

The European Union vs. the Eurasian Economic Union: "integration race 2.0"?

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Abstract

One of the most remarkable features of regional development in Eurasia is the competition between the European Union (EU) and Russia within the so called "contested neighborhood", e.g. the post-Soviet space. Originated in the 1990s it gained the special momentum in 2000s after the beginning of the Russia-led "Eurasian integration process", leading to the creation of the Eurasian Economic Union (EAEU) in 2015. That fact brought the competition between the EU and Russia to the new level, e.g. the "integration race", which had the strong impact on the whole post-Soviet space. The most obvious outcome of that process is the outburst of the Ukrainian crisis in 2013, which on the one hand contributed to further exacerbation of the EU-Russia relations, on the other – it paved the way to elaboration of the new forms and tools of the integration activities. However, it failed to bring the "integration race" between the EU and the Russia-led EAEU to the standstill. Being in the latent "crystallisation" phase, this process goes further with the covert competition between the integration blocks. Its actors are not only the non-aligned post-Soviet states, but also the existing members of the integration structures. All the mentioned above factors makes the "new edition" of the "integration race" rather dangerous because further acceleration of such a competition can lead to the large-scale rivalry between the EU and the EAEU, which may cause unpredictable consequences.

Keywords: European Union, Eurasian Economic Union (EAUE), integration, competition, 'integration race', post-Soviet space, Eastern Partnership

Unia Europejska a Euroazjatycka Unia Gospodarcza: „wyścig integracyjny 2.0”?

Streszczenie

Jedną z najbardziej zauważalnych cech rozwoju regionalnego w Eurazji wydaje się być konkurencja między Unią Europejską (UE) a Rosją w ramach tak zwanego „spornego sąsiedztwa”, a mianowicie przestrzeni poradzieckiej. Zapoczątkowana w latach 90. XX wieku, konkurencja ta nabrała szczegól-

nego rozpędu w 2000 r. po rozpoczęciu kierowanego przez Rosję „procesu integracji euroazjatyckiej”, co zaowocowało utworzeniem Euroazjatyckiej Unii Gospodarczej (EUG) w 2015 roku i przeniosło konkurencję między UE a Rosją na nowy poziom – zaczął się tzw. „wyścig integracyjny”, który miał duży wpływ na przestrzeń poradziecką. Najbardziej przyciągającym uwagę skutkiem tego procesu został wybuch tzw. „kryzysu ukraińskiego” w 2013 r., który z jednej strony przyczynił się do dalszego pogorszenia się stosunków UE–Rosja, z drugiej zaś – uutorował drogę do opracowania nowych form i narzędzi działań integracyjnych. Nie doszło jednak do zatrzymania „wyścigu integracyjnego” między UE a kierowanym przez Rosję EUG. Będąc w fazie utajonej „krystalizacji”, idzie ten proces dalej wraz z ukrytą konkurencją między blokami integracyjnymi. Jego aktorami są nie tylko państwa postsowieckie, dotychczas nieuczestniczące w tych blokach, ale także obecni członkowie struktur integracyjnych. Wszystko to sprawia, że „nowa edycja” wyścigu integracyjnego jest dość niebezpieczna – dalsze przyspieszenie konkurencji może prowadzić do konfrontacji między UE a EUG, co może mieć nieprzewidywalne konsekwencje.

Słowa kluczowe: Unia Europejska, Euroazjatycka Unia Gospodarcza (EUG), integracja, konkurencja, „wyścig integracyjny”, przestrzeń poradziecka, Partnerstwo Wschodnie

The fall of the Soviet Union led to emergence of the new actors on geopolitical scene in Europe. Among them is the most significant one, the European Union (EU) – a successful integration structure (Witkowska 2008; Petrakov, Kucheryavaya 2016; Wojtaszczyk et al. 2015), which boosted its activity within the so-called post-Soviet space – the territory, encompassing the former Soviet Union states (FSU-states), which shortly became the so-called “contested neighborhood”. The EU, exerting “civilising role”, managed to win over some FSU-states by making them either full-fledged or the associated members. However, it failed to win over the other mighty regional player – Russia, which traditionally considered the post-Soviet space as the territory of its own specific geostrategic interests.

This fact could not have stipulated the competition between the EU and Russia on the one hand. On the other hand, it enabled the process of elaboration of the most suitable formula of bilateral relations. In the beginning of 2000s it seemed that the both parties managed to find that formula by elaborating the special project, which implied building up closer cooperation in several spheres aimed creating so called “Greater Europe” – the EU–Russia common economic, social and political space. However, taking into consideration the huge contradictions between the parties involved, the project proved to be not feasible, stipulating the beginning of the so-called Eurasian integration process, aimed creating the effective institutional counterweight to the rising influence of the EU in the post-Soviet space. The result of this process was the emergence in 2015 of the alternative integration structure – the Eurasian Economic Union (EAEU), which became not only the product of the long-year process of regional integration within the post-Soviet space, but the more important one of the mighty regional actors, effectively influencing the political and economic development within the post-Soviet space (Dragneva-Lewers, Wolczuk 2015).

