efficiency by reducing transaction charges and making smooth cross-border trade.

The agreement eliminated the internal boundaries custom restriction which made the single custom territory. This made the flow of goods between member states easily and also abolished the tariffs need along with checking. But it developed levies for non-member nation commodities. This act protected the local industries and established a smooth level playing field. To standardize custom operations, implementations work and paperwork the agreement developed a unified custom code. The pact established the Unified Customs Code, which standardizes customs operations, paperwork, and enforcement methods. This was done for the purpose of speedy custom operations and decrease in administrative charges upon business. The look after of the execution of Customs Union rules and regulations, as defined by the treaty was done by Custom Union Commission. The commission was intended to work in custom process and resolve disputes of member states and uniform common external tariff. This was done for consistent fairly and applied rules.

During the transition to Single Economic Space occurred in 2012 the Eurasian Economic Commission replaced the Custom Union Commission. Due to this the scope of EEC was expanded for greater integration efforts. The deputy prime ministers of the member states Council were known as EEC Council and ministers in charge of specialized departments was board of EEC.

The Custom Union achieved two successes due to unified external tariff and eradicating internal customs which helped in enhancement of trade flow and intraregional commerce.⁶⁷ By improving market connectivity and investment appeal, the customs union contributed to economic growth. The region became more appealing for business operations and investments when administrative expenses were decreased, and customs procedures were

⁶⁷ Evgeny Vinokurov and Alexander Libman, *Eurasian Integration*, Palgrave Macmillan UK eBooks, 2012, doi:10.1057/9781137283351.

standardized. Customs efficiency was increased through the use of consistent procedures and a single customs code. Both companies and customers benefited from the quicker processing times, reduced expenses, and improved adherence to customs regulations that followed.

Stage	Event	Date	Impact
1	Action Plan approved to form the Customs Union in three stages: - preliminary stage: until 1 January 2010 - first stage: until 1 July 2010 - second stage: until 1 July 2011	6 October 2007	Economic roadmap
2	Preparing the treaty framework for the Customs Union	2008–09	Legal foundation
3	Launch of the Customs Union	1 January 2010	Trade facilitation
4	Common customs tariff, uniform tariff, and non-tariff rules introduced	1 January 2010	Policy harmonization
5	A common legal framework launched for technical regulations, sanitary, veterinary, and phytosanitary norms	1 July 2010	Standards enforcement
6	Treaty on the Customs Code of the Customs Union adopted; Unified customs regulations launched	6 July 2010	Regulatory efficiency
7	The Customs Union becomes fully operational: - forming the single customs territory; - completely removing customs borders within the Customs Union; - transferring state control (customs, transport, veterinary, sanitary, and phytosanitary), except for border protection, to the union's external border	1 July 2011	Market integration

Source: Table 2 is designed by scholar.

2.6 Shaping Single Economic Space through Custom Union

In the Eurasian integration history of EAEU, the model was set from the beginning. Looking at that as the Custom Union treaty was established and the way it worked. It showed the way to other states for working in more collaborative framework. During second decade of the 21st century the Eurasian states had managed to know the working of integration organization. Looking at the customs union treaty of 2010 they stepped further by establishing Single Economic Space. The member states realized that a more integrated economic environment would boost their combined economic power, increase competitiveness, and attract more foreign investment. The global financial crisis of 2008-2009 highlighted the significance of economic resilience and collaboration, which fueled the demand for the SES.

The SES arose as a logical extension of the Customs Union, which had effectively abolished many internal customs obstacles and created a unified external tariff. The Customs Union, which has been functioning since 2010, underlined the potential benefits of broader integration. though, it became tackling impediments other than customs tariffs, such as regulatory harmonization, investment flows, and labor mobility due to more connected economic landscape was clear.⁶⁸ Circulation of goods between members was the main goal of the SES. This worked in overcoming tariff obstacles and making uniform technical standards and smooth customs processes for making one market for goods.

The SES objective was to ease free mobility services by removing barriers and framework for standard services aligned with rules in areas of finance and IT, and improvement in cross- border delivery of services. Other goals included free flow of money which helped in standard financial rules and reduction of obstacles in investment along with a connected capital market. This allowed the investors to work freely in member nations. The SES also helped in increasing the mobility of labor and regulations of migration with recognition of technical and professional skills. This was done to overcome the labor shortage and increase workflow for economic growth.

⁶⁸ Julian Cooper, "The Development of Eurasian Economic Integration," in *Edward Elgar Publishing eBooks*, 2013, doi:10.4337/9781782544760.00011.

The EEC and Board were founded for SES's principal governing body. The council supervised policy coordination, regulatory harmonization along with conflict resolution within framework of the SES.⁶⁹ The Advisory Council of members from business and industry groups presented feedback on SES rules and regulations. Council also secured interests of stakeholders and corporations while making policies and establishing economic integration approach.

Economic integration was enhanced by SES due to removing trade obstacles and technological standardization. This advanced intraregional trade and easy trade transactions along with transport and commercial environment. The SES significantly improved the regulatory environment by coordinating rules among member states. Harmonized standards and regulatory norms eased administrative constraints on firms, resulting in a more efficient and connected marketplace. The SES encouraged more investment by reducing cross-border prohibitions and standardizing banking laws. The integration of capital markets and the establishment of a favorable investment climate drew both local and foreign investors, therefore aiding economic growth. The SES improved labor mobility by streamlining migration procedures and recognizing professional credentials. Coordinated social security systems and labor regulations encouraged worker mobility throughout member nations, alleviating labor shortages and promoting economic development.

2.7 Establishing EAEU

The two-and-a-half-decade-long struggle for the integration of Eurasian states, or post-Soviet states, finally became fruitful in 2015. The Eurasian states who were making smart organizations for collaboration in different areas finally gave a thought to establish a union which could be in use by all the member states for the many areas which could be regarded as the official Eurasian organization. The treaty establishing EEU was signed in May 2014 in Astana by presidents of Belarus, Kazakhstan, and Russia, and it targets 1st of January

⁶⁹ ALEXEI ALEXEI PODBEREZKIN, and OLGA PODBEREZKINA, "Eurasianism as an idea, civilizational concept and integration challenge," in *Eurasian Integration - The View from Within*, ed. Piotr Dutkiewicz and Richard Sakwa (London: Routledge, 2014), 15, doi:9781315738154.

2015 as a date when the EEU becomes operational⁷⁰. The foundation of the EEU is based on previous integration initiative of the same three countries - Cu of Belarus, Kazakhstan and Russia which started to function 2010. Until now, CU is regarded as the only integration project in the post-Soviet space, which succeeded and led to implementation of agreements reached by these three States.⁷¹ According to Serdar Yilmaz the only fruitful economic project established by Russia, Kazakhstan and Belarus was the Customs Union which became the EAEU in May 2014.⁷²

Year	Event Description
1991	Treaty on the Commonwealth of Independent States
1996	Treaty on Increased Integration in the Economic and Humanitarian Fields
2000	Treaty on the Eurasian Economic Community
1995–2007	Treaties on the Eurasian Customs Union
2007 & 2011	Treaties on the Eurasian Economic Space
2014–2015	Treaty on the Eurasian Economic Union

Source: Table 3 is designed by scholar.

The creation of EAEU ideology is based on Kazakhstan Nazarbayev idea of Eurasianism. But he made it clear that ‘The aim of the EEU is not to create barriers against the rest of the world, but to improve our cooperation with other member states. Kazakhstan, Belarus, and Russia create the union in a spirit of strategic partnership and friendship. The economic

⁷⁰ Houman A. Sadri, “Eurasian Economic Union (Eeu): A Good Idea or a Russian Takeover?,” *Rivista Di Studi Politici Internazionali, NUOVA SERIE* 81, no. 4 (2014): 553–61, <https://www.jstor.org/stable/43580687>.

⁷¹ Ibid.

⁷² Serdar Yilmaz, “Eurasian Economic Union: A Regional Economic Hegemony Initiative,” *Journal of Eastern European and Central Asian Research (JEECAR)* 4, no. 2 (November 26, 2017), doi:10.15549/jeecar.v4i2.166.

integration will considerably increase economic capabilities of all countries.⁷³ Nazarbayev was of the view to establish full fledged functional union of the Eurasian states on the idea of Commonwealth independent state which would be proper institutions based on promoting economy sectors in the Eurasia. The Moscow was first not ready to establish such a union of Eurasia as they were recently disintegrated and were in process of reviewing their foreign policy but in 1994 ready to go was given by the foreign minister of Russia.⁷⁴

During the Eurasian Economic Commission session in 2012 the negotiations and work on the development of the Eurasian integration project started. The project was named the EAEU. The EEC was given the work to prepare and ensure the working model of the EAEU. In 2013 the memorandum between EEC and Kyrgyzstan was signed to join the integration model. Looking at this Armenian president also announced its inclination toward the Eurasian integration in 2013 and signed it. The treaty of EAEU was prepared between 2013-14 and was presented in the session of supreme Eurasian Economic council in May 2014. Initially the Presidents of Russia, Belarus and Kazakhstan signed the treaty and established the EAEU. Armenia joined the EAEU in October 2014. And Kyrgyzstan joined the union in December 2014.

⁷³ Nur Nazabayev, "Factsheet: Kazakhstan and the Eurasian Economic Union" (Embassy of the Republic of Kazakhstan in the Russian Federation, 2014), <https://kazembassy.ru/en/mpolitika/6763-2014-06-02-12-09-27>.

⁷⁴ Nargis Kassenova, "Kazakhstan and Eurasian Economic Integration: Quick Start, Mixed Results and Uncertain Future," in *Edward Elgar Publishing eBooks*, 2013, doi:10.4337/9781782544760.00018.

Country	Signature Date	Accession Date
Russia	29 May 2014	1 January 2015
Kazakhstan	29 May 2014	1 January 2015
Belarus	29 May 2014	1 January 2015
Armenia	10 October 2014	2 January 2015
Kyrgyzstan	23 December 2014	12 August 2015

Source: The table 4 is designed by scholar.

As the Kazakhstan president Nazarbayev wanted the EAEU to be an institutionalized union of the Eurasia. The EAEU established a main body for the union known as Supreme Eurasian Economic council. This supreme body consist of the presidents of the member states. It is the decision-making body, and its sessions are held once a year at least. It is also strategy making body and instruct and ways for the formation and prospects of the EAEU. The budget of the EAEU and its distribution regarding the contribution of member states is decided by this body. Eurasian Intergovernmental Council, where the heads of the member states are representing, is another important body of the union. They meet twice a year, and they discuss whatever is proposed by the SEEC along with issues for that were left due to no consensus during the decision-making session.

The permanent supranational regulatory body of the union is the EEC. It is modeled on the EU framework, comprising the Council of the Commission and the Board of the Commission.⁷⁵ The headquarters of the commission is Moscow, and its main task is to develop proposals in the sphere of economic integration within the union as well as the development and functioning of the union. Decisions regarding the custom Union policies as well as about the macro economy, can be taken by the EEC. As discussed earlier, the regulating body, the decision with regulatory and binding effect of the member states are

⁷⁵ Serdar Yilmaz, "Eurasian Economic Union: A Regional Economic Hegemony Initiative," *Journal of Eastern European and Central Asian Research (JEECAR)* 4, no. 2 (November 26, 2017), doi:10.15549/jeecar.v4i2.166.

adopted by the EEC along with the organization, administrative bodies of the union and nonbinding recommendations.

The Eurasian Economic Union also has a judicial body represented by the court of the union. The judicial body of the EAEU aims to “ensure the uniform application by the Member States of international treaties in the framework of agreements concluded with third parties.”⁷⁶ It works the situation of dispute solution and also within the legal framework of the union. This body consists of two judges from every member state. It also works for the third state producers and investors in the union.

The EAEU plans to grow membership and strengthen integration in the next years. Potential new members improved economic policies, and increased cooperation in sectors like energy, digital economy, and infrastructure development are projected to bolster the union. The EAEU aims to strengthen its worldwide standing by forming trade agreements and collaborations with other regions and nations. Strengthening economic relations with the EU, China, and other global economic giants is critical to the EAEU's long-term development and competitiveness.

2.8 Conclusion

The EEC marks a significant step in the history of Eurasia looking at both the historical and geopolitical legacies of the regional realities. The history shows that after the disintegration they worked on harmonization of trade and political integration. The early integration efforts like Commonwealth independent states and Custom union treaty shows inclination toward integration. The integration efforts of the Eurasian state ranging from Custom union treaty to EAEU also make the Neofunctionalism stance true that economic integration can lead to other political solutions and have spillover effects on other further cooperative work in the work in the region.

⁷⁶ Serdar Yilmaz, “Eurasian Economic Union: A Regional Economic Hegemony Initiative,” *Journal of Eastern European and Central Asian Research (JEECAR)* 4, no. 2 (November 26, 2017), doi:10.15549/jeecar.v4i2.166.

CHAPTER THREE

RUSSIA ROLE AND INTERESTS IN EAEU

The great scholar of Russian economic development and Eurasian space Lev Gumilev stated in his last interview about Russia after the collapse of Soviet Union in 1992 that ‘I know one thing and I’ll tell you in confidence that if Russia is to be saved, it will be saved only as a Eurasian power and only through Eurasianism.’⁷⁷ This statement make it clear that the prosperity and survival of the Russia is lying in the practical action of Eurasians.

The geopolitical aspects of the region of Eurasia are considered vital by the Russian administration for its survival and also for being in the eyes of the international world order.⁷⁸ For this purpose, Russia is working to enhance its influence in the region through the integration projects. Looking at this, the efforts and strategy looked clear in making the EAEU organization. It is considered a cornerstone in making the historical and strategic ties by Russia.

The concept of Eurasians emerged as the states between the Europe and Asia who shares the historical and cultural ties along with history for being a part of the Soviet Union before disintegration.⁷⁹ To create a political and economic bloc in the Eurasia the ideology has been justified by the Russian experts and scholars. The early Eurasian thinkers perceived the term Eurasia as the core of the century’s old hybrid continent, neither Europe nor Asia but representing the center of the world, a unifier, a true “middle” of the world, representing a strong connection between the European and Asian peripheries of the old world—a true symbol of classical legacy.⁸⁰

In the Eurasian region, Russia is perceived as the revisionist power, having ruled for centuries. Following the disintegration of the Soviet Union, the Russian administration has

⁷⁷ Piotr Dutkiewicz and Richard Sakwa, "Russia and the Eurasian union," in *Eurasian Integration - The View from Within* (London: Routledge, 2014), xx, <http://dx.doi.org/10.4324/9781315738154>.

⁷⁸ SHAHZADA R. ABBAS, "Russian Geopolitics and Eurasia," *World Affairs: The Journal of International Issues* 24, no. 2 (April): <https://www.jstor.org/stable/48629026>.

⁷⁹ Ibid.

⁸⁰ Ibid.

sought to prevent the Eurasian states from moving out of its sphere of influence. Another reason is that Russia aims to fill the power vacuum in the region.

After the disintegration, the Central Asian and Baltic states were out of the strong influence of the powerful states. During that time, it was observed that most states wanted these countries to cooperate with them so they could be easily influenced in times of need. NATO incorporated the Baltic states as members, bringing them under its umbrella. At the same time, foreign companies were developing gas pipeline projects, while China was also expanding its trade.⁸¹ By considering this, the Russian administration came out with the idea of CIS which paved a way for the EAEU after two decades.