However, the most important was the emergence of the EAEU (Hartwell 2013), what had transformed the competition between the EU and Russia in the “contested neigh-

borhood" into the "integration race", e.g. a form of rivalry between different integration blocks, which can have far-reaching impacts. One of the most obvious consequences of this process was the outburst of the Ukrainian crisis in 2013, which became the remarkable aftermath of the EU-EAEU "integration race". Moreover, despite further de-escalation and return to the latent phase, the "new edition" of the "integration race" is still possible under the certain conditions. Taking into consideration all the factors and causes of the presented situation it is extremely important not only to analyse the essence of the "integration race" and its major reasons, but also to take into thorough scrutiny the objects, forms and tools of this process, and to single out the possible scenarios for the future. All the above mentioned patterns of the integration processes the authors are trying to investigate in this article and to shed some light on the possible scenarios for the future. The methodology used in the research includes: theoretical analysis of the main approaches to the regional integration, case studies and comparative analysis.

Theoretical framework of the regional integration

The origination of the process of regionalisation (regional integration) within the post-Soviet space can be not only dated back to the beginning of the 1990s but also stipulated by the emergence of the new theoretical approach towards the regional integration – the so called "new regionalism" (Hettne, Inotai 1994; Hettne et al. 1998; Hettne, Soderbaum 1998). Unlike the traditional or the "old regionalism", which was elaborated in 1950s amidst the Cold War and which deems the processes of regionalisation as accession to one of the rival blocks (Nye 1965, Balassa 1961; Cox 1996; Deutsch 1957), the "new regionalism" is more dynamic, flexible and it often emerges as a response to the particular problem or issue (Obydenkova 2006: p. 35; Robson 1993; Haas 1958, 1964) of the Post-Soviet space¹.

The new regionalism is a comprehensive, multifaceted and multidimensional process, which implies a change of a particular region from relative heterogeneity to the increased homogeneity with regard to a number of dimensions, where the most important elements are culture, security, economic policies and political regimes. The convergence along these dimensions may be a natural process or politically steered one or, most likely, a mixture of the two trends.

Regionalisation is a process of the regional integration structure formation and it has resemblance of the regional integration on the basis of different regional structures.

The region may emerge spontaneously, but it is ultimately dependent on enduring organisational framework facilitation and security, social communication and convergence of values and actions throughout the region (Kinyakin 2016; Hettne 1993, 1997; Hurrell 1995).

¹ Initially this term was introduced in the article of Lithuanian political scientist Algimantas Prazauskas "The CIS as postcolonial space", published in 1992. (See: Prazauskas 1992).

The post-Soviet regionalisation had different institutional and organisational forms, which were stipulated not only by the regional specifics but also by the dynamics of political and economic processes within the region.

The regionalisation processes within the post-Soviet space began at the moment when one of the two world's "superpowers", the Soviet Union, collapsed. The agreement dissolving the USSR as a political institution, which was signed on December 8, 1991 timely coincided with the foundation of the new regional organisation – The Commonwealth of Independent States (CIS).

The post-Soviet integration path dependence

The multiple examples of setbacks connected with the realisation of regional integration structures within the post-Soviet space anticipates the long-standing malevolent practice or, in the other words, path dependence. This term, which was introduced in 1980s by the neo-institutional economics, became extremely popular in the social sciences in 1990-2000s for analysing specifics of institutions and modes of behavior of different actors (De Melo, Panagariya 1993).

There are two major approaches towards the path dependence, which can be defined as dependence on the previous practices or persistence of prior conditions (decisions), e.g. "wide" and "narrow" (Liebowitz, Margolis 1995). The "wide" one propagates importance of the historical factors ("history matters"), whereas path dependence is defined as the predetermined outcome due to the action of historical events ("locked-in by historical events"). (Arthur 1989). The "narrow" approach postulates, that despite existing "inheritance" its influence on current processes is not a crucial factor for development. In the other words, path dependence is regarded not as predetermination but as the circumstance, which to some extent influences the process, but which can be easily overcome.

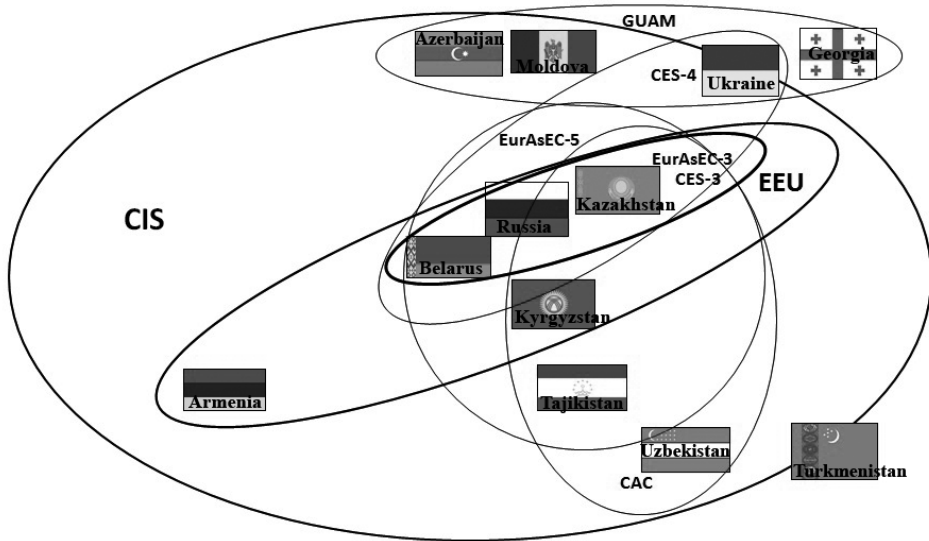
The core element for the theoretical analysis of path dependence is efficiency. Using it as the criterion Stan Liebowitz and Steven Margolis propose their typology of path dependence, selecting three major types – first-degree, second-degree and third-degree path dependence (Liebowitz, Margolis 1995).

The first-degree path dependence indicates instances, in which persistence of prior conditions or decisions exists, but with no implied inefficiency.

The second-degree path dependence anticipates persistence of prior conditions or decisions, leading to outcomes that are "regrettable and costly to change". However, they are not inefficient in given the assumed limitations of knowledge.

The third-degree path dependence connected with persistence leading to an outcome, that is inefficient, but in this case the outcome is "remediable".

This typology of path dependence based on the measuring of efficiency and outcomes is compatible with the analysis of economic and political processes, such as regional integration. And the process of regional integration within the post-Soviet states is a good case of predominance of previous practices and modes on contemporary processes.

Figure 1: Regional integration structures within the post-Soviet space 1991-2017

CIS – Commonwealth of Independent States; EAEU – Eurasian Economic Union; CES – Common Economic Space; GUAM – Organisation for Democracy and Economic Development; EurAsEC – Eurasian Economic Community; CAC – Central Asian Cooperation

Sources: Hartwell 2013: p. 56, 411-420; authors' own modeling.

Since 1991 there had been several attempts to create a long-standing integration project, which would encompass the post-Soviet states. Among the best-known structures were the Commonwealth of Independent States (CIS), GU(U)AM Organisation for Democracy and Economic Development, the Union State of Russia and Belarus, Eurasian Economic Community (EurAsEC), Single Economic Space (SES), and the Customs Union (CU).

Despite the fact that the structures were destined to be economic integration vehicles lots of them turned out to be two-fold, trying to promote not only economic, but also political integration. However, only few of these integration structures proved to be working and effective, managing to unlock the inherent integration potential due to lack of effectiveness and dynamics.

Moreover, the similarity of emergence, functioning and decline of the integration structures within the post-Soviet space enables to speak about integration path-dependence, which plagues the regionalisation process within the post-Soviet space.

What is actually the post-Soviet *integration path dependence* and what are its main features? Shortly, it can be described as a performance of the integration dysfunction, which is marked by the decrease of integration incentives and efficiency and degradation of the integration institutions due to the strengthening of negative factors.

Among these factors there should be distinguished not only endogenous ones (difference in scale and structure of national economies, level of social and economic development), but also the exogenous (for example, influence of the third parties).

Speaking about the peculiarities of the post-Soviet integration path dependence, the following characteristics should be mentioned:

- predominance of political factors (political expediency) within the integration processes;
- misbalance/lack ("bad choice") of the model of the integration cooperation;
- lack of the straightforward and commonly shared strategy of integration cooperation (situation of "inner conflict") and problems with elaboration of "integration identity";
- ineffectiveness of supra-national and national institutions in implementation of the integration cooperation.

All these characteristics were relevant for many integration projects and structures within the post-Soviet space, having a casting negative effects on the processes of regionalisation and regional integration as a whole.

First of all, it affected functioning of integration mechanisms, leading to their degradation as the integration special purpose vehicles (SPV), leading to their demise and gradual transformation into the "bare shells" – institutionalised but largely ineffective structures, which partly or fully lost their integration potential.

To exemplify the effect of the post-Soviet integration path dependence it is important to take into consideration two well-known integration structures: the Commonwealth of Independent States and the Union State of Russia and Belarus.

The CIS created in 1991 as a successor and substitute of the departed Soviet Union was designed as a comprehensive integration structure, comprising not only economic but also political integration. In the early stages it proved to be rather effective, consolidating 12 out of 15 former Soviet republics, which were disoriented after the collapse of the USSR. The rise of the CIS as an integration structure, which has a mixed bottom-up and top-bottom essence was based not only on the shared Soviet values and economic linkages, but also on the ideology of creation of the common political, economic and humanitarian space, based on historical, linguistic and economic proximity of the newly created independent states.

However, after the initial short boost the CIS began gradually losing its dynamics, due to the lack of effectiveness in a couple of years, turning into a formal working structure despite the ongoing process of institutionalisation. Especially it was obvious with the economic projects within the CIS.