The purpose of this integration is more based on politics rather than economic. As with this integration development, Russia will carry its own political standing in the world.⁸² Also some of the critics on this organization, mainly from the Western and US side, were of the view that this organization would undercut the Eurasian region from the rest of the world but it does not seem like that as the recent agreements of the Eurasian integration show that Russia does not want to move towards de-globalization. Although the tariffs are raised for the non-EAEU members.⁸³

With the formation of EAEU, there are some motives and objectives due to which Russia wanted it to happen. These interests and objectives are geopolitical, economic and for security purpose which are discussed as under.

The chapter revolves around the role and interests of Russia in EAEU. In this chapter Geopolitical Interests of Russia in EAEU, Russia and the Eurasian geopolitical dynamics, To Counter EU, Cooperation with trading Blocs, Russia Role in EAEU, Infrastructure and Connectivity, Leadership in Policy and Decision-Making, Economic Dominance, Energy Security and Market Control, Domestic Policy and Economic Resilience, Financial Influence and Development Assistance, Securitization of EAEU projects in EAEU is discussed.

⁸¹ Jeronim Perovic, "Russia's Turn to Eurasia: Regional and International Implications," *Policy Perspectives* 6, no. 5 (August 1, 2018): 1–4, doi:10.3929/ethz-b-000284930.

⁸² Ibid

⁸³ Ibid

3.1 Geopolitical Interests of Russia in EAEU

The establishment of Eurasian union took place at exact the same time when the transformation of the Eurasian geopolitical architecture was taking place. At this moment the Russian president Vladimir Putin mentioned to the world that ‘The Eurasian space is not a chess board for the world or a field of geopolitical game’⁸⁴ he mentioned that the Eurasian region is our home, and we will do whatever it can take to evacuate any radicalization phenomena, or someone attempts to advance their interests at the expense of other nations of the Eurasian region. The Russian president also belief that the great powers don’t dissolve into other integration projects forge their own one.⁸⁵ This attitude of the leaders of Russia is also justified as the new states who got independence were not able to have a common language in spite of this they prioritized their national Interests above all the things which making the fragmentation of the Eurasian region.⁸⁶ At this moment the strong states in the region was Russia who came forward to establish a union which can save the Eurasian space and work for the geographical integration of the Eurasian region.

Russia main driver behind the formation of EAEU is their interests in geopolitics of the Eurasia. As the Great Game of the nineteenth century between the British and Russian empires for control of the Eurasian heartland gave birth to its geopolitical discourse.⁸⁷ Many of the geographers also speculated about the geopolitical nature of the Eurasian region. As according to Halfred Mackinder called the Eurasian region as the heartland of the Europe and said that those who will conquer or control the east Europe will get the heartland and those who will control the heartland will soon conquer the world.⁸⁸ He explained his analysis and said in the wake of 2nd World War that if the USSR become the

⁸⁴ Natalya Alekseevna Vasilyeva, “Eurasian Economic Union: Russian Geopolitical Interests,” *DOAJ (DOAJ: Directory of Open Access Journals)*, April 1, 2018, <https://doaj.org/article/b558aff7bf1848ce98eb6ea09052c964>.

⁸⁵ Andrei Kazantsev, Svetlana Medvedeva, and Ivan Safranchuk, “Between Russia and China: Central Asia in Greater Eurasia,” *Journal of Eurasian Studies* 12, no. 1 (January 1, 2021): 57–71, doi:10.1177/1879366521998242.

⁸⁶ N. Vasilyeva and M. Lagutina, *The Russian Project of Eurasian Integration: Geopolitical Prospects*, 2016, <https://pureportal.spbu.ru/publications/the-russian-project-of-Eurasian-integration-geopolitical-prospect>.

⁸⁷ Ronald Hyam, “The Primacy of Geopolitics: The Dynamics of British Imperial Policy, 1763–1963,” *The Journal of Imperial & Commonwealth History* 27, no. 2 (May 1, 1999): 27–52, doi:10.1080/03086539908583055.

⁸⁸ Tuğçe Varol Sevim, “Eurasian Union: A Utopia, a Dream or a Coming Reality?,” November 30, 2013, <https://www.ejbe.org/index.php/EJBE/article/view/113>.

vanquisher of the Germans, then soon they would be conquer the world.⁸⁹ This statement of Halford Mackinder makes it clear that he already warned the Europeans about the importance of the geopolitical nature of Eastern Europe.

The above statement also makes it clear that if Russia becomes the conqueror of Eastern Europe, it will be undefeatable then and would be the strongest power on earth. Mackinder also used the term geographical pivot for the buffer zone for central Asia and the Caucasus and said that if Russia reached Afghanistan through central Asia, then it would have a confrontation with the British Empire, and it would be a game-changing situation for the Russians.

Furthermore, if one looks at the official statements of Russian President Vladimir Putin, it is understandable that he sees the union as a drive for regaining the political influence of Russia.⁹⁰ This indicates that Russia is participating and making efforts in the integration project for its geopolitical interests.

3.2 Russia and the Eurasian geopolitical dynamics

Most of the advantage from the realization of the idea of Eurasian integration is gained by Russia, giving Russia the position of central power in the Eurasian region. In the current scenario, Russia stands tall among the great powers of the world. China and Russia are the two main powers struggling for geopolitical gains in the Eurasian region. China, with the Belt and Road Initiative, aims to expand its economic relations with Eurasian states and exert influence in the region. Therefore, Russia must work to prevent China from expanding its economic influence in the region. Some experts believe that China is the favorite in terms of economic and trade in the Eurasian states. Russian experts argue that Russia needs to prevent China from exerting too much influence on the national economies

⁸⁹ H. J. Mackinder, "The Geographical Pivot of History," *Geographical Journal* 23, no. 4 (April 1, 1904): 421, doi:10.2307/1775498.

⁹⁰ Kataryna Wolczuk, Rilka Dragneva, and Jon Wallace, "What is the Eurasian Economic Union?," chathamhouse, last modified October 12, 2022, <https://www.chathamhouse.org/2022/07/what-Eurasian-economic-union>.

of member states.⁹¹ They see the Belt and Road Initiative and the Eurasian Economic Union as platforms that can build a new multipolar world.

Along with China, Russia's old rival, the USA, is also interested in the Eurasian region. The phenomenon is that the USA does not want the EAEU to be successful and to have Russian influence again on the member states of Eurasia who gained their independence from Russia after the disintegration process post-Cold War. The USA has worked extensively in these states to ensure that they can run their democratic processes and that democracy prevails in the regional states. For example, the support for the color revolution in Kyrgyzstan and the political and economic support for other Central Asian states can give rise to sentiments against Russian leadership in the Eurasian region. Some believe that US politics aim to take the Central Asian nations away from Russia.⁹²

Some of the Central Asian states in the region's geopolitical space work as a buffer zone between Russia and Afghanistan. If Russia has its influence on these states, it can easily expand it to Afghanistan. Since Russia and Afghanistan share membership in the same organization, they can work together, and Russia can support Afghanistan, indicating that US politics are encroaching on the region, which is not acceptable to the White House. Conversely, U.S. influence in these states is perceived as a constant threat to Russia's national security, making it important for Russia to maintain a strong geopolitical stance. Considering Russia's Eurasian geopolitical stance, Western expert Allison sees Russia's integration of the Eurasian region as 'Protective Integration,' meaning Russia plays a leading role as the integrator by providing certain benefits to Central Asian states in the region.⁹³

In the geopolitical context of the Eurasian region, big projects like the new Silk Road and open borders facilitating cross-border trade will benefit the national economies of the Central Asian states. However, they also pose a threat of destabilization to the region due

⁹¹ Bruno S. Sergi, "Putin's and Russian-Led Eurasian Economic Union: A Hybrid Half-Economics and Half-Political 'Janus Bifrons,'" *Journal of Eurasian Studies* 9, no. 1 (January 1, 2018): 52–60, doi:10.1016/j.euras.2017.12.005.

⁹² N. Vasilyeva and M. Lagutina, *The Russian Project of Eurasian Integration: Geopolitical Prospects*, 2016, <https://pureportal.spbu.ru/ru/publications/the-russian-project-of-Eurasian-integration-geopolitical-prospect>.

⁹³ Roy Allison, "Virtual Regionalism, Regional Structures and Regime Security in Central Asia," *Central Asian Survey* 27, no. 2 (June 1, 2008): 185–202, doi:10.1080/02634930802355121.

to a surge in extremism, undesirable migration, and drug trafficking. This is not acceptable to Russian interests. Therefore, it is noteworthy that Russia's geopolitical interests are based on their national interests.

One thing that is noteworthy for Russia's interests regarding the geopolitics of Eurasia is that Russia does not support the old-fashioned imperial legacy in the Eurasian region. In fact, it understands that a pro-Western world is emerging where deglobalization and regionalization of the economy and world politics have replaced US hegemony. To be practical, the Russian leadership wanted the Customs Union in 2010 and the EAEU in 2015.⁹⁴ Vladimir Putin stated that the EAEU can be one of the poles between Europe and the dynamic Asia-Pacific region.⁹⁵

The Eurasian geopolitical sphere is characterized by intense competition, where Russia must balance the influence of other great powers and regional organizations. Within this context, Haas's theory of Neofunctionalism helps explain the spillover effect and demonstrates how Russia employs economic integration to shape its political and security environment. Russia's dominant role in the union compels other member states to align their policies with its broader geopolitical agenda, resulting in a coordinated stance and collective response on international issues. Moreover, the EEC, as a supranational institution, not only promotes economic integration but also influences wider political decision-making. In line with Neofunctionalist logic, technical cooperation serves as a foundation that gradually advances political unity.

3.3 Countering European Union

Some constructivist scholars argue that Russia's plan to integrate the integration project was geopolitically driven and necessary for the country's contemporary identity. From this perspective, it is clear that Russia's primary interest in establishing the EAEU was to counter the EU. To support this argument, it is important to note that the idea of Eurasian integration was initially proposed by the President of Kazakhstan, and Russia only became

⁹⁴ Bruno S. Sergi, "Putin's and Russian-Led Eurasian Economic Union: A Hybrid Half-Economics and Half-Political 'Janus Bifrons,'" *Journal of Eurasian Studies* 9, no. 1 (January 1, 2018): 52–60, doi:10.1016/j.euras.2017.12.005.

⁹⁵ "A New Integration Project for Eurasia: The Future in the Making," interview of Vladimir Putin, *Izvestia*, n.d., <http://archive.government.ru/eng/docs/16622/>.

involved after the EU launched its Eastern Partnership in 2009. This EU partnership raised concerns in the Russian leadership that Eastern Partnership states would shift from Russia's sphere of influence to the EU's sphere. Russia's motive is to assert its identity separate from the West and demonstrate that it has its own civilization, independent of Western influence.⁹⁶

The functional spillover of Neofunctionalism is evident in the EAEU's policies of harmonization and the common market. The coordinated political and regulatory framework is driven by the economic interdependence of the states within the EAEU. Considering the regional dynamics of Eurasia, the union presents an alternative model to the EU's influence in the region. To limit the EU's presence in the region, Russia will shape policies to align with its broader geopolitical agenda. This will illustrate the cultivated spillover effect, indicating that the supranational institution guides the integration process through strategic planning.

3.4 Cooperation with Trading Blocs

Along with the other goals and interests of Russia in EAEU there is another goal of Russia to improve relations with large trading blocs through negotiation. Russia aims to enhance its global position as a result of competitive regional organization it has created around itself. Putin expressed this while describing EAEU as ‘factor of alignment between European and Asian pacific region’ in 2012 at APEC Summit in September.’⁹⁷

The aim of Russia and Putin is also clear from his speech in Beijing, where he combined earlier proposals for the alignment of EAEU infrastructural projects with the Belt and Road Initiative, as well as the northern sea routes, with a view to reconfigure Eurasian transportation.⁹⁸

⁹⁶ Bruno S. Sergi, “Putin’s and Russian-Led Eurasian Economic Union: A Hybrid Half-Economics and Half-Political ‘Janus Bifrons,’” *Journal of Eurasian Studies* 9, no. 1 (January 1, 2018): 52–60, doi:10.1016/j.euras.2017.12.005.

⁹⁷ Artem Patalakh, “Economic or Geopolitical? Explaining the Motives and Expectations of the Eurasian Economic Union’s Member States,” *Fudan Journal of the Humanities and Social Sciences* 11, no. 1 (August 23, 2017): 31–48, doi:10.1007/s40647-017-0191-x

⁹⁸ Evgeny Vinokurov, “Eurasian Economic Union: Current State and Preliminary Results,” *Russian Journal of Economics* 3, no. 1 (March 1, 2017): 54–70, doi:10.1016/j.ruje.2017.02.004.

3.5 Russia Role in EAEU

The Eurasian region consists of the states that gained their independence after the disintegration of the Soviet Union. After the establishment of EAEU, these states agreed with Russian Federation for common interests. However, since these states are much smaller than Russia, they have less influence in the EAEU.

Russia plays a significant role in the EAEU as dominant power in the Eurasian region. Russia leads the union in terms of population, trade, and Gross Domestic Product (GDP). With a population of 145 million, Russia accounts for approximately 80% of the EAEU's population. Additionally, Russia holds dominance in language, human resources, and cultural aspects within the EAEU. The majority of the EAEU's GDP is generated by Russia, accounting for about 86% of the union's total GDP. Furthermore, Russia's GDP per capita is higher than that of the other member states, despite being the most populous country in the union.⁹⁹ In terms of economics, Russia accounts for about 65% of the trade volume with EAEU members. These facts clearly indicate that the most powerful state in the union is Russia, and all the affairs of the union are dominated by Russia. Russian dominance can also be seen in the statement of the president of Kyrgyzstan in a TV interview where he expressed that “We (EAEU) leaders often argue with one another at official and unofficial gatherings, as everyone sympathizes most strongly with his own country. In such cases, Vladimir Putin plays the role of arbitrator.”¹⁰⁰

Being the largest and geographically widest member, Russia plays a pan-cultural role as a central state that links other member states and countries beyond. This position allows Russia to drive initiatives that integrate the region through upgrading connectivity, energy systems, and online linkages. While these infrastructure projects create and stimulate intra-EAEU trade, they also connect the union to the world economy and enhance its strategic importance. As one of Russia's key infrastructure priorities, transportation infrastructure covers a set of transport links providing connections between EAEU member states. The

⁹⁹ Alexander Libman and Anastassia V. Obydenkova, “Regional International Organizations as a Strategy of Autocracy: The Eurasian Economic Union and Russian Foreign Policy,” *International Affairs* 94, no. 5 (September 1, 2018): 1037–58, doi:10.1093/ia/iyy147.

¹⁰⁰ Andrei Yeliseyev, “The Eurasian Economic Union: Expectations, Challenges, and Achievements,” GMFUS, last modified May 2019, <https://www.gmfus.org/news/Eurasian-economic-union-expectations-challenges-and-achievements>

Eurasian Transport Link is an element of this plan, consisting of roads, railways, and air links connecting its member countries. The Russian Federation has greatly invested in the modernization and development of such networks, making it easy for the EAEU economies to integrate. One good example is the Western Europe–Western China International Transit Corridor, a mega transportation project that will see China connected to Europe through Kazakhstan and Russia. This corridor greatly shortens the transport time, offering the EAEU a competitive advantage over traditional seaways and increasing trade within the EAEU member states.¹⁰¹ Other forms of railway infrastructure also remain important in Russia's connectivity agenda. The rail link that connects the European and Asian continents, known as the Trans-Siberian Railway, is among the longest rails internationally. This railway route has been upgraded by Russia to enhance its capacity and efficiency in response to the increasing volumes of trade. Likewise, the Northern-South Corridor, a combined transport transit path from Russia to Central Asia, Iran, and India, improves trade activity in the EAEU and beyond. This project reflects Russia's readiness, in particular, and the EAEU in general, to integrate the union into world trade processes and align the union's transportation infrastructure with broader geopolitical and economic strategies.

3.6 Infrastructure and Connectivity

Energy infrastructure is another essential component of connectivity pursued within the framework of the EAEU with Russia. Russia, which has become one of the most important energy suppliers to the member states, has created numerous oil and gas pipelines to deliver energy at reasonable prices, thus contributing to the stability of the member states economies and their ability to reduce reliance on foreign energy suppliers¹⁰². One such interconnected system is the supply of oil through the Druzhba pipeline to Belarus and the supply of natural gas through the Central Asia-Center pipeline running from Turkmenistan through Kazakhstan to Russia. However, challenges such as political crises, internal unrest, and conflicts in Syria have demonstrated Russia's ability to influence world oil prices.

¹⁰¹ Maria Drozdova, Irina Berezovskaya, and Olga Shipunova, "Eurasian Transport Network as a Driver of Sustainable Transport Development in the Eurasian Region," *E3S Web of Conferences* 413 (January 1, 2023): 05008, doi:10.1051/e3sconf/202341305008.

¹⁰² Alexander S. Bulatov, "Russia in the EAEU," in *Springer eBooks*, 2021, 227–34, doi:10.1007/978-3-030-59886-0_12.

Additionally, Russia has proposed establishing a single energy market within the EAEU by 2025.¹⁰³ This market would synchronize some of its members' policies concerning energy, ease the barriers to international energy trading, and connect several of its members more closely to a singular energy market.

Digitalization has also featured as another connectivity interest in the context of the EAEU for improving Russia's digital architecture. Knowing the role of technology in the contemporary economy, Russia has supported ways of advancing information and communication infrastructures and marketing electronic systems and structures among the member countries. Those are the works like the one that initiated by the EAEU Digital Agenda which has goals to harmonize regulation, enhance cyber security and facilitate the digital cross-border trade.¹⁰⁴ In this area, Russia's leadership testifies to its ongoing program to modernize the EAEU's economic architecture and equip the countries within the union for an age of unique technological changes.

While funding these infrastructure projects Russia uses a number of facilities including the EDB and the Interstate Bank which is led by Russia. These organizations offer project funding and expertise in undertaking initiatives that support the development of the regions' linkages. For instance, EDB has financed the transport & communication sector in Kazakhstan and Kyrgyzstan and energy sector in Armenia.¹⁰⁵ Through allocating the financial resources through these institutions, Russia makes sure that the infrastructure investment reflects other interests of Russia as a state.

That is why while these initiatives have led to dramatic enhancements in the internal connectivity of the EAEU they still face problems. System deficiencies in the less developed member states especially the South Caucasus and Central Asian states including

¹⁰³ Maria Drozdova, Irina Berezovskaya, and Olga Shipunova, "Eurasian Transport Network as a Driver of Sustainable Transport Development in the Eurasian Region," *E3S Web of Conferences* 413 (January 1, 2023): 05008, doi:10.1051/e3sconf/202341305008.

¹⁰⁴ Yulia Turovets and Konstantin Vishnevskiy, "Standardization in Digital Manufacturing: Implications for Russia and the EAEU," *Business Informatics* 13, no. 3 (September 30, 2019): 78–96, doi:10.17323/1998-0663.2019.3.78.96.

¹⁰⁵ David G. Tarr, "The Eurasian Economic Union of Russia, Belarus, Kazakhstan, Armenia, and the Kyrgyz Republic: Can It Succeed Where Its Predecessor Failed?," *Eastern European Economics* 54, no. 1 (January 2, 2016): 1–22, doi:10.1080/00128775.2015.1105672.

Armenia and Kyrgyzstan slow down the integration process.¹⁰⁶ Moreover, the sponsorship by Russia also creates the risk of overdependence on Moscow, especially for some of the member states that try to find different opportunities of cooperation in the sphere of the economy. However, Russia's strong commitment to the infrastructure that demands regional integration sustains the EAEU's role as the global player.

Prospects of infrastructure strategy of Russia will likely involve cementing more the member states of EAEU into global Value Chain. Mechanisms as the extension of the Arctic transport routes and cooperation with the Chinese Belt and Road initiative can be pinpointed as expanding Moscow's vision of turning the EAEU into a link connecting Europe and Asia. These works combined with constant investments in transport, energy and digital infrastructure will make Russia leading actor behind connectivity within EAEU and form further regional development.

3.7 Leadership in Policy and Decision-Making

Being the founder of the EAEU and the organizer of its work, Russia remains the main driver of the organization's activity vectors, institutional setting, and key activities. It is not limited to setting up the internal policies regulating the member states' activities or defining goals and vectors of the EAEU's foreign economic activity to meet Moscow's strategic agenda. The institution of the decision-making making process to involve Russia as the core Supplying state is therefore firmly embedded in the governance structure of the EAEU.¹⁰⁷ The body authorized for the regulation and management of the union is the Eurasian Economic Commission and it highly involvement Moscow. It is pertinent to note that the EEC is expected to work as supranational entity with all members when in actual sense Russian's overwhelming economic and political influence over the other members make their voice the most authoritative.¹⁰⁸ Russian nationals are employed or hold key leadership profiles within the EEC and thus Moscow directly interferes in all key decisions

¹⁰⁶ V. P. Obolenskiy, "Integration Projects of Russia and EAEU: Chance for Extension Export?," *Outlines of Global Transformations Politics Economics Law* 13, no. 3 (August 20, 2020): 156–75, doi:10.23932/2542-0240-2020-13-3-9.

¹⁰⁷ Maria Drozdova, Irina Berezovskaya, and Olga Shipunova, "Eurasian Transport Network as a Driver of Sustainable Transport Development in the Eurasian Region," *E3S Web of Conferences* 413 (January 1, 2023): 05008, doi:10.1051/e3sconf/202341305008.

¹⁰⁸ Ibid.

ranging from trade to regulation. For instance, Russia's recent efforts at urging the members of the EAEU to standardize their local customs regulations were aimed at easing the trading process while at the same time implementing a compliant practical plan to Russia's policies.¹⁰⁹ Perhaps, one of the most dynamic leadership roles in Russia is in the drive to foster the integration of the economies of member states. Moscow has also been actively promoting top-prioritized policies that aim at the liberalization of trade, coordination of taxation and formation of single energy market. They are planning to enhance business cooperation and diversify the current dependence on foreign suppliers. For example, Russia has been calling for a creation of a single roof for financial regulation which involves standardization of banking sector and even introducing a single currency. Despite previous plans to adopt a single currency being opposed with fury, most notably by Kazakhstan as well as Belarus Russia remains adamant pointing to its highly interconnected economic union that it wants to oversee.

Russia's leadership is also seen in its relations with the external economy. Hence, the major third-party countries and organizations with which EAEU signs trade agreements, are generally influenced by Moscow's strategic vision. Russia has actively been involved in the signing of FTA with using countries such as Vietnam, Serbia, and Iran in a bid to openness the market for EAEU while boosting its foreign policy.¹¹⁰ These agreements are not only to the advantage of the union as a whole but also to Russia's strategic objective of challenging the Western world's monopoly in international trade. Finally, Russia has called for the EAEU and China's BRI to align for infrastructure and trade that integrates the union to Asia and Europe.

In its capacity as a leader Russia has also introduced principle-based approaches of decision making that are best suited to Russia's strategic outlook in the long term. Moscow has orchestrated the implementation of policies that center on region stability and economic

¹⁰⁹ SADRI, HOUMAN A. "Eurasian Economic Union (Eeu): A Good Idea or a Russian Takeover?" *Rivista Di Studi Politici Internazionali* 81, no. 4 (324) (2014): 553–61. <http://www.jstor.org/stable/43580687>.

¹¹⁰ Ksenia Kirkham, "The Formation of the Eurasian Economic Union: How Successful Is the Russian Regional Hegemony?," *Journal of Eurasian Studies* 7, no. 2 (May 1, 2016): 111–28, doi:10.1016/j.euras.2015.06.002.

autarchy to present the EAEU as the opposite of the EU economic community.¹¹¹ This is more apparent in Russia's call for protectionism in technology and goods in the member countries of EAEU through the policy of import substitution. For instance, due to the generation of Western sanctions against it, Moscow coordinates with EAEU member countries to construct endogenous supply systems as well as enhance their internal sectors for making this bloc economically secure from any extraneous pressures.¹¹²

This is not to say that Russia's leadership is without problems as many of the other smaller members of the union always complain Moscow's domination. Some of Russia's partners have cited concerns with sovereignty as a reason to reject some of the proposed integration measures, example Belarus and Kazakhstan. To this end, Russia has used diplomatic threats and economic enticements to ensure consensus in the EAEU is maintained. For instance, Russia has offered bilateral assistance and loans to compliant states Armenia and Kyrgyzstan guaranteeing their loyalty to the CIS projects.¹¹³

The fact is that, despite occasional tensions between the leaders of the EAEU countries, Russia remains the main initiator of policy and decision-making in this organization. In controlling the direction and formation of the union the Russian Federation maintains the EAEU as an integral strategic platform. Moving on, it could be foreseen that Russia will try to strengthen the integration process within EAEU, key core areas of cooperation would be digitalization, green energy, as well as trade liberalization. In the process of development, the Russian leadership will retain an important role in the need for the EAEU to meet new challenges while retaining its status on the international stage.

3.8 Economic Dominance

Russia's economic share in the EAEU is much higher than that of other members, and this fact remains one of the essential parameters of the organization's work. Currently Russia

¹¹¹ Yulia Turovets and Konstantin Vishnevskiy, "Standardization in Digital Manufacturing: Implications for Russia and the EAEU," *Business Informatics* 13, no. 3 (September 30, 2019): 78–96, doi:10.17323/1998-0663.2019.3.78.96.

¹¹² Irina Busygina and Mikhail Filippov, "Russia, Post-Soviet Integration, and the EAEU: The Balance between Domination and Cooperation," *Problems of Post-Communism* 68, no. 6 (September 1, 2020): 477–86, doi:10.1080/10758216.2020.1803755.

¹¹³ A. A. Migranyan, "Potential of Development of Economic Cooperation between Russia and EAEU and CIS Countries," *Post-Soviet Issues* 7, no. 3 (November 24, 2020): 327–46, doi:10.24975/2313-8920-2020-7-3-327-346.

is the largest and one of the most affluent members of the union, thus it bears the main responsibility for the union's integration, its stabilization and further economic growth.¹¹⁴ Moscow owns a big economic dominancy, endowments of resources, and capacity to determine trade policies, thus, it can lead the EAEU and coordinate its objectives to support Russia's strategic objectives.¹¹⁵ From being able to dictate which and how much of the energy supply to Europe through Ukraine to being the main trading partner of the member states, it a pillar yet a problem for the union.

While Russia Day is being celebrated, it is worth noting that Russia remains the largest contributor to the EAEU, accounting for nearly 85% of the body's gross domestic product, followed by Kazakhstan, which contributes 9%, and Belarus, which contributes 2%, in 2023.¹¹⁶ An economy of over \$2.3 is three times larger than the economies of the other members combined, which makes Moscow the main determinant of policy and decisions.¹¹⁷ This economic disequilibrium makes it very clear that the performance of EAEU depends more on Russia so Moscow remains the key in the economic model of the union.

Energy resources can be thought of as sources through which Russia applies pressure within the EAEU. Russia is among the foremost powerful and important hydrocarbon suppliers on the world stage and, in addition to being the largest exporter of oil and its products, delivers the overwhelming share of oil and gas it transmits to member states at preferential terms.¹¹⁸ This energy dependence enhances cooperate authoritarianism; the relations between Russia and its partners are integrated through increased inclination towards Russia. For instance, Belarus gets its oil at very cheap prices from Russia, and its refining sector contributes to the country's economy. Still, Armenia and Kyrgyzstan have advantage of inexpensive Russian natural gas that have positive effect on their energy and

¹¹⁴ Alexander S. Bulatov, "Russia in the EAEU," in *Springer eBooks*, 2021, 227–34, doi:10.1007/978-3-030-59886-0_12.

¹¹⁵ Irina Busygina and Mikhail Filippov, "Russia, Post-Soviet Integration, and the EAEU: The Balance between Domination and Cooperation," *Problems of Post-Communism* 68, no. 6 (September 1, 2020): 477–86, doi:10.1080/10758216.2020.1803755.

¹¹⁶ Mikhail Mukhametdinov, *The Eurasian Economic Union and Integration Theory* (Springer Nature, 2020).

¹¹⁷ Natalia A. Piskulova, *The Economic Dimension of Eurasian Integration* (Springer Nature, 2021).

¹¹⁸ Central Asia-Caucasus Institute and Silk Road Studies Program, *Putin's Grand Strategy: The Eurasian Union and Its Discontents*, 2014.

industrial sectors. Not only does Russia's exports of energy to the members of EAEU contribute to economic cooperation but they also nurture a degree of dependence which in turn strengthens Moscow's over its member states.

Beside energy, Russia had the largest share in the intra EAEU trade. Since Russia accounts for the largest share in export and imports within the union, it is a leading trading partner in most member states. Belarus and Kazakhstan imported \$30.7 billion and \$29.5 billion worth of goods, respectively, from Russia in 2022, while Russia bought \$32.2 billion worth of goods imported by other EAEU members.¹¹⁹ Such a trade dependence gives a vital role to Russia in the framework of the EAEU, as well as shows that Moscow can become a key node of the EAEU, where goods and services are conducted. Further, Russia has been engaged in the process of liberalization of the internal trade wherein the member countries of the union have been trying to provide pressure less environment for the free flow of all forms of accounts, viz. goods, service, and capital which provide the basis of establishing an ideal internal market. Such efforts have led to increase in trading partners among the member states though the gains have been realized more in Russia.

Another indicator of economic control is that Russia finances the EAEU, which makes it clear that it has priority in the integration. EDB, along with the Russian Interstate Bank, offers credits and subsidies as well as experience that will enable the states in the union to drive its economy forward. For example, Russia has provided billions of dollars of credits for construction of the road construction, energy facilities and industrial areas in Kazakhstan, Armenia's and Kyrgyzstan.¹²⁰ These investments do not only improve the geographical integration but also complete the economic integration among the member states and Russia adding up to the dominant role of Moscow. Also, it has seen its financial influence on loan out other cash-strapped member nations during an economic downturn. For instance, prior to the country's accession to the EAEU in 2015, Kyrgyzstan

¹¹⁹ V. P. Obolenskiy, "Integration Projects of Russia and EAEU: Chance for Extension Export?," *Outlines of Global Transformations Politics Economics Law* 13, no. 3 (August 20, 2020): 156–75, doi:10.23932/2542-0240-2020-13-3-9.