For instance, the initiative of the foundation of an Economic Union within the CIS, which was put forward in 1993 and which suggested passing majority of the stages of economic "integration ladder", e.g. creation of the FTA, formation of the Customs Union and the Monetary Union as well as setting up common economic space based on freedom of goods, services, capital and labour force eventually did not find its embodiment. The signed by the majority of the heads of the CIS member states founding treaty, de-

signed to create the Economic Union within the Commonwealth of Independent States did not come into force due to the fact that it was not ratified by the national parliaments of the CIS "majors" (among them were Russia, Kazakhstan, and Ukraine).

The created in 1994 Intergovernmental Economic Committee (IEC), which was designed to take the steering role within the CIS Economic Union and which obtained some competences from the national level, from the very beginning was deprived from the real power for pushing forward the economic integration. The main reasons for the demise of the integration projects within the CIS were not only a lack of political will stipulated by the specific interests of the CIS member states but also lack of the integration model, a straightforward integration strategy (apart from being the "Soviet substitute") shared vision and values, as well as strengthening disintegration tendencies due to the rising orientations of the former Soviet Union states to extra-regional actors (for instance, the "multi-vector policy") and deepening of the "existential fears".

The latter stipulated the process of building the alternative integration projects, aimed to withstand of the rising influence, but having not only political, but also economic dimension. Among them the most interesting example is GU(U)AM, the Organisation for Democracy and Economic Development, which was created in 1997 as an alternative bloc aimed at limiting Russian influence, but which has also a political agenda.

What the CIS concerns, at the end of 1990s the idea of creating an economic project (FTA) within the organisation was revived. However, the beginning of the FTA in 2012, was a belated move due to the fact, that by that time alternative integration project and structures (first of all the Customs Union within the "Eurasian project") emerged, what alongside with the breakout of the Ukrainian crisis contributed to the tips of further demise of the CIS as the integration structure.

As a result, the Commonwealth of Independent States did not realise the inherent integration potential at the moment playing a minor virtual role, wielding no real powers and providing no incentives for integration within the post-Soviet space.

The second case is the Union State of Russia and Belarus, a bilateral integration project, started in 1996 by signing of the intergovernmental treaty of creation of the Community between Russia and Belarus the process of Russia-Belarus integration was boosted in 1999 with signing and ratification of the treaty of the Union State Russia and Belarus, which in 2000 came into force. This integration project was designed to be a complex one, comprising economic, social as well as political spheres (Averyanov-Minskiy 2015; Ilyina 2017; Suzdaltsev 2013).

However, the political part, which included such actions as formation of joint parliament and signing of constitutional act practically was not implemented due to the rise of political ambitions of the Belarus leader Alexander Lukashenka as well as discrepancy of visions of the perspectives of development of the Union State, which became the most obvious after the change of power in Russia (retirement of the president Boris Yeltsin and Vladimir Putin's coming to power).

What the economic part of the project of the creation of the Union State between Russia and Belarus concerns it was implemented half-way.

In fact, Russia and Belarus managed to create the Customs Union and the Common Economic Space, which enabled economic freedoms (free transfer of goods, services, capital and labor), but didn't come close to the idea of creation of monetary union and introducing the single currency.

Moreover, starting from 2000s the interrelations between Russia and Belarus in the economic sphere had been constantly marred by different trade conflicts. Among them the most acute are so-called "energy wars" (supplies of Russian oil and gas to Belarus) as well as "food wars" (ban of some (dairy) Belarus products entering Russian food market). All these threatens not only to put the end to the bilateral integration project between Russia and Belarus, which at the moment is rather in moribund state, but also to hamper the implementation of multilateral projects, where both nations play significant roles (for instance, the Eurasian Economic Union).

The major problems of the Union State of Russia and Belarus are stemming from the political origin of these projects, which was developed within the model "*holding together regionalism*" (HTI).² Despite relative political proximity (both countries are autocracies) and complimentary character of Russian and Belarusian economies in functional sense, the nations did not managed to elaborate the shared vision of the integration, what hampers the elaboration of the joint integration strategy. At the moment lots of experts are dubious about further perspectives of economic cooperation between Russia and Belarus (Ilyina 2017).

Some scholars are putting the special emphasis on development of the Russia-Belarus relations within multilateral projects (eg. Suzdaltsev 2013). Among them is the EAEU, which is qualitatively new type of regional integration structure within the post-Soviet space and which has the solid inherent integration potential, but which is due to be developed in order not to lose dynamics and effectiveness, becoming the latest victim of the post-Soviet integration path dependence.

The Eurasian integration project: pro et contra

At the moment there are certain risks of given the forced character of Eurasian integration, which influences the model of integration as well as strategy of integration cooperation. However, the EAEU, which has a solid integration dynamics, but has not managed to prove its integration effectiveness yet (due to relatively poor economic results), can avoid it by opting to accept one integration model and elaborate not only the joint strategy of integration cooperation. The current one – "Long-term prognosis of economic development of the Eurasian Economic Union" (rus.: *Долгосрочный прогноз экономического развития Евразийского экономического союза до 2030 года*, see: Evrazijskaya ekonomicheskaya komissiya 2015), from our perspective, is rather far from that, but more important is the system of the shared values.

Unfortunately, at the moment it seems to be rather a distant perspective, albeit some actions in this direction have been undertaken. For instance, at the moment there are clear signs

² More about this model of regionalisation within the post-Soviet space see: Libman, Vinokurov 2012.

of changes in the EAEU integration strategy from extensive (increase of the number of the member states) to intensive (boosting the inner integration processes within the structure).³

However, in general in order to avoid the post-Soviet integration path dependence "trap", the EAEU, which is not a full-fledged integration structure yet, should make not only correction of errors but also a thorough self-improvement work if it wants not only to prove its viability but also to be competitive as an integration project and a regional integration structure within the post-Soviet space in the long run. First of all it concerns the very essence of the Union, which has lots of imbalances, which are relevant to one of the three major dimensions: institutional, structural and functional.

Institutional dimension is strongly connected not only with the institutional framework of the EAEU, which is rather sophisticated and contradictory, what to some extent puts obstacles for more active integration. For instance, despite existence of Single economic space and Customs Union within the Union there are still a lot of tariff (exemptions) and non-tariff barriers, which thwarts the development of mutual trade, which at the moment accounts for 10% whereas the trade with the major trade partners - the EU and China is 44% and 13% respectively.⁴

The difference in tariff policies within the EAEU also contributed to the protracted debates and difficult consultations on the EAEU Customs Code, which was due to be signed and enacted in 2015, but was finalised only in 2017 and came into force in 2018.

The situation with the accomplishment of the Customs Code spotlighted long simmering "conflict of interests" between the EAEU member states with Belarus initially refusing to sign finalised document due to worries of "potential setbacks for national economy" after coming it into force.

This situation is stipulated by another institutional imbalance – the different positioning of member states within the EAEU. Despite the Eurasian Economic Union is institutionalised and promoted as a "union of equals" in reality there is a strong domination of the certain states.

It is strongly connected not only with the size but also with the structure of the national economies, enabling some member states not only to make more significant contribution to the EAEU but also to subsidise other member states and to get some "returns". For instance, Russian oil and gas supplies to Belarus and Armenia, which account for 10% and 5% of GDP of these countries respectively make them more susceptible to the Russian influence (Knobel 2017).

This fact can be explained not only by the revival of Russian "irredentist" bias but also by the Russian vision of the EAEU as not only economic, but also a geopolitical tool (the Ukrainian crisis highlighted it very clearly). And although this vision is not shared by other EAEU member states, Russia's position is dominant in many cases.

³ Previously the extensive character of the Eurasian integration strategy was a source of debates and quarreling within the EAEU. For instance, the issue of accession to the Union of Kyrgyzstan in 2015 led to the tensions between Russia and Kazakhstan.

⁴ According to the analytical data, provided by the Eurasian Economic Commission in 2018 the mutual turnover within the EAEU accounted only 7,3% of the EAEU turnover in bulk (See: Statistics of mutual trade WWW).

Especially it is noticeable in the sphere of external affairs of the EAEU. For instance, introduction of unilateral embargo on European foodstuffs as response to the Western sanctions imposed in July 2014 amidst Ukrainian crisis and putting the ultimatum to the other EAEU member states to support this hard stance (what was not done) showed not only the growing Russian dominance within the EAEU but its desire to handle the issue of foreign relations.

Another case is unilateral signing on behalf of the EAEU of the joint statement of cooperation between the Eurasian Economic Union and the Chinese initiative called the "Silk Road Economic Belt" (one of the programme within the Chinese strategic "Belt and Road" (BRI) initiative) by the Russian President Vladimir Putin and the Chinese leader Xi Jinping on the 8 of May 2015. This fact led not only to the countersigning it by the other EAEU leaders the next day but also left lots of open questions about the decision-making process and distribution of competences within the EAEU.

All this makes the Union as a regional integration structure rather vulnerable and susceptible to inner conflicts, connected with the division for the "seniors" and the "minors".

Moreover, it makes the EAEU less attractive for the potential newcomers and partners. The latter are more inclined to establish bilateral ties with the EAEU member states not taking into account the Union as a solid and well-established integration structure.

It is rather a bad sign, taking into consideration the fact, that the Eurasian Economic Union at the moment tries to establish relations with different national and supra-national actors in form of creating of FTAs. At the moment it is one of the main directions of the development of the EAEU, as an integration structure, which turns out to be under-developed, considering the fact, that presently the Union has the only one full-fledged FTA – with Vietnam.⁵

The lack of institutionalised trade partners outside the Union turns out to be one of the major structural imbalances of the Union as an integration structure. It is not only a litmus paper for the effectiveness of the EAEU as a negotiating partner but also a marker of attractiveness for the potential counterparts. Among them there are not only the countries, potential candidates for accession to the EAEU (up to 2015 the EAEU was negotiating the accession with Tajikistan and Mongolia), but also the supra-national institutions, which are of a special interest for the EAEU.