¹²⁰ Yulia Turovets and Konstantin Vishnevskiy, "Standardization in Digital Manufacturing: Implications for Russia and the EAEU," *Business Informatics* 13, no. 3 (September 30, 2019): 78–96, doi:10.17323/1998-0663.2019.3.78.96.

significantly upgraded its customs facilities with financial help from Russia, to demonstrate Moscow's readiness to maintain the stocks of the EAEU.

Nevertheless, Russia has been accused of dominating the EAEU economically, even though that has brought about several benefits. Small members take time to file complaints that the union is much more beneficial to Moscow than any other state. For instance, there has been a time Kazakhstan has voiced its displeasure with the actions of Russia in the economic front over what it refers to as the use of dominance to bring in undesirable policies including restricting exports in order to protect the native market.¹²¹ Like the other former Soviet states, Belarus shares its disagreements with Moscow, for instance, in trades that involve energy prices and transit tariffs. These tensions are symptomatic of contradictions between Russia, the leading economy of the region, on the one hand, and other member states that may find Moscow's pressure excessive at times.

Russia's power in the EAEU also remains institutional dependent on the internal and external factors, including Western sanctions and the global economy changes. Since 2014, because of the Crimea and Ukraine crisis, the Western countries put sanctions against Russia which have caused a setback to Russia's economy and in turn affected other members of the EAEU. These sanctions have affected the business operation by distorting international trade and investments and limited the access to Western countries' market and therefore have prompted Russia to seek for new customers such as the China and the Middle East.¹²² Although this turn has unveiled some new prospects for the EAEU, some of the inherent weaknesses of a union so closely tied to Russia's economy have been revealed.

3.9 Energy Security and Market Control

Energy sector in general remains one of the strategic pillars to Russia's economic growth plan within the EAEU. Russia is one of the largest oil and natural gas producing countries; In this case believes in employing this resource as a weapon whereby it can control and

¹²¹ Maria Lagutina, *Regional Integration and Future Cooperation Initiatives in the Eurasian Economic Union* (IGI Global, 2019).

¹²² Yulia Turovets and Konstantin Vishnevskiy, "Standardization in Digital Manufacturing: Implications for Russia and the EAEU," *Business Informatics* 13, no. 3 (September 30, 2019): 78–96, doi:10.17323/1998-0663.2019.3.78.96.

dictate the actions of member states.¹²³ The EAEU offers an environment for institutionalizing Russian energy hegemony through supply contracts, infrastructure investment, and the plans for the establishment of a biosimilar energy market.

Belarus for instance, depends largely on Russian oil and gas supplied to its refineries at concessionary prices to support exportation. As it is seen, in 2021 Russia exported more than 20 million tons of oil to Belarus, and it constitutes about 90% of the total imported oil.¹²⁴ Likewise, Armenia and Kyrgyzstan rely on a Russian natural gas at concessional price which helps the consumers and producers both in their society. These arrangements while cementing Russia's relations with member states also help ensure that none of them can look for other energy sources but from Moscow.

Also, in the sphere of energy cooperation, The Russia aims to create a single energy market in the EAEU, by 2025. These measures have been intended to coordinate the national energy policies and the energy tariffs within the bloc whose goal is to let Russia retain its dominant position in the energy sphere of the region. The united market would also extent the opportunities for Russian pipelines for instance CAC gas pipeline through Turkmenistan, Uzbekistan and Kazakhstan to Russia. These projects contribute to the improvement of the overall energy security in the regions; simultaneously, this ensures the dominant role of Russia as a supplier and transit country of the EAEU.

3.10 Domestic Policy and Economic Resilience

It can also be domestic politics since Russia is determined to promote its economy and to minimize its dependence on the foreign countries' decisions. Russia began suffering from a lack of market access and modern technology after the EU and the USA imposed sanctions in 2014. EAEU can be an effective tool for diversification of trading relations and import substitution policies that meets the Russian domestic agenda.¹²⁵

¹²³ D. Galimov et al., "Inter-Industry Effects from Russian Trade Integration into the EAEU," *Voprosy Ekonomiki*, no. 10 (October 20, 2017): 123–39, doi:10.32609/0042-8736-2017-10-123-139.

¹²⁴ V. P. Obolenskiy, "Integration Projects of Russia and EAEU: Chance for Extension Export?," *Outlines of Global Transformations Politics Economics Law* 13, no. 3 (August 20, 2020): 156–75, doi:10.23932/2542-0240-2020-13-3-9.

¹²⁵ Ibid.

In EAEU, Russia has contributed to building efficient supply chain and regional industries that are free from the impacts of Western dominance¹²⁶. For example in such key sectors as agriculture, machinery, and automotive industry, and particularly in pharmaceuticals, currently headed by Russia, the EAEU has been implementing policies to support domestic production. These initiatives do double service to Russia and the rest of the region – they bolster interior markets while also building up industrial sectors across the bloc, making it less reliant on the outside world.

3.11 Financial Influence and Development Assistance

The second aspect of Russia's interests in the EAEU is the financial aspects because Russia enjoys the status of the key financial center in the EAEU. Being a member of the EDB and also the Interstate Bank, Russia is the main donor of the development initiatives and financial assistance in the EAEU.¹²⁷ These are employed in development of infrastructure, restructuring of industries as well as closing the development gap among member states.

For instance, Russia invested lots of money in such sectors as roads construction, electricity plants and industrial areas in Kazakhstan and Kyrgyzstan. According to the data, within the last five years, Russia contributed to the development of the Kyrgyzstan customs more than \$200 million aimed at the modernization of its infrastructure and deepening cooperation with EAEU.¹²⁸ Such investments help not only to integrate the region but also to maintain the countries' subordination to the Russian leadership agenda.

3.12 Impact of Russian Sanctions on EAEU

The extensive sanctions imposed on Russia in response to its invasion of Ukraine in 2022 have placed Russia, as the central actor of the Eurasian Economic Union (EAEU), under severe socio-economic strain. As the largest economy in the bloc, Russia has faced heavy

¹²⁶ Yulia Turovets and Konstantin Vishnevskiy, "Standardization in Digital Manufacturing: Implications for Russia and the EAEU," *Business Informatics* 13, no. 3 (September 30, 2019): 78–96, doi:10.17323/1998-0663.2019.3.78.96.

¹²⁷ V. P. Obolenskiy, "Integration Projects of Russia and EAEU: Chance for Extension Export?," *Outlines of Global Transformations Politics Economics Law* 13, no. 3 (August 20, 2020): 156–75, doi:10.23932/2542-0240-2020-13-3-9.

¹²⁸ Douwe van Der Meer, "Russia's Economic Influence through the Eurasian Economic Union (EAEU)," *iGloboNews*, July 16, 2025, <https://www.iglobenews.org/russias-economic-influence-through-eaeu/>.

restrictions on monetary, technology, and trade, which has pushed it away from the West and reduced its ties with global markets.¹²⁹ These sanctions have not only weakened Russia's domestic economic capacity but also affected the EAEU, exposing the vulnerabilities of a union so heavily dependent on a single dominant member.

For other EAEU states, the sanctions created mixed and uneven effects. In the initial phase of the conflict, countries such as Kazakhstan, Armenia, and Kyrgyzstan experienced short-term trade gains, as their exports to Russia expanded to fill gaps left by the withdrawal of Western firms.¹³⁰ Yet these benefits were offset by broader challenges, including Russia's trade deficit, ruble volatility, and rising transaction costs for intra-union trade. The economic turbulence underscored the structural risks of overreliance on the Russian market.

The most direct and apparent effect of the sanctions on the EAEU has been the disruption of existing supply chains and trade flows. Before the sanctions, the EAEU was heavily dependent on Western imports of technology, machinery, and consumer products. The cutting off these links has compelled member states to look elsewhere, mostly within the EAEU and from Asian allies such as China, Turkey, and Iran.¹³¹ This change has resulted in a dramatic rise in intra-EAEU trade, a phenomenon that some commentators characterize as a forced and in many respects accelerated economic integration.

For instance, Kazakhstan, which enjoyed a diversified trade portfolio prior to the sanctions, has experienced a resounding growth in its exports to and imports from Russia.¹³² Russia has become an increasingly desirable market for Kazakh products following the sanctions, whereas Russian firms, denied Western supplies, have turned to Kazakhstan for varying products. This increase in intra-EAEU trade, nevertheless, comes with challenges. The

¹²⁹ Vladislav Inozemtsev, "Sanctions and the Eurasian Economic Union," *Riddle Russia*, January 23, 2025, <https://ridl.io/sanctions-and-the-urasian-economic-union/>

¹³⁰ Irina Busygina, "The Impact of the War in Ukraine on the Eurasian Economic Union - PONARS Eurasia," *PONARS Eurasia*, n.d., <https://www.ponarseurasia.org/the-impact-of-the-war-in-ukraine-on-the-urasian-economic-union/>.

¹³¹ Alexander Korolev, "Marriage of Sanctions Convenience: Russia Rethinking the EAEU Role," *Modern Diplomacy*, April 6, 2023, <https://moderndiplomacy.eu/2023/03/27/marriage-of-sanctions-convenience-russia-rethinking-the-eaeu-role/>.

¹³² Lea Melnikovová, "Utilizing the EAEU Countries as Channels for Circumventing Sanctions Against Russia: Evidence from the Trade Patterns of the Czech Republic," *Journal of International Commerce Economics and Policy*, August 28, 2025, doi:10.1142/s1793993325500206.

growing dependence on Russia as a trading partner also generates concerns among the smaller member countries regarding overdependence on the economy and the risks of a "contagion of sanctions" in case the economies of the bloc become too interdependent with Russia.

In addition, the disruption of traditional transport and logistics corridors has resulted in bottlenecks and higher transit costs. Western shipping agents and ports have shut out Russian goods, leading EAEU members to divert their exports and imports through non-traditional routes, including the Middle Corridor (Trans-Caspian International Transport Route). The new route, which circumvents Russia by traveling across the Caspian Sea and the Caucasus, has witnessed a sharp surge in traffic. While this provides a chance for EAEU members such as Kazakhstan to become major transit points, it also calls for substantial investment in infrastructure and is its own set of geopolitical risks.¹³³

The sanctions against Russia's financial sector, including the freezing of assets of its central bank and disconnection from the international payment system SWIFT, have created significant financial volatility in the EAEU. The sudden devaluation of the Russian Ruble and instability of its financial markets directly impact other member states because of their interdependent economic relationships. Russian remittances, a significant source of income for countries like Armenia and Kyrgyzstan, have been severed, affecting individual earnings and economic stability. The member states of EAEU have responded by taking measures to stabilize their respective financial institutions. This includes the greater utilization of local currencies for trade, a proposition the EAEU has long advocated but is now being accelerated out of expediency. Russia, in turn, has worked aggressively to promote Ruble use in intra-bloc transactions and has investigated other payment systems with its EAEU allies and other friends. This has again highlighted the perennial debate within the EAEU on a common currency or unified financial system, an aspiration that has thus far evaded realization because of political and economic differences.

¹³³ Edward Hunter Christie, "The Design and Impact of Western Economic Sanctions against Russia," *The RUSI Journal* 161, no. 3 (May 3, 2016): 52–64, doi:10.1080/03071847.2016.1193359.

Labor migration and remittances, long-standing pillars of economic interdependence in the EAEU, have also been disrupted. Migrant workers from Kyrgyzstan, Armenia, and other member states in Russia faced job insecurity, declining ruble-denominated wages, and restrictions in remittance transfers.¹³⁴ Given that remittances account for a significant share of GDP in several of these states, their decline has exacerbated poverty risks and heightened social pressures.

The sanctions regime has further strained financial flows and investment. With international capital being largely inaccessible, EAEU members have turned to regional institutions such as the Eurasian Development Bank to support trade and infrastructure financing.¹³⁵ However, these mechanisms remain insufficient to compensate for the loss of global investment, resulting in delays, reduced project capacity, and higher borrowing costs.

The sanctions have also strengthened existing political and geopolitical tensions within the EAEU. The sanctions regime has, in practical terms, committed EAEU members to a position of taking sides in a global geopolitical confrontation that many were not eager to embrace. Although Russia has tried to present the EAEU as a collective front against Western pressure, other members have gone out of their way to dissociate themselves from Russia's aggression in Ukraine.¹³⁶ Kazakhstan, in turn, has had a multi-vector foreign policy of wanting to remain close to Russia while developing relationships with the West and China. President Kassym-Jomart Tokayev has explicitly said that Kazakhstan will not assist Russia in evading sanctions from the West, a sharp deviation from the common line Russia would wish.¹³⁷ Armenia, for its own reasons of security and dependence on Russia, has been more reserved but also conveyed its own unease with the situation.

¹³⁴ Lea Melniková, "Utilizing the EAEU Countries as Channels for Circumventing Sanctions Against Russia: Evidence from the Trade Patterns of the Czech Republic," *Journal of International Commerce Economics and Policy*, August 28, 2025, doi:10.1142/s1793993325500206.

¹³⁵ Evgeniya Makhmutova, "Sanctions against Russia and Their Impact on the Eurasian Economic Union," *International Organisations Research Journal* 14, no. 3 (September 1, 2019): 99–116, doi:10.17323/1996-7845-2019-03-05.

¹³⁶ Edward Hunter Christie, "The Design and Impact of Western Economic Sanctions against Russia," *The RUSI Journal* 161, no. 3 (May 3, 2016): 52–64, doi:10.1080/03071847.2016.1193359.

¹³⁷ Ibid.

This foreign policy divergence has revealed a primary weakness of the EAEU: its deficiency in a single, integrated foreign policy and security component. Although the bloc has progressed well toward economic integration, its member states preserve their complete sovereignty on political and security issues. The sanctions have reiterated this essential split, showing that the EAEU is a common market and customs union, but not a political or military union.¹³⁸ Sanction pressure has put tension in relations, making agreement on fundamental issues harder and threatening Russia's historic role as the unchallenged leader of the bloc.

In response, Russia has intensified its efforts to use the EAEU as a platform to offset isolation, promoting local currency settlements, regulatory harmonization, and alternative financial arrangements. While these initiatives aim to strengthen intra-bloc cooperation, they have fueled concerns among smaller member states that the Union increasingly reflects Russia's geopolitical agenda rather than a balanced framework for regional development.

Overall, the sanctions have compelled the EAEU to deepen intra-bloc economic activities, but they have also magnified internal asymmetries, structural weaknesses, and doubts about the Union's ability to function as an equitable integration project under external geopolitical pressures.

Neofunctionalism most directly applies itself to the speeding up of functional spillover within the EAEU. The Western sanctions, most notably the ones on finance and trade, have inflicted unprecedented pressure on the economies of member states including Russia, Belarus, and Kazakhstan. The weakening of classic supply chains and the exclusion from Western financial institutions has compelled the bloc to further depend on itself. This outside pressure has triggered more intra-EAEU trade and the emphasis on creating alternative payment and logistics systems. For example, the growth of the use of national currencies in trade as well as efforts to create the Middle Corridor transport corridor are the direct result of sanctions. These are not new concepts for the EAEU, but sanctions have

¹³⁸ Viktor Jakupec, "The Sanctions Wars: Impacts and Consequences," *Dynamics of the Ukraine War. Contributions to International Relations*. Springer, Cham., 2024, 59–69, doi:10.1007/978-3-031-52444-8_5.

rendered them a functional imperative, thus speeding up the integration process in these particular areas.

Nonetheless, the sanctions also underscore a fundamental weakness of Neofunctionalist theory within the EAEU framework. Whereas Neofunctionalism foretells that functional spillover will be followed by political spillover a transfer of allegiance and power to a supranational sphere the EAEU has strongly resisted this. The sanctions have instead revealed the deeply rooted intergovernmental character of the bloc. Member states such as Kazakhstan and Armenia have been keen to distance themselves from Russia's moves and be perceived not as a "backdoor" route for sanctions avoidance, despite their increasing trade with Russia.¹³⁹ This hesitancy to synchronize politically shows that economic integration has not resulted in a political common front. The threat of secondary sanctions has created a "spillback" effect, whereby member states see national interests and sovereignty as more important than a collective EAEU response. This indicates that in a situation of high-stakes political competition, national governments are the final decision-makers on policy, imposing a strong constraint on the spillover process.

3.13 Securitization of EAEU projects in EAEU

The securitization of EAEU projects in the Caspian Sea region is a complex process that combines economic interest with other overall geopolitical and security goals. The Caspian Sea region, which encompasses important link between Europe and Asia, plays significant strategic importance due to the fact that it is rife with energy resources, important transportation arteries and nearby major powers. In this region of the EAEU, the securitization of projects is hinged on stable exports of energy, integrity of maritime facilities, and cordial handling of internal and external threats.¹⁴⁰

Energy security is still dominant in the interaction between the EAEU and the Caspian Sea. At present the Caspian region holds about 48 billion barrels of oil and 292 trillion cubic feet of natural gases which makes it of extreme importance for Russian and other EAEU

¹³⁹ Edward Hunter Christie, "The Design and Impact of Western Economic Sanctions against Russia," *The RUSI Journal* 161, no. 3 (May 3, 2016): 52–64, doi:10.1080/03071847.2016.1193359.

¹⁴⁰ Yulia Turovets and Konstantin Vishnevskiy, "Standardization in Digital Manufacturing: Implications for Russia and the EAEU," *Business Informatics* 13, no. 3 (September 30, 2019): 78–96, doi:10.17323/1998-0663.2019.3.78.96.

member countries' energy security. Taking the position of the leading actor in the EAEU, Russia strives to ensure securitization of energy projects to regulate and dictate the potential of resource production and infrastructure. For example, prospects for Russian influence in the Caspian Pipeline Consortium involves deep-sea, oil transportation facilities that directly link Kazakhstan's Tengiz oil fields to the Russian Black Sea terminal of Novorossiysk.¹⁴¹ Russia Mastering these routes defended its interest on that it controls the flow of energy resources while defensively protecting its interests.

In the case of the EAEU, securitization of Caspian Sea infrastructure includes both improving maritime linkages and safeguarding major communication routes. The sea accounts for Russian, Kazakh, and Turkmen ports as doing great business connecting Europe to Asia. Plans like the International North-South Transport Corridor, which connects the Caspian Sea to Iran and onwards to India, mean that maintaining those corridors from disruption by conflict, piracy or regional tensions, is important. Russia spends considerable resources for modernization of ports on the Caspian Sea and enhancement of naval forces to safeguard the sea borne commerce and communication.

Studies also underlines that geopolitical factors are crucial in securitization of EAEU projects in the Caspian region. The involvement of the regional power or the extra regional powers such as China, United States and the EU make security even more unwarranted. Although the EAEU states' geographic position is not an ideal starting point for accessing the BRI, new infrastructure projects have appeared in Central Asia and the Caspian region since the BRI started are providing new opportunities and risks for the EAEU countries.¹⁴² Thus, although the EAEU is interested in synchronizing its activities with BRI for great benefits, Russia is still wary of Chinese penetration especially in the areas of convergence of points of interest. Consequently, securitization measures call for a simultaneous dependence on foreign partners and the strengthening of the positions of the EAEU within the region.

¹⁴¹ D. Galimov et al., "Inter-Industry Effects from Russian Trade Integration into the EAEU," *Voprosy Ekonomiki*, no. 10 (October 20, 2017): 123–39, doi:10.32609/0042-8736-2017-10-123-139.

¹⁴² Yulia Turovets and Konstantin Vishnevskiy, "Standardization in Digital Manufacturing: Implications for Russia and the EAEU," *Business Informatics* 13, no. 3 (September 30, 2019): 78–96, doi:10.17323/1998-0663.2019.3.78.96.

Furthermore, the military power of Russia within the Caspian Sea region is into securitization. The Caspian Flotilla as an element of the Russian Navy contributes to projecting force and countering threats to the stability of energy supply and sea transport.¹⁴³ This also acts as a protective force against such factors as regional conflict or unauthorized exploitation of natural resources. For instance, the issues of demarcation of the territorial and the natural resources among the Caspian sea coast countries such as Azerbaijan, Kazakhstan, Turkmenistan, Iran and Russia were formerly counterfeited by dilemmas.¹⁴⁴ These questions were to be solved in the context of the 2018, Convention on the Legal Status of the Caspian Sea, however, the case demonstrates that there are still uncertainties, which must be securitized to avoid conflicts consistently.

Environmental issues add more reasons of securitization in the Caspian region. The exploration and production of oil and natural gas resources as well as construction of maritime facilities have increased the probability of environmental pollution which can influence trade, production and regional security. Environment safety is of great importance to Russia and other EAEU members that's why regulations on the reduction of the level of ecological risks and on sustainable development are adopted. This includes measures designed to preserve fish stocks, avoid oil slicks, and support the use of environmental friendly principles of energy and transport infrastructures.

Finally, internal weaknesses in EAEU member countries also require securitization in the Caspian region. Limited economic cooperation between member countries, political insecurity in Kazakhstan and Kyrgyzstan, can pose a great risk to EAEU projects. Proposing solutions to these vulnerabilities, the Russian leadership confirms the commitment of the bloc to the protection of its interests in the Caspian Sea with financial assistance, the development of the necessary capacity, and regional security associations such as the CSTO.

¹⁴³ Mikhail Mukhametdinov, *The Eurasian Economic Union and Integration Theory* (Springer Nature, 2020).

¹⁴⁴ V. P. Obolenskiy, "Integration Projects of Russia and EAEU: Chance for Extension Export?," *Outlines of Global Transformations Politics Economics Law* 13, no. 3 (August 20, 2020): 156–75, doi:10.23932/2542-0240-2020-13-3-9.

3.14 Conclusion

Russia plays a particularly important role in making efforts toward the success of the union. As the union also serves the broader strategic and geopolitical agenda of Russia along with integration. The Russian strategy to make the integration efforts in every field of Eurasia from economic and trade, infrastructure to security is to gain deeper integration in Eurasia.

This strategy of Russia aligns with the nonfunctional theory of Haas that economic integration will lead to deeper political integration. Russia is using this economic integration to achieve its political and strategic goals. The functional spill over and elite socialization shape the union evolution and influence. The strengthening of Russia leadership and consolidation of regional stability lie in promoting economic interdependence, harmonizing policies and fostering shared institution culture.

CHAPTER FOUR

INTERESTS OF EAEU MEMBER STATES

The EAEU represents a significant step toward economic integration and cooperation among several post-Soviet states, with the primary aim of fostering economic development, regional stability, and political alignment. EAEU with member states such as Russia, Kazakhstan, Belarus, Armenia and Kyrgyzstan was established in 2015.¹⁴⁵ The member states have diverse sets of interests in the union some with economic interests, other with political and security interests. While every member state has different interests, the EAEU as union for economic integration and developing single market with free trade across border is benefiting all states participating in union.

Kazakhstan has rich natural resources and big landmass want the benefit of access to bigger market and enhance its geopolitical position in Eurasian region as of central actor. Their objectives are focused on development of their economy through economic integration by trade and infrastructure connectivity.

Belarus sees EAEU as important and secure economic platform specially with oil prices changing and political concerns as their economy relies is on Russia due to their energy import and trade with them. Belarus view this as platform where they can get close to Russia and enhance their trade with a way to broader economic backing.

Armenia, a small landlocked country is a member of EAEU due to their security and economic interests. By joining the union, they plan to have security assurance and economic connection with Russia at the same time. They see this as an opportunity to access the Russian market and securitize their tension within the region specially Nagorno-Karabakh with Azerbaijan.

Kyrgyzstan wants to fasten its economic growth by gaining more trade access and more energy security through regional integration as they are smallest state in the region. They

¹⁴⁵ Evgeny Vinokurov and Alexander Libman, *Eurasian Integration*, Palgrave Macmillan UK eBooks, 2012, doi:10.1057/9781137283351.

are mainly focused on access to Labor market of Russia and attract investment along with political stability through the EAEU.

This shows that every member state is connected to the union with its own set of benefits and seeing the union from their point of interests. On the other hand the union works for better economic cooperation and alignment of political decisions. This difference makes a hurdle between the goals of member states and goal of union.

The chapter revolves around the interests of the other member states of the EAEU. The chapter establishes Interests of Kazakhstan, Interests of Belarus, Interests of Armenia, Interests of Kyrgyzstan is discussed in detail.

4.1 Interests of Kazakhstan

Kazakhstan's policy objectives towards the EAEU are thus oriented by a combination of geopolitical, that refers to the country's role in the region, and geoeconomic factors, which cover its overall foreign policy visions and strategies. Kazakhstan as one of the largest landlocked countries of Central Asia and one of the biggest economies of this region considers its membership in EAEU as an important component of its development strategy.¹⁴⁶ This paper focuses on the benefits of the country in the EAEU in terms of economic cooperation and its impact on economic structure, political pressure, and geopolitical advantage.

4.1.1 Economic Diversification and Access to Regional Markets

Kazakhstan's major economic concern with the EAEU is to use the institution to gain an advantageous market access to the large connected markets of the union market that has a population of over 180 million. According to the data of 2022, the Kazakhstan had gross domestic product of around \$250 billion and is out only by Russia in the EAEU countries.¹⁴⁷ At the same time, the majority of the country's income comes from the sales of natural resources, including oil, natural gas and minerals. But Kazakhstan has long

¹⁴⁶ Lyailya Nurgaliyeva, "Kazakhstan's Economic Soft Balancing Policy Vis-à-Vis Russia: From the Eurasian Union to the Economic Cooperation with Turkey," *Journal of Eurasian Studies* 7, no. 1 (November 4, 2015): 92–105, doi:10.1016/j.euras.2015.10.008.

¹⁴⁷ Yelena Nikolayevna Zabortseva, *Russia's Relations with Kazakhstan: Rethinking Ex-Soviet Transitions in the Emerging World System* (Routledge, 2016).

understood the necessity of its economic diversification to avoid the consequences of an unstable oil and gas market in the long term.

The EAEU has helped Kazakhstan develop an opportunity to engage in the export of a larger variety of products within the member states without experiencing high levels of tariffs. For instance, export of Kazakhstan from 2015 to 2021 increased to EAEU countries by 32%, working and mineral oil, grain, metal and mineral production and chemical products of production.¹⁴⁸ Having eliminated tariffs, customs duties as well as non-tariff restrictions, the EAEU promoted the development of intra-bloc foreign trade and Kazakhstan has benefited from it by diversifying its exports and delivering wheat and industrial products. This opportunity to penetrate a broad market segment also avails Kazakhstan with the potential for improving its economic development and providing a platform for its industries to develop and become more competitive on the international market.

Further, liberalization of trade with other members of EAEU also offers a door to reform and upgrade its mentation in sectors like manufacturing, agriculture and services. The alignment of technical requirements and customs formalities in the context of the EAEU makes the Kazakhstan's enterprises enter the se supply chains more easily, which means that the domestic manufacturers can sell their products to the other EAEU member states. For instance, Kazakhstan's agricultural exports such as meat and dairy products enjoy the common agricultural market and the food safety mechanism of the EAEU integrating new opportunities for trade and investment.

4.1.2 Foreign Investment

Apart from the trade purpose, Kazakhstan considers its membership in the EAEU as a long-term was aimed at attracting foreign investment. Due to regulation harmonization and dismantling the internal barriers the union facilitates the cross-border investment in the EAEU. As a country that is endowed with immense natural resources, Kazakhstan has a

¹⁴⁸ Dossymkhan, Y. D., M. B. Zhanarstanova, and A. T. TursYnbek. "Sustainable economic development of Kazakhstan in EAEU structure." Вестник КазНУ. Серия философии, культурологии и политологии 86, no. 4 (2023).

potentially viable integrated EAEU market, which will be attractive to players particularly the multinationals to tap into the greater Eurasian market.¹⁴⁹

Indeed, over the recent years, Kazakhstan has demonstrated a strong commitment to diversifying its economy, which the EAEU largely supports through the diversification of gross industrial products, especially manufacturing goods, high-tech products, and services. Hitherto, the country has enhanced infrastructure to ease internal EAEU connections including roads or railways that connects Kazakhstan to Russia, Belarus among other EAEU member countries. These infrastructure enhancements not only facilitate the Kazakh economy but also makes the country plus other Central Asia's nations plus other markets along the Silk Road more desirable.

The EAEU also offers Kazakhstan with access to financial resources through structures such as the EDB, which sponsors infrastructure projects and programs aimed at increasing the competitiveness of EAEU economies. Kazakhstan has profited from these financial flows, notably in areas such as energy, transport, and agriculture, where long-term investments are required to increase capacity and enhance efficiency.¹⁵⁰ The economic capability is utilized by Kazakhstan with the construction of highways and regional projects financing through EDB's involvement.

4.1.3 Geopolitical Positioning and Multi-Vectored Foreign Policy

Kazakhstan's seeking a multi vectored foreign policy through geopolitical approach while participating the EAEU. The Kazakhstan govt want to have a balance tie with the major powers such as Russia, China and Western countries. Kazakhstan sees their participation in the EAEU as to strengthen their relations with Russia in terms of political and economic domain.¹⁵¹ On the other the Kazakhstan administration also pursuing to have degree of independence and flexibility in foreign policy without reliance on any state.

¹⁴⁹ Luca Anceschi, *Analysing Kazakhstan's Foreign Policy: Regime Neo-Eurasianism in the Nazarbaev Era* (Routledge, 2022).

¹⁵⁰ Maria Lagutina, *Regional Integration and Future Cooperation Initiatives in the Eurasian Economic Union* (IGI Global, 2019).

¹⁵¹ Mursalova, Khalima N., Bakytgul A. Ainakanova, Aigul S. Kazkenova, Nurgul Zhalelkanova, and Ozay Ozpence. "Analysis of Problems of Kazakhstan's Economic Integration in the EAEU." *Journal of Advanced Research in Law and Economics* 11, no. 4 (50) (2020): 1218-1232.

As the Eurasian region is having a geopolitical competition between Russia and China, the Kazakhstan administration sees itself as having a regional balance of power by participating in the union. The dominating force in the EAEU is Russia so Kazakhstan benefits by their membership in union to have a decision-making position at union table where they can easily influence the decision to align with their interests.¹⁵² This is good for Kazakhstan as they will not become in between the geopolitical tension between the two major powers Russia and China.

Participating in the EAEU also make the Kazakhstan position to counter the influence of China in region. With the Chinese BRI initiative, the region has saw some good investment and infrastructure projects specially in Kazakhstan where they aligned their economic development of China and their national interests.¹⁵³ But being a member of EAEU Kazakhstan is allowed to have a balance position and not remain dependent on any states which may be internal or external. Kazakhstan knows the importance of its relation the regionals states while having engagements with China through BRI.