The special emphasis was put on the negotiations with the European Union, which is not only a major trade partner for the Eurasian Economic Union, but also a prime source of investments and innovations. Taking into consideration the fact, that the EAEU is exploiting the raw material economic model (2/3 of all exports account for energy resources), the Union badly needs innovations for modernisation of the economies. Those innovations could be provided by the EU. Moreover, the EAEU still considers fulfillment of the ambitious idea of creating the world's largest FTA "from Lisbon to Vladivostok" as feasible in the mid-term.⁶

⁵ In May 2018 the EAEU and Iran signed the provisional treaty, envisaging creation of the FTA for three years. The talks about creating FTAs at the moment are underway with different countries. Among them Serbia, Israel, Turkey, Singapore as well as integration blocks like ASEAN.

⁶ Interviewed by the author during the Gaidar Forum in January 2017, spokesman of the Eurasian Development Bank (EDB) – research body within the EAEU Evgeny Vinokurov, estimates as of 40% the probability of creation the FTA between the EU and the EAEU by 2020.

However, due to the odds with the "steering force" of the EAEU – Russian Federation over Ukraine – the implementation of the idea of the pan-European FTA creation looks very vague. Obviously, understanding that the EAEU tries to diversify its activity by focusing on building relations with APEC countries makes China a special interest for the EAEU in this respect.

It is not only due to the intention to develop economic cooperation (not only within BRI initiative but also within the so-called "Greater Eurasia" project) but also well-established economic linkages with the Central Asian EAEU member states. Kazakhstan is exploiting the oil pipeline – Kazakhstan-China oil pipeline (Kenkiyak-Kumkol-Atasu-Alashankou and Kyrgyzstan is a major hub for the Chinese products within the region of Central Asia due to the liberal tariff policy).

However, cooperation with China, which prefers to build the bilateral instead of multilateral relations is not going to become a smooth ride for the Union.⁷ It is connected not only with geopolitical essence of the Chinese economic initiatives (and the BRI initiative is not an exclusion) as well as Chinese tough position as a negotiator. That is why the EAEU, which currently is using the model of "multi-vector policy", could opt to return to the European vector as a prime one. Although it is connected with the risk of exacerbation of inner conflict within the EAEU, considering the strong pro-China party within the structure.

Thus, the structural imbalance within the Union connected with different orientation of the EAEU member states could be reinforced.

The EAEU – EU "integration race"

The issue of orientations of the EAEU member states as well as the "conflict of interests" turns out to be the major functional imbalance of the Union not only for the time being but also for the upcoming years. It is connected not only with the controversial nature of the EAEU, which is not yet a full-fledged integration structure, but also with the environment, influencing the processes, including the processes of regionalisation within the post-Soviet space. Potentially, this poses a real threat to the EAEU, trying to win the "hearts and souls" of the former Soviet Union states and to outpace the main competitor – the European Union.

The EU, which is the closest neighbor and, historically, the major trade partner for many post-Soviet states (including the EAEU member states) traditionally considered the post-Soviet space as a priority space. It was due not only to geographical proximity, but also to the desire to have a safer environment (stands in line with the so-called EU "three pillars", e.g. the European Communities, Common Foreign and Security Policy and Cooperation in Justice and Home affairs)⁸.

⁷ Notwithstanding the EAEU and China managed to sign the non-preferential trade agreement in May 2018.

⁸ The Treaty of Maastricht (1992) created the European Union as a single body of "three pillars": (1) European Communities, (2) Common Foreign and Security Policy and (3) Cooperation in Justice and Home affairs (see: The Three Pillars WW/W).

Exactly the security worries became the major trigger for the integration policy of the EU towards the former Soviet Union states. Some of them eventually became the EU member states, the others got a status of the privileged trade partners (like Armenia). Wielding the variety of the integration tools, starting from the conventional "soft power" (educational, cultural diplomacy) to the mechanisms of financial support, the EU became one of the major extra-region actors. In 2000s the EU protracted policy towards the former Soviet Union states got institutionalized on the basis of creating the special tools or the special purpose vehicles (SPV). Among the best-known ones is the started in 2009 Eastern Partnership (EaP) project – programme within the EU European Neighborhood Policy (ENP).⁹

Although, the results of the EaP functioning are actively debated (EaP managed to integrate three out of six core post-communist states), the very fact of its existence as the EU integration SPV stipulates active role of the European Union as a mighty regional player, trying to diminish the influence of the competing projects.

And the EAEU, which is positioning itself as an alternative to the EU, albeit is trying to establish relations with the European counterpart. However, the prospect for that seems rather humble, due to several reasons – political, economic, and technological. The most likely the scenario of the interrelations between the EU and the EAEU is protracted "co-existence" (Kinyakin 2016).

It is strongly connected not only with the current odds between the EU and some EAEU members state (Russia and its role in Ukrainian crisis) but it also has a more deep-seated ground – two integration structures have different and even rivalry values, which are hardly compatible to each other.

To the contrary, the vested interests of the two major integration structures anticipate the beginning of the harsh rivalry for the "hearts and souls" of the post-Soviet states, who are to be integrated into one rival structure. This rivalry or so called "integration race" had previously taken place with integration of Armenia to the EAEU in 2013.¹⁰

However, the most striking instance is Ukraine, which was wooed by both – the EU and the EAEU (then Customs Union) to become integrated into the European or Eurasian structures. However, the harsh "either-or" position of the EU and the EAEU towards Ukraine, which traditionally pursues the "multi-vector policy", balancing between the mighty regional players, turned out to be harmful, contributing to the emergence of the so-called Ukrainian crisis.

This situation became the culmination of the so-called "*integration race*", which can be described as competition/rivalry of different regional integration projects (regionalisms), aimed at bringing closer or winning over regional actors – nation-states by elaborating special strategy and using the special tools.

⁹ The main aim of the EaP was to establish a closer relationship with six former Soviet republics – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine – by extension of the European institutional framework (so called *acquis communautaire*) and boosting political and economic cooperation by signing Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA).

¹⁰ The country was on the verge of accepting *acquis communautaire* and signing the AA with the EU, but in autumn 2013 made a twist, opting to integrate into the Eurasian structures.

The main factors of the "integration race" are:

- two or more competing integration projects (regionalisms) within one region;
- entropy of political and economic regional processes;
- diverse and vested interests of regional players – nation-states;
- active "third party" (extra-regional) factor;
- conflict of different ideological/axiological orientations.

Structurally the "integration race" has three major dimensions: 1) *institutional*, 2) *functional*, and 3) *ideological*.

1) *The institutional dimension* is connected not so much with the difference of institutional framework as the institutionalised status of integration structure, claiming to become the mighty regional actor. So it is mainly about the "image" of the integration bloc as a solid and fully-fledged integration structure, which stipulates attractiveness for the potential members and partners.

2) *The functional dimension* is strongly connected with the efficiency of the integration structure. Not only in the economic, but also in political sense ("political weight"). The integration structure should prove its viability and sustainability both for the potential members and partners. Thus, it gets a solid advantage in the integration race.

3) *The ideological / axiological dimension* anticipates two things – volume and quality of "soft power" as well as capacity and competences to disseminate this. The integration structure strives to become more attractive for the potential newcomers, which can be further initiated as members of the integration bloc by providing certain sets of values and giving some patterns.

Speaking about **the tools of the "integration race"** one can single out two majors – "fight for neophytes" (new members), "integration proselytism" (existing members). Both of these forms were used within the EU-EAEU "integration race", which got the new quality after the emergence of the Ukrainian crisis.

"Ukrainian Rubicon": the chances for the EAEU – EU "integration race 2.0."

It occasionally became a dividing line in the history of the post-Soviet regional integration and regionalisation. It highlighted not only once concealed and now revealed conflict of interest between the mighty regional players (first of all Russia and the EU), which has multidimensional (political, axiological) nature, but to some extent contributed to transition of the post-Soviet regionalisation into "crystallisation" phase.

The latter is specified by appearance of many new uncertainty factors, which heavily influenced regional integration processes.

First of all, it means **qualitative change** of the essence of the integration processes and their transformation from extensive (broader integration) to intensive (deeper integration) form.

This can be attributed primarily to the EAEU, which opted to adopt the intensive form of integration in order to increase its efficiency as integration structure considering not

only economic hardships (the slump of the Russian economy, which began in 2013 heavily affected the national economies of the other EAEU member states, which are very dependent on the Russian market) but also (geo)political problems (the odds between Russia and the West over Ukraine). Under these conditions promoting the intensive integration, aimed at advancing efficiency is the only option, which is existentially very important for the EAEU as integration structure if it wants to avoid getting to the post-Soviet path dependence “trap”, becoming one more false start and dead end.

However, in order to fulfill this task, proving the HTI model of regional integration it is important that the EAEU should make a thorough analysis of activity and correct its integration strategy as well as the action models. The latter should be attributed to the position of Russia, which at the moment plays the role of “equal among equals” within the Union, what contributes to the exacerbation of the inner “conflict of interests”. Maintaining its role as a major driving force of the EAEU Russia at the same time should improve political tools, pursue a rational balance in bilateral and multilateral relations as well as redeem old-fashioned and wicked approaches and principles (for instance, unilateral usurpation of pollack agenda or long-standing division for the “seniors” and the “minors”). All this will help to elaborate the new basis of values, which will be attractive not only for the existing members of the EAEU, but also for the potential newcomers.

The ideological/axiological dimension turns out to be the major one in this sense influencing the process of regionalisation within the post-Soviet space in the mid- and long-term perspective. This means mere political, economic, cultural, linguistic proximity, which is deemed as a premise for the integration activities but more with promotion of image of prosperous future, based on the certain set of values.

Currently this trend within the post-Soviet space is getting momentum not only with some FSU states opting to accept EU *acquis communautaire* and enacting the AA and the DCFTAs (in 2014 Moldova, Georgia and Ukraine signed the AA) but also Armenia and Kazakhstan, despite being the EAEU member states, signed the new Association and Cooperation agreements with the EU respectively.¹¹

This implies the attractiveness of the European values and the EU as an integration structure for the post-Soviet space. The main reason of that is not only the activities of the EU, using not only “soft”, but also “smart power” tools and promoting “best practices”, but also the struggle of the FSU states for development and security.