Further the Position of Kazakhstan in the EAEU is combined with the leader position in Central Asia. The Kazakhstan govt worked to strengthen ties with other regional states made after disintegration. Along with this the EAEU platform has given the opportunity to Kazakhstan to address issues of security, trade and enhance regional stability.

4.1.4 Security and Strategic Interests

Strategic objectives of Kazakhstan are the related to regional security in the EAEU. Even though EAEU is for economic, it has moved forward in the cooperation for regional stability and cooperation.¹⁵⁴ As the security question remains important in the region of

¹⁵² Luca Anceschi, *Analysing Kazakhstan's Foreign Policy: Regime Neo-Eurasianism in the Nazarbaev Era* (Routledge, 2022).

¹⁵³ Лаура Исова and Дархан Туманшиев, "ECONOMIC AND MIGRATION RELATIONS BETWEEN BELARUS AND KAZAKHSTAN IN THE FRAMEWORK OF EURASIAN ECONOMIC UNION (EEU)," *ВЕСТНИК «Исторические И Социально-Политические Науки»* 4, no. 67 (January 1, 2020), <https://bulletin-histsocpolit.kaznpu.kz/index.php/ped/article/view/344>.

¹⁵⁴ Diana T. Kudaibergenova, "Eurasian Economic Union Integration in Kazakhstan and Kyrgyzstan," *European Politics and Society* 17, no. sup1 (April 19, 2016): 97–112, doi:10.1080/23745118.2016.1171286.

Central Asia and Eurasia. Kazakhstan considers broader security strategy for its stability in area and for its sovereignty while being a member in EAEU.

The Collective Security Treaty Organization provide a security platform to Kazakhstan with Russia through EAEU. Though EAEU is an economic integration process but being a member of the union, it provides the member states to work collectively for security purposes too. CSTO is a military alliance. But due to membership of both organizations the Kazakhstan is given the space to tackle their security issues and eradicate terrorism along with other crimes and regional conflicts.

4.1.5 Challenges and Balancing Relations

Although there are certain benefits to Kazakhstan while being member of the union but still Kazakhstan feels threatened due to the dominant position of Russia in the EAEU. This dominant position of Russia sometime result in unbalance distribution of benefits to member states. Due to its larger economy Russia influence the decision-making process within EAEU which make obstacles in Kazakhstan way to align their interest with EAEU policies.

Moreover, Kazakhstan is conscious to the political integration of EAEU which will limit its sovereignty.¹⁵⁵ Kazakhstan supported the economic integration of EAEU, but it was not in favor of political integration of the EAEU and its shared currency or centralized decision making. As this make Kazakhstan worry for their political independence and being step in to policies which does not meet with its national interests. Further the balancing of relation with China and other Western states along with Russia is also being a challenge for the Kazakhstan in geopolitical landscape. As the multi vectored foreign policy of EAEU does not combine with price of its membership in EAEU.¹⁵⁶ So they have to make diplomatic decisions carefully.

¹⁵⁵ Alexander Knobel et al., “Deep Integration in the Eurasian Economic Union: What Are the Benefits of Successful Implementation or Wider Liberalization?,” *Eurasian Geography and Economics* 60, no. 2 (March 4, 2019): 177–210, doi:10.1080/15387216.2019.1627232.

¹⁵⁶ Alexander A. Markarov and Vahe S. Davtyan, “INTEGRATION OF ARMENIA INTO THE COMMON ELECTRICITY MARKET OF THE EAEU: RISKS AND OPPORTUNITIES,” *Goeconomics of Energetics* 14, no. 2 (January 1, 2021): 124–38, doi:10.48137/2687-0703_2020_12_4_124.

The interests of Kazakhstan are making it clear that Neofunctional spillover effect is evident in pursuit of their goals. As the economic cooperation in union lead to the other interests of Kazakhstan. Such as infrastructure, security and other purposes. Kazakhstan wants benefits from the union which are aligned with their interests in terms of economy but also with decision making process which will enhance Kazakhstan influence in the region as well as in the union.

4.2 Interests of Belarus

Belarus has enormous and diverse interests such as economic, political and strategic interests in the bloc as a founding member of the union. While being a longstanding partner of Russia in the region and trading, Belarus seeks to enhance its position and economy in the region and get close to Russia. Belarus sees the union as a platform for economic, energy and political alignment interests in the region. These interests are considered vital for the healthy progress of a nation.¹⁵⁷

4.2.1 Economic Integration and Trade Opportunities

Belarus primary goals in joining EAEU is to enhance its economic gains in the regions as Belarus is small country and have little or limited access to the markets globally. Due to its size and position, they have faced several obstacles and issues linked with trade and also have limited exports to countries they rely on. It aims to join the EAEU to provide the country with access to bigger market and enhance its trade with other members.

Belarus large trading partner is Russia accounted as half of country exports. The union free trade and harmonization policies for trade will benefit Belarus in the region and will allow smooth trade and tariff free commerce with Russia.¹⁵⁸ The single custom area will give the benefit of decreasing transaction charges and streamlining its trade procedure. As the core sectors of Belarus exports are machinery and petrochemical and food items etc.

Moreover, being an industrial nation Belarus views EAEU as way to enhance its cooperation in manufacturing and industries of high technology. Although they are

¹⁵⁷ Andrew Savchenko, *Belarus - a Perpetual Borderland* (BRILL, 2009).

¹⁵⁸ A. V. Tsikhamirau, "The Significance of Eurasian and European Integrations in the Foreign Policy of the Republic of Belarus (1991–2017)," *Journal of the Belarusian State University. International Relations*, January 1, 2018, <https://elib.bsu.by/bitstream/123456789/205492/1/18-29.pdf>.

dependent on Russian subsidies for energy exports and exports of low-cost material.¹⁵⁹ Through access of large markets of Russia and Kazakhstan the union provide Belarus with ability to develop in industry. The consistency in the union provides the country for easy integration and regional global supply chain and make it attractive for business.

4.2.2 Energy Security and Subsidized Resources

Belarus with its connection with Russia sees energy security as another important domain through the lens of EAEU. Most of the energy demand of Belarus are fulfilled by Russia and the union will ensure the framework to advantage Belarus in energy supply. Belarus gets oil, natural gas and electricity from Russia and within EAEU it will get it on discounted prices from the market price.

Belarus has established itself as main hub for Russian energy exports through framework of EAEU. EAEU energy cooperation also provide Belarus with new chances for energy transit and electric grids enhancing their role as important hub of energy exports. Looking at this Belarus benefits from the energy sector by upgrading regional energy grid and transport works.

Although Belarus faced challenges in the energy exports. Belarus recently had price issue with Russia over energy exports but within EAEU they were able to negotiate prices and energy arrangements with the help of other member nation in union.¹⁶⁰ The union helped Belarus on its dependence of single energy supply by lessening it and also pushed it to boost its energy efficiency acknowledging their long-term need of energy sector.

4.2.3 Political Alignment and Sovereignty

Historically Belarus has close political relations with Russia. The Eurasian Economic Union provides the country to further enhance their relations with Russia. In view of Belarus ties with Russia are not only for economic interests but for security purpose and

¹⁵⁹ K. Bykau, "DYNAMIC AND STRUCTURAL DISPROPORTIONS OF THE BALANCE IN FOREIGN TRADE IN TEXTILE GOODS OF THE EAEU AND BELARUS," *Vestnik of Polotsk State University Part D Economic and Legal Sciences*, no. 14 (January 2, 2022): 19–29, doi:10.52928/2070-1632-2021-59-14-19-29.

¹⁶⁰ Elizaveta S. Sokolova et al., "Armenian Energy System Development: The Prospects of EAEU Single Energy Market," *International Journal of Energy Economics and Policy* 12, no. 1 (January 19, 2022): 258–65, doi:10.32479/ijeep.12585.

foreign policy agenda too. Belarus sees its membership in EAEU to maintain their strong link with Russia which could help in their economic support when the country faces confrontation from the Western countries.¹⁶¹

Although the relation between Russia and Belarus are strong but it contains friction. Belarus pursued its political autonomy while having strong relation with Russia.¹⁶² However, Belarus challenged the increased political integration in EAEU. For example, it has raised questions on shared currency and centralized decision-making framework feeling threatened that such measure can destroy their independence.

However, Belarus is seen as an important member of the EAEU has enhanced its regional political power. With participating in the union decision making process and advancing its interests in the union Belarus is influencing the area as a whole and presenting itself as an important member of EAEU and Eurasian region. With small territory and low population Belarus views EAEU as an important platform for enhancing its geopolitical leverage looking at the Western and other global power.

EAEU also allows Belarus for its security interests in the context of CSTO. As the EAEU is an economic integration union but the member states' interests overlap with the security consideration. The CSTO is commanded by Russia Belarus views the participation in the union as surety to their security interests through Russia. While looking at threats from the West and external states Belarus sees EAEU as a platform for political, economic and security interests.

4.2.4 Strategic Importance and Regional Stability

Belarus also aims to contribute to the regional stability through the framework of EAEU along with boosting its strategic position in the region of Eurasia. Positioned between Russia and Europe, Belarus possesses a strategic geographical area that makes it an

¹⁶¹ A. V. Tsikhamirau, "The Significance of Eurasian and European Integrations in the Foreign Policy of the Republic of Belarus (1991–2017)," *Journal of the Belarusian State University. International Relations*, January 1, 2018, <https://elib.bsu.by/bitstream/123456789/205492/1/18-29.pdf>.

¹⁶² Ksenia Kirkham, "The Formation of the Eurasian Economic Union: How Successful Is the Russian Regional Hegemony?," *Journal of Eurasian Studies* 7, no. 2 (May 1, 2016): 111–28, doi:10.1016/j.euras.2015.06.002.

important actor in the region.¹⁶³ Belarus views EAEU as an important organization for strengthening its position in terms of strategic and geographical importance in the region.

The EAEU also provides Belarus with an opportunity to engage in collective decision-making on regional economic concerns, including trade policies, investment initiatives, and infrastructure development. Belarus is particularly interested in strengthening its transport and logistics infrastructure inside the EAEU framework, as it aspires to become a vital link in the regional transit network. This is especially significant in view of the country's role as a crucial transportation hub between Europe and Central Asia, where major transit corridors for commerce, energy, and resources intersect.

The EAEU's emphasis on regional integration and the facilitation of economic flows feeds into Belarus' greater regional goals. By being part of the union, Belarus strengthens its connectivity with neighboring nations, allowing it to better its logistical networks and construct infrastructure that connects it more efficiently with markets in the EU, Russia, and Central Asia.¹⁶⁴ This is especially crucial as Belarus wants to present itself as an economic bridge between Russia and the EU, despite the political tensions that occasionally exist between Belarus and Western powers.

4.2.5 Counterbalance to Western Sanctions

Belarus' interests in the EAEU have become even more obvious in light of the political and economic isolation it has endured from the West, notably following the 2020 presidential election and the accompanying crackdown on demonstrations. Western sanctions, enforced by the EU and the United States, have targeted critical areas of the Belarusian economy, including finance, energy, and transportation. In this context, Belarus regards its EAEU membership as an important tool of reducing the consequences of these sanctions.

¹⁶³ Andrzej Cieřlik and Oleg Gurshev, "Trade Policies in Central Asia after EAEU Enlargement and after Russian WTO Accession: Regionalism and Integration into the World Economy Revisited," *Eurasian Geography and Economics* 65, no. 5 (January 3, 2023): 656–78, doi:10.1080/15387216.2022.2162098.

¹⁶⁴ A. V. Tsikhamirau, "The Significance of Eurasian and European Integrations in the Foreign Policy of the Republic of Belarus (1991–2017)," *Journal of the Belarusian State University. International Relations*, January 1, 2018, <https://elib.bsu.by/bitstream/123456789/205492/1/18-29.pdf>.

Through the EAEU, Belarus has been able to obtain access to alternate markets for its goods and services, as well as financial help from its other member states. Russia, in particular, has supplied Belarus with financial aid to help weather the impact of Western sanctions. Moreover, the EAEU's cooperative framework helps Belarus to preserve critical economic and commercial linkages with its regional allies, decreasing its dependent on Western markets and guaranteeing that it remains economically stable.

4.2.6 Challenges and Tensions

Despite the various advantages that Belarus obtains from its involvement in the EAEU, the country also faces obstacles in balancing its interests within the union. One of the primary sources of discontent for Belarus is the dominance of Russia in the decision-making procedures inside the EAEU.¹⁶⁵ While Belarus benefits from Russia's economic and political backing, it also desires a more balanced division of power inside the union. Belarus has, at times, expressed worries about Russia's influence in formulating the EAEU's policies and has fought for more voice and representation within the group.¹⁶⁶

Another obstacle is the drive for closer political and economic integration within the EAEU, notably in areas such as monetary union, political coordination, and harmonization of tax and fiscal policies. Belarus, while supportive of economic union, has been reluctant to commit to broader political unity, fearing that it could erode its sovereignty. Belarus has consistently resisted calls for a unified currency and other measures that would necessitate greater centralization of decision-making.

From a Neofunctionalist perspective, the functional spillover effect is evident in Belarus's endorsement of enhanced economic collaboration, which promotes policy harmonization and institutional alignment. Elite socialization plays a crucial role, as Belarusian politicians engage in ongoing interactions with their EAEU colleagues, facilitating collaborative decision-making. This dynamic strengthens Belarus's strategic position within the union,

¹⁶⁵ Elena Korosteleva, "Belarus between the EU and Eurasian Economic Union," in *The View from Within*, 2014, 135–49, doi:10.4324/9781315738154-16.

¹⁶⁶ Alexander A. Markarov and Vahe S. Davtyan, "INTEGRATION OF ARMENIA INTO THE COMMON ELECTRICITY MARKET OF THE EAEU: RISKS AND OPPORTUNITIES," *Goeconomics of Energetics* 14, no. 2 (January 1, 2021): 124–38, doi:10.48137/2687-0703_2020_12_4_124.

demonstrating how economic interdependence leads to increased political cooperation and regional unity. Belarus's objectives in the EAEU revolve around gaining economic benefits, ensuring political stability, and balancing its relationships with Russia and the West.¹⁶⁷ Given Belarus's deep economic ties with Russia, it relies on the EAEU's common market for trade facilitation and energy security.

4.3 Interests of Armenia

Armenia's participation in the EAEU constitutes a key point in the country's foreign policy and strategic orientation. As one of the smaller and less economically robust members of the bloc, Armenia's interests in the EAEU are varied and significantly affected by a combination of geopolitical considerations, economic requirements, and security concerns. Armenia's decision to join the EAEU was driven by its ambition to secure its strategic and economic position in the South Caucasus and to strengthen its economic prospects within the broader Eurasian region.¹⁶⁸ Despite -+experiencing hurdles owing to its small economic size and ongoing regional issues, Armenia aspires to exploit its membership in the EAEU to receive benefits from Russia, expand its regional ties, and integrate more effectively with other EAEU member states.

4.3.1 Economic Integration and Trade Expansion

One of Armenia's key priorities in the EAEU is economic integration, which the government considers as crucial to sustaining long-term stability and progress. Armenia is a small, landlocked country with limited access to international markets and dependent on imports for many vital resources. Prior to joining the EAEU, Armenia suffered a terrible economic situation, relying primarily on remittances from the Armenian diaspora and commerce with neighboring nations such as Iran. Armenia's membership into the EAEU has provided it with access to the bigger, integrated market of over 180 million people, considerably enhancing its trading potential.

¹⁶⁷ Elena Korosteleva, "Belarus between the EU and Eurasian Economic Union," in *The View from Within*, 2014, 135–49, doi:10.4324/9781315738154-16.

¹⁶⁸ Elizaveta S. Sokolova et al., "Armenian Energy System Development: The Prospects of EAEU Single Energy Market," *International Journal of Energy Economics and Policy* 12, no. 1 (January 19, 2022): 258–65, doi:10.32479/ijeep.12585.

The EAEU's single market allows Armenia to profit from the free movement of goods, services, capital, and labor within the union, erasing many of the trade barriers that previously impeded its exports. Key Armenian businesses, including as food processing, agriculture, and light manufacturing, have gained stronger access to Russian, Kazakh, and other EAEU markets. Armenia's involvement in the EAEU is particularly essential for its exports of goods including cognac, wines, jewelry, and agricultural products, which now face less trade barriers in the EAEU territory.¹⁶⁹ Furthermore, Armenia has profited on the potential to export goods to the other EAEU member states, growing its exports in line with the union's internal trade accords.

The Armenian government has indicated particular interest in boosting its economic ties with Russia, its main trading partner inside the EAEU. Armenia's inclusion in the union facilitates easier and more profitable trade with Russia, as well as access to Russian investment. In the agricultural sector, for example, Armenian farmers have witnessed increasing exports of fruits and vegetables to Russia, which has helped alleviate some of the country's persistent trade imbalances.¹⁷⁰ Additionally, Armenian firms benefit from improved access to Russian finance and technology, increasing industrial development and innovation.

Moreover, Armenia aspires to enhance its economic links with Kazakhstan and Belarus, both of which offer key markets for Armenia's products. Kazakhstan's enormous size and position as a gateway between Russia and Central Asia provide potential for Armenia to access trade channels and boost its exports to countries like China and other Asian states. This geographic orientation also helps diversify Armenia's economic partnerships, minimizing its reliance on a single market. With the EAEU operating as a platform for

¹⁶⁹ Armen Grigoryan, "Armenia's Membership in the Eurasian Economic Union: An Economic Challenge and Possible Consequences for Regional Security," *the Polish Quarterly of International Affairs* 24, no. 4 (October 1, 2015): 7–26, <https://www.ceeol.com/search/article-detail?id=417267>.

¹⁷⁰ Erik Davtyan, "Being Small in a Large Club: Unpacking Armenia's Actorness in the Eurasian Economic Union," *Journal of Southeast European and Black Sea Studies*, November 9, 2023, 1–17, doi:10.1080/14683857.2023.2273495.

deeper regional cooperation, Armenia expects to benefit from the emergence of new economic routes and prospects for cross-border initiatives.¹⁷¹

4.3.2 Energy Security and Access to Resources

Energy security is another crucial concern for Armenia, which is heavily dependent on energy imports, mainly from Russia. Armenia's energy infrastructure is obsolete and inefficient, and it relies on Russia for a substantial amount of its energy needs, including electricity, natural gas, and nuclear fuel. Armenia's membership in the EAEU enables it to get preferential energy costs, which are vital for sustaining its economic stability. In particular, Armenia has profited from favorable natural gas pricing accords with Russia under the framework of the EAEU.

For Armenia, the ability to access Russian energy resources at subsidized rates is important to sustaining the competitiveness of its energy-intensive businesses. Armenia's power production and heating sectors, in particular, depend largely on Russian gas, and the EAEU's economic integration promotes a more predictable and steady energy supply.¹⁷² This is crucial for Armenia's industries, notably those in the industrial and metallurgy sectors, which require a stable and consistent source of energy for output.

Additionally, Armenia is seeking to enhance its energy transit and cooperation networks across the greater Eurasian region. The EAEU's integration measures provide Armenia the opportunity to update its energy infrastructure, increase cross-border energy exchanges, and ensure that it can maintain a steady energy supply while diversifying its energy sources.¹⁷³ While Armenia is focused on improving its energy efficiency and lowering its dependent on a single source, the EAEU remains a vital framework for energy security in the country.

¹⁷¹ Krzysztof Falkowski, "Long-Term Comparative Advantages of the Eurasian Economic Union Member States in International Trade," *International Journal of Management and Economics* 53, no. 4 (December 20, 2017): 27–49, doi:10.1515/ijme-2017-0024.

¹⁷² Vahram Ter-Matevosyan et al., "Armenia in the Eurasian Economic Union: Reasons for Joining and Its Consequences," *Eurasian Geography and Economics* 58, no. 3 (May 4, 2017): 340–60, doi:10.1080/15387216.2017.1360193.

¹⁷³ Maria Lagutina, *Regional Integration and Future Cooperation Initiatives in the Eurasian Economic Union* (IGI Global, 2019).

4.3.3 Political and Security Alignment

Armenia's membership in the EAEU is also strongly related to its political and security interests, notably in the context of its longtime relationship with Russia. The EAEU serves as a vehicle for increasing Armenia's strategic alignment with Russia, which has been a crucial partner for Armenia in terms of security and defense.¹⁷⁴ Armenia regards its membership in the EAEU as an extension of its broader foreign policy goals, which include keeping close connections with Russia while concurrently pursuing chances for cooperation with other member states.

As a landlocked country with ongoing security concerns, mainly related to its conflict with Azerbaijan over Nagorno-Karabakh, Armenia sees the EAEU as a method to boost its regional security. Russia, as the majority member of the EAEU, plays a key role in providing security guarantees to Armenia. In addition to being a member of the CSTO, a military alliance that includes Russia and several other former Soviet republics, Armenia's membership in the EAEU provides it with additional political and military support from Russia in the context of its long-standing territorial dispute with Azerbaijan.

Furthermore, Armenia's involvement in the EAEU allows it to receive diplomatic backing from other member states in the event of regional crises. The group offers Armenia with a venue to engage in dialogue with its regional partners and guarantee that its security issues are addressed in a cooperative way.¹⁷⁵ The EAEU's emphasis on economic and political cooperation has allowed Armenia to engage in multilateral conversations with its neighbors, which is especially crucial given the country's sensitive position in the South Caucasus.

Armenia's involvement in the EAEU also helps boost its strategic connection with Kazakhstan and Belarus, both of which have become increasingly crucial partners for Armenia in terms of commerce and political alignment. While Kazakhstan and Belarus are

¹⁷⁴ Vahram Ter-Matevosyan et al., "Armenia in the Eurasian Economic Union: Reasons for Joining and Its Consequences," *Eurasian Geography and Economics* 58, no. 3 (May 4, 2017): 340–60, doi:10.1080/15387216.2017.1360193.

¹⁷⁵ Erik Davtyan, "Being Small in a Large Club: Unpacking Armenia's Actorness in the Eurasian Economic Union," *Journal of Southeast European and Black Sea Studies*, November 9, 2023, 1–17, doi:10.1080/14683857.2023.2273495.

less directly involved in Armenia's security problems, their membership in the EAEU assures that Armenia can count on their diplomatic support inside the framework of the union. This geopolitical alignment affords Armenia extra influence in its dealings with other parties, particularly Western countries and regional adversaries.

4.3.4 Regional Connectivity and Infrastructure Development

Another significant area of focus for Armenia within the EAEU framework is the development of regional connectivity and infrastructure. As a landlocked country, Armenia has tremendous issues connected to transportation and logistics. The country's transit routes are limited by its borders with closed or contested states, especially Azerbaijan and Turkey. This geographical isolation has made it difficult for Armenia to completely integrate into regional and global commerce networks.

Armenia's involvement in the EAEU affords it the potential to overcome some of these difficulties through enhanced regional connectivity and the development of cross-border infrastructure projects.¹⁷⁶ By participating in the EAEU's transportation initiatives, Armenia has access to programs aimed at updating the region's infrastructure, expanding road and rail networks, and enhancing transit connections between member nations. The EAEU's focus on promoting free movement of products and services also supports Armenia's ambitions to expand its economic channels, allowing the country to more readily reach the markets of Russia, Kazakhstan, and beyond.

Moreover, Armenia's role as a transit point for trade between Russia and the Middle East is another facet of its interest in boosting regional connectivity. Armenia is seeking to expand its transportation infrastructure to enhance trade flows, notably in areas like energy and agriculture, and to attract foreign investment.¹⁷⁷ By partnering with other EAEU member states on infrastructure projects, Armenia hopes to gain from enhanced connectivity and a more competitive transport network.

¹⁷⁶ Alexander A. Markarov and Vahe S. Davtyan, "INTEGRATION OF ARMENIA INTO THE COMMON ELECTRICITY MARKET OF THE EAEU: RISKS AND OPPORTUNITIES," *Goeconomics of Energetics* 14, no. 2 (January 1, 2021): 124–38, doi:10.48137/2687-0703_2020_12_4_124.

¹⁷⁷ Elizaveta S. Sokolova et al., "Armenian Energy System Development: The Prospects of EAEU Single Energy Market," *International Journal of Energy Economics and Policy* 12, no. 1 (January 19, 2022): 258–65, doi:10.32479/ijeep.12585.

4.3.5 Trade Diversification and Economic Modernization

Armenia's economic structure has historically been characterized by dependency on certain industries, such as mining, agriculture, and remittances from the diaspora. The country has worked to diversify its economy by supporting the growth of other industries, including manufacturing, technology, and services.¹⁷⁸ Armenia's participation in the EAEU plays a significant role in this diversification plan by providing the country with access to new markets, investment opportunities, and knowledge transfers.

Armenia has been attempting to upgrade its industrial base and increase its export sectors. The free movement of labor inside the EAEU allows Armenia to access skilled people from other member states, which can be advantageous for the growth of its high-tech and manufacturing industries. Furthermore, Armenia's presence in the EAEU offers it with access to current technology and experience from its larger partners, particularly Russia and Kazakhstan, which have more advanced industries and manufacturing capacities.¹⁷⁹

As part of its efforts to modernize its economy, Armenia has also tried to improve its business climate by harmonizing its rules with EAEU standards. The harmonization of economic rules, like customs procedures, intellectual property laws, and product standards, allows Armenian enterprises to operate more efficiently and competitively inside the union.¹⁸⁰ This integration is necessary for Armenia to attract foreign investment and stimulate economic development, particularly in sectors that are crucial for long-term growth, such as information technology, renewable energy, and logistics.

Armenia's participation in the EAEU is prompted by its pursuit of economic security, market access, and geopolitical support. As a landlocked nation with limited regional neighbors, Armenia benefits from the EAEU's single economic space and preferential

¹⁷⁸ M.M. Savina, J.E. Armurzaeva, and A.K. Chylabaeva, "DEVELOPMENT OF THE ECONOMY OF KYRGYZSTAN IN THE CONDITIONS OF THE EAEU," *Vestnik Bishkek State University Af K Karasaev* 3, no. 69 (December 15, 2024): 187–93, doi:10.35254/bsu/2024.69.29.

¹⁷⁹ Erik Davtyan, "Being Small in a Large Club: Unpacking Armenia's Actorness in the Eurasian Economic Union," *Journal of Southeast European and Black Sea Studies*, November 9, 2023, 1–17, doi:10.1080/14683857.2023.2273495.

¹⁸⁰ Vahram Ter-Matevosyan et al., "Armenia in the Eurasian Economic Union: Reasons for Joining and Its Consequences," *Eurasian Geography and Economics* 58, no. 3 (May 4, 2017): 340–60, doi:10.1080/15387216.2017.1360193.

trade arrangements. From a Neofunctionalist perspective, the functional spillover effect is obvious in Armenia's alignment with shared economic strategies, which increasingly expand into political collaboration. Elite socialization also plays a vital role, as Armenian leaders actively engage in EAEU institutions, establishing a culture of collaboration and consensus. Through these methods, Armenia enhances its economic resilience and diplomatic position, illustrating how economic integration encourages greater regional unity and strategic alignment.

4.4 Interests of Kyrgyzstan

Kyrgyzstan's involvement in the EAEU represents its deliberate endeavor to boost its economic position and geopolitical stature within the greater Central Asian region. As one of the smallest economies in the EAEU, Kyrgyzstan's interests in the union are driven by a range of variables, including economic development, regional security concerns, commercial access, energy cooperation, and political alignment with key regional players such as Russia. While Kyrgyzstan has obstacles in fully capitalizing on the potential afforded by the EAEU, it also considers its membership as a vehicle to secure key economic and political advantages, strengthen its regional security, and attract foreign investment.

4.4.1 Economic Growth and Trade Integration

Kyrgyzstan's interest in joining the EAEU is primarily driven by the prospect for greater economic growth through tighter integration with its larger neighbors. Prior to its entrance to the EAEU in 2015, Kyrgyzstan experienced severe economic hurdles, including limited access to international markets, reliance on remittances from migrant workers, and considerable dependency on imports for various goods and services. The government has long been exploring measures to diversify its economy, lessen its reliance on a restricted range of industries, and encourage economic development.¹⁸¹ As a member of the EAEU, Kyrgyzstan gained access to a market of over 180 million people, allowing chances for its sectors to expand, particularly in the fields of agriculture, manufacturing, and services.

¹⁸¹ Luca Anceschi, *Analysing Kazakhstan's Foreign Policy: Regime Neo-Eurasianism in the Nazarbaev Era* (Routledge, 2022).

Kyrgyzstan's membership in the EAEU enables it to benefit from the free movement of goods, services, capital, and labor within the union.¹⁸² The reduction of tariffs and trade restrictions increases the flow of Kyrgyz goods into larger markets such as Russia, Kazakhstan, and Belarus, presenting firms with new prospects.¹⁸³ In particular, Kyrgyzstan's agriculture industry has benefited from access to the EAEU market, especially in exports of items such as fruits, vegetables, meat, and dairy products. Additionally, Kyrgyzstan's textile and garment industry has seen growth due to the lifting of trade restrictions, and the country has been able to boost its exports of light manufacturing items to EAEU member states.

The abolition of customs charges and import quotas under the EAEU framework has also opened new markets for Kyrgyzstan's mineral resources, particularly gold, which is one of the country's most significant exports. By improving its access to these regional markets, Kyrgyzstan has the ability to raise its economic production and improve its trade balance.¹⁸⁴ Furthermore, the development of a single economic space under the EAEU allows Kyrgyzstan to strengthen its involvement in regional value chains, potentially contributing to industrial modernization and technical upgrades.

In addition to the obvious trade gains, Kyrgyzstan has also sought to capitalize on the free movement of workers inside the EAEU. The freedom for Kyrgyz people to work and migrate freely inside the union, notably in Russia, is a crucial aspect of Kyrgyzstan's economic policy. Remittances from Kyrgyz workers in Russia comprise a large component of the country's GDP, and the EAEU has provided more simplified access to the Russian labor market.¹⁸⁵ This helps directly to poverty reduction and economic stability, as

¹⁸² Bolat Mukhamediyev, Zhansaya Temerbulatova, and Guliya Ilyashova, "The Effect of Eurasian Economic Union on Trade of Kazakhstan: Impact Evaluation Using the Synthetic Control Method," *The Economy Strategy and Practice* 15, no. 2 (January 1, 2020): 55–64, doi:10.51176/jesp/issue_2_t5.

¹⁸³ David G. Tarr, "The Eurasian Economic Union of Russia, Belarus, Kazakhstan, Armenia, and the Kyrgyz Republic: Can It Succeed Where Its Predecessor Failed?," *Eastern European Economics* 54, no. 1 (January 2, 2016): 1–22, doi:10.1080/00128775.2015.1105672.

¹⁸⁴ Dmitriy Aleksandrovich Belashchenko, Vitalij Valer'evich Tolkachev, and Imomidin Fozilovich Shodzhonov, "Eurasian Economic Union: Prospects and Problems of Integration in the Post-Soviet Space," *Vestnik RUDN International Relations* 20, no. 3 (September 23, 2020): 543–59, doi:10.22363/2313-0660-2020-20-3-543-559.

¹⁸⁵ Alexander Knobel et al., "Deep Integration in the Eurasian Economic Union: What Are the Benefits of Successful Implementation or Wider Liberalization?," *Eurasian Geography and Economics* 60, no. 2 (March 4, 2019): 177–210, doi:10.1080/15387216.2019.1627232.

remittances from migrant workers serve as a key source of income for many households in Kyrgyzstan.

4.4.2 Energy Cooperation and Resource Access

Energy security is another area in which Kyrgyzstan has strong interests within the framework of the EAEU. As a landlocked and resource-poor country, Kyrgyzstan has traditionally been largely dependent on energy imports, notably from neighboring countries like Russia, Kazakhstan, and Uzbekistan. The EAEU provides a foundation for Kyrgyzstan to acquire more reliable and predictable energy supplies, which are vital for its economic development and industrialization initiatives.

Kyrgyzstan's energy sector, notably its electrical generating and distribution systems, has long been undeveloped and inefficient. The country relies largely on hydropower, but its power infrastructure needs major renovation to satisfy expanding demand and increase energy efficiency. By joining in the EAEU, Kyrgyzstan has been able to integrate more effectively into regional energy cooperation programs, allowing for improved cross-border energy exchanges and the development of common energy infrastructure. For instance, Kyrgyzstan benefits from the EAEU's shared energy policy, which aims to increase energy security and build a more united energy market inside the union.

Additionally, Kyrgyzstan is trying to attract Russian investment in its energy industry to assist upgrade its infrastructure. The EAEU's framework gives increased options for Kyrgyzstan to engage with Russian and Kazakh energy corporations, which are better positioned to help develop the country's energy resources. Russia's substantial involvement in providing energy supplies to Kyrgyzstan, including natural gas and electricity, guarantees that the country has reliable access to the resources it needs to power its industry and families.¹⁸⁶ This energy security is vital for Kyrgyzstan's economic growth and its capacity to attract foreign investment in critical areas.

Kyrgyzstan also benefits from the EAEU's regional energy programs, which include collaborative investments in infrastructure and attempts to increase energy efficiency

¹⁸⁶ D.M. Baigazieva and R.R. Seitakhunova, "KYRGYZSTAN IN THE EAEU: BENEFITS AND CURRENT PROBLEMS OF ECONOMIC INTEGRATION," *Vestnik of the Kyrgyz-Russian Slavic University*, November 1, 2022, 93–98, doi:10.36979/1694-500x-2022-22-11-93-98.

throughout member states. By aligning its energy policies with those of the union, Kyrgyzstan can improve its energy sector's stability and contribute to the establishment of a more integrated regional energy market, which is crucial for guaranteeing sustainable prosperity and stability in the country.

4.4.3 Political and Security Considerations

Kyrgyzstan's political and security interests in the EAEU are defined by the country's complex geopolitical position in Central Asia, as well as its historical relations with Russia. Kyrgyzstan has long been a close partner of Russia, with the two countries maintaining a security partnership through the CSTO, a military alliance of former Soviet governments.¹⁸⁷ The EAEU provides Kyrgyzstan with a new channel for developing its political and security connections with Russia and other member nations, ensuring that it has the assistance it needs in an increasingly unpredictable regional environment.

Kyrgyzstan confronts severe security difficulties, mainly from terrorist groups operating in neighboring Afghanistan and from internal instability. Membership in the EAEU provides Kyrgyzstan with a sense of security by aligning the country more closely with Russia, which has great military and political power in the region. As a member of the CSTO, Kyrgyzstan benefits from Russia's military support and the collective defense arrangements given by the organization. This is particularly crucial for Kyrgyzstan, given its vulnerability to regional instability and the possibility for conflicts that could spill over from neighboring states.

The EAEU also offers Kyrgyzstan's a forum for diplomatic engagement and political cooperation with other Central Asian countries, such as Kazakhstan and Belarus, which are also vital players in regional security. While Kyrgyzstan's principal security issues are tied to its borders with Uzbekistan, Tajikistan, and Afghanistan, the EAEU's political and security framework allows for a more cooperative approach to confronting common dangers, including as extremism, organized crime, and regional instability.¹⁸⁸ This

¹⁸⁷ M.M. Savina, J.E. Armurzaeva, and A.K. Chylabaeva, "DEVELOPMENT OF THE ECONOMY OF KYRGYZSTAN IN THE CONDITIONS OF THE EAEU," *Vestnik Bishkek State University Af K Karasaev* 3, no. 69 (December 15, 2024): 187–93, doi:10.35254/bsu/2024.69.29.

¹⁸⁸ Vladimir Fedorenko, *Eurasian Integration: Effects on Central Asia* (Rethink Institute, 2015).

cooperation boosts Kyrgyzstan's standing within the broader Central Asian security architecture and provides additional resources and diplomatic help to confront security problems.

Furthermore, Kyrgyzstan's membership in the EAEU helps to balance its foreign policy, as the country has historically received pressure from both Russia and the West. By aligning itself with the EAEU, Kyrgyzstan hopes to avoid being embroiled in the geopolitical conflict between Russia and the West, while simultaneously establishing beneficial economic and security arrangements with its regional partners.¹⁸⁹ This balancing act is crucial for Kyrgyzstan, given its reliance on Russia for security and economic support, but also its desire to retain diplomatic and trade links with other countries, particularly the EU and China.

4.4.4 Infrastructure Development and Regional Connectivity

One of Kyrgyzstan's primary priorities in the EAEU is the enhancement of its infrastructure and regional connectivity. As a landlocked country, Kyrgyzstan confronts major hurdles in terms of transportation and logistics, which have limited its capacity to fully integrate into regional and global trade networks. Kyrgyzstan's transport routes are limited by its borders with nations that are either geographically far or politically difficult, such as Tajikistan, Uzbekistan, and China. These constraints have hindered Kyrgyzstan from properly capitalizing on its location as a potential transit center between Central Asia, Russia, and China.

The EAEU provides Kyrgyzstan with the potential to strengthen its infrastructure by participating in cooperative regional initiatives that aim to enhance transportation connections, remove trade obstacles, and improve logistics inside the union. For instance, Kyrgyzstan has profited from collaborative efforts to build road and rail linkages between the EAEU members, including measures to improve the transport corridor between Kyrgyzstan and Kazakhstan. These measures have the ability to diminish Kyrgyzstan's isolation and develop new trade routes that can benefit the country's businesses.

¹⁸⁹ Yelena Nikolayevna Zabortseva, *Russia's Relations with Kazakhstan: Rethinking Ex-Soviet Transitions in the Emerging World System* (Routledge, 2016).

Additionally, Kyrgyzstan is striving to enhance its domestic infrastructure, notably in transportation and logistics, to increase its participation in regional and global supply chains. The EAEU provides financial and technical support for these infrastructure projects, which are vital for boosting Kyrgyzstan's competitiveness.¹⁹⁰ Infrastructure development inside the union allows Kyrgyzstan to engage more efficiently in cross-border trade, strengthen its regional connectivity, and position itself as a more attractive target for foreign investment.

4.4.5 Agricultural Development and Food Security

Agriculture is one of Kyrgyzstan's most significant sectors, and the country has historically relied on its agricultural exports to create cash and provide food security for its population. As part of its membership in the EAEU, Kyrgyzstan has aimed to boost its agricultural exports and increase its competitiveness within the regional market. The union's single market enhances commerce in agricultural goods, providing Kyrgyzstan's farmers with better access to Russia, Kazakhstan, and other member states.

Kyrgyzstan is particularly interested in boosting its exports of products such as wheat, fruits, vegetables, and animals. The reduction of trade barriers and harmonization of agricultural standards within the EAEU has allowed Kyrgyzstan's farmers to access these larger markets more freely.¹⁹¹ In particular, Russia's enormous market is a vital outlet for Kyrgyz agricultural products, and membership in the EAEU helps ease the process of exporting goods to this market. Additionally, Kyrgyzstan is keen to attract investment in agricultural modernization, which would help its farmers to enhance output and improve the quality of their products.

By participating in the EAEU's agricultural policy, Kyrgyzstan benefits from regional cooperation in areas like as food security, sustainable farming techniques, and agricultural

¹⁹⁰ Luca Anceschi, *Analysing Kazakhstan's Foreign Policy: Regime Neo-Eurasianism in the Nazarbaev Era* (Routledge, 2022).

¹⁹¹ Ji-Eun Lee, "Foreign Policy Formation of Authoritarian States in Central Asia since 1991: Non-Institutional Domestic Factors in Kazakhstan and Uzbekistan," *Korean Journal of International Relations* 50, no. 3 (June 30, 2010): 33–71, doi:10.14731/kjis.2010.06.50.3.33.

innovation. This partnership allows Kyrgyzstan to enhance its agricultural industry and ensure that its population has access to a steady and inexpensive food supply.

Kyrgyzstan's engagement in the EAEU is primarily motivated by its need for economic development, Labor mobility, and regional stability. As a minor economy, Kyrgyzstan benefits from the EAEU common market, permitting the free movement of products, services, and Labor. From a Neofunctionalist perspective, functional spillover is evident in the alignment of Kyrgyzstan's economic policies with the broader regulatory frameworks of the EAEU, resulting in enhanced institutional integration. Elite socialization is also Important as Kyrgyz officials collaborate with other member states, fostering common governance practices. Through bolstering regional connections and boosting Kyrgyzstan's economic capabilities, this integration showcases how economic interdependence fosters increased institutional and political cooperation.

In this way, Kyrgyzstan's involvement in the EAEU can be seen as an empirical manifestation of Neofunctionalist dynamics, as functional, political, and cultivated spillovers compel greater integration. Economic need was the driving force behind Kyrgyzstan's joining initially, but gradually its involvement has been cemented through political alignment with Russia, elite-level collaboration among member states, and institutionalization within supranational forms. Even as Kyrgyzstan is still a small and impoverished state, its incorporation into the EAEU demonstrates Haas's main argument that regional cooperation, once started, will expand its initial purpose to involve more areas, reproducing itself in a cumulative process of interdependence. This is how the path of Kyrgyzstan in the EAEU displays the Neofunctionalist dynamics at play in modern Eurasia, which turn economic cooperation into extended political and institutional integration.

4.5 Conclusion

There is a complex interplay between the member states within EAEU reflecting economic aspirations, geopolitical strategies and institutional cooperation. Every member state comes with a unique motive towards union. As Kazakhstan is looking for economic modernization and diversification, Armenia for market access and geopolitical support, Belarus looking for economic stability and political alignment, and Kyrgyzstan want

regional stability and Labor mobility. But all of them are providing a better explanation of their commitment to EAEU with nonfunctional explanation.

Functional spillovers are the main driver of integration, as economic cooperation and integration in areas such as trade and harmonization policies pave the way for deeper political integration and alignment. This political cooperation and collaboration demonstrate the transformative potential for regional integration fostered by economic integration. Additionally, elite socialization plays a role in shaping the collective decision-making culture among member states. In short, the EAEU is combining the diverse interests of member states into a common goal of regional cohesion and collective development.

CONCLUSION, FINDINGS, AND RECOMMENDATIONS

Conclusion

The development of Eurasian Economic represent a significant event in the landscape of regional integration mainly in Eurasia or Post-Soviet space. The thesis traced back the process of integration throughout history started from Westphalian Treaty towards the integration of European Union with framework Neofunctionalism to understand the integration process. Also, the EAEU integration process in Eurasia was examined from the early glasnost and perestroika and disintegration of Soviet Union to again the integration of the region through custom union and at last the EAEU. The interests and role of Russia and are discussed and also analyzed critically the interests of other members states in the EAEU. The conclusion chapter throw light on the success of the integration organization, challenges as well as the futuristic view of the union.

It is descriptive analytic research and both qualitative and quantitative methods are used to analyze as well as gather data. For regional integration the Neofunctionalism theory of Haas has been used and aligned to gain knowledge and investigate about the establishment of EAEU and also to analyze the roles and interests of members states of EAEU in the Eurasian Region. Through this method the evolution of EAEU in comprehensive and analytical approach is understandable. By the alignment of Neofunctionalist theory, the process of economic cooperation, regional integration and elite socialization is analyzed within the EAEU framework. This approach provided a balanced investigation of the achievement and challenges of the union and also the futuristic view of the union.

Shaped by economic interdependence, historical legacies and ambitious geopolitical agenda the EAEU is good experiment in the regional integration domain. While making institutional framework and EAEU achieved success in creating custom union and common market but still the economic asymmetry and Russian dominant position as well political disparity make challenges in the way of EAEU.

The development of the Eurasian Economic Union (EAEU) reflects the dynamics of spillover effects, elite socialization, and collective decision-making, which align with the Neofunctionalist perspective advanced by Ernst B. Haas. Its long-term success, however,

will depend on strengthening institutional frameworks and addressing internal disparities among member states.

Looking at the emergence of the EAEU it has the potential to foster economic cooperation and political alignment, but success is still depending upon the balanced interests of the member states in the Union.

Key Findings

The main findings of the thesis are that with economic cooperation there comes other integration efforts with solid evidence that make the regional integration a framework or space. The states combine for one economic cooperation, but that economic cooperation have spillover effects in other domains as well. The disintegrated states combined in a way to have cooperation from economic to political integrations as well as geopolitical space in the EAEU. The chapter wise finding of the thesis is discussed below.

- The concept of integration is explored through the perspectives of experts and scholars throughout history. It examines how integration occurs within a region and the underlying principles of integration. The history of Eurasia illustrates attempts of integration in post-soviet space through different organization and economic initiatives later made the Eurasian Economic union.
- The 1991 disintegration of the Soviet Union provided an environment of politically fragmented space which made the need for regional cooperation and integration for the newly born states. This cooperation led to the evolution of the EAEU.
- Being a primary driven source behind EAEU Russia has dominant position in the EAEU and provide a platform for Russia to serve its geopolitical goals. Russian interests in the EAEU are combined with its political goals as well as strategic and economic interests. The dominant position of Russia also posed challenges to Union limiting decision making process as well as political disparity and economic asymmetry.
- The other member states have their own interests in the union as some have economy boosting interests. Some of them see it as an opportunity for their trade

and labor mobility etc. And some look toward the support of Russia through the union.

Recommendations

To strengthen EAEU some steps are needed to take.

- Enhancing EAEU institution framework for better dispute resolving and implementation of policies.
- Russia should work on economic and infrastructure in the member states to enhance influence in the member states.
- Shared decision-making and institutional transparency can help build trust among member states and reduce perceptions of dominance.
- The alignment of better foreign policy and security issues could make the union a strong one.

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