Developmental and security factors (beside axiological) define the processes of regionalisation within the post-Soviet space. Both of them are integral for the regional integration. Whereas the first one traditionally plays an enormously important role, the second got special significance after the breakout of the Ukrainian crisis.

The developmental factor implies carrying out of modernisation, which is badly needed by all the FSU counties. First of all, it is connected with the economic sphere, which plagues lack of investments, deterioration of infrastructure and economic demise in general. Lots of integration initiatives in different forms (HTI, allying with the “third par-

¹¹ In case of Kazakhstan should be also mentioned announced plan to shift from Cyrillic to Latin alphabet to 2019.

ty") within the post-Soviet space were commercially originated and suggested deeper industrial cooperation in order to provide sustainable economic growth. However, not only setbacks with implementation of the economic integration projects but, first of all, lack of inner source of investments and, what is more important, insufficiency of innovations make the FSU states more susceptible for cooperation with the extra-regional actors. Among them is not only the EU, which is the main trade partner and the source of investments and innovations for the majority of the post-Soviet states, but also China, which is at the moment becoming more active as the mighty regional actor within the post-Soviet space, promoting economic cooperation (especially in the Central Asian region) and providing the necessary tools for modernisation.¹²

In medium- and long-term perspective the developmental factor is going to get more significance due to the eventual economic demise of many post-Soviet states, which will determine the further trajectories of the regionalisation within the post-Soviet space.

However, the action of developmental factor most likely will be defined by the other factor, which is security.

Amidst the Ukrainian crisis this factor got a special meaning due to not only the "existential fears", which are intrinsic for some FSU states, but also to a new type of the post-Soviet reality, which is forcing the states to act. In this respect one of the options is reviving integration structures and boosting its activities. For instance, the GU(U)AM Organisation for Democracy and Economic Development, which from the late-2000s was rather moribund structure was granted a second chance.

In March 2017 after the almost ten-year break it staged the summit in the Ukrainian capital of Kiev, where there were many questions on the agenda. However, the special emphasis was put on security issues, considering the ongoing military conflict in the Southern Ukraine and the situation with the Crimean Peninsula, which turned out to be the outcome of "Russian Irredentism".

The mentioned above irredentism (if it exists!) turns out to be the real problem for developing relations with the post-Soviet states, which are traditionally weary of spreading Russian influence (like the Baltic states) or previously had disagreements with Russia (like Georgia) but also for the closest Russian allies.

For instance, the Crimea referendum and the accompanying events (first of all, the irredentic rhetoric by some Russian politicians) set a wave of worries among the Russia's closest allies – Kazakhstan and Belarus, which have large groups of ethnic Russians. The strengthening of these worries also intensified after the remarks made by the Russian president Vladimir Putin about the Kazakh statehood.

All the mentioned above signs is not only harmful for boosting of the integration process on the basis of the current integration structures (for instance, the EAEU) but it fosters the "separatist" sentiments and leads to "integration proselytism", which increases in turn the probability for the beginning of the new "integration race".

¹² The project of conjuncture the EAEU within the Chinese BRIF initiative on the basis of Shanghai Security Organisation can be also regarded in such a way.

The security issues and the political factors in general are likely to get more significance in the medium- and the long-term perspectives due to not only the positions and activities of the major extra-regional players (the EU, China, Turkey, Romania, and Iran) but also to the inner political processes in the post-Soviet states.

One of the most dynamic, which is about to get strength in the upcoming years, is the process of changes among the political elites in the post-Soviet states. It can be facilitated either through democratic (elections) or semi-democratic (ousting) or non-democratic procedures (neopatrimonial nomination). However, in any case, the changes in political elites, especially in the politically volatile post-Soviet space, influence heavily the processes of regionalisation. The best example is Moldova, where the president Vladimir Dodon, who was elected in March 2017, decided to distance his country from European structures and to improve the relations with Russia and the EAEU, including possible accession to the Eurasian integration structure and reverse – the start of democratic transit in Uzbekistan after the death of the very politically influential Islam Karimov in 2016 and establishing better cooperation with the West. Moreover, they proved that the EAEU-EU “integration race” has the solid potential, which can be implemented under the certain circumstances. However, this time the results of this race can be hardly predictable.

Conclusions

One of the most remarkable features of regional development within the macro-region of the “Greater Europe” during the last decades is the growing competition between two mighty regional players – the European Union (EU) and Russia. It dates back to the beginning of the 1990s, encompasses different spheres and has the specific object – the so called “contested neighborhood” within the post-Soviet space.

After timid endeavors to bring former Soviet republics (FSU) – newly established states closer, this process gained a special momentum in 2000s with the beginning of the EU programme called *Eastern Partnership (EaP)* in 2007 and the beginning of the Russia-led “Eurasian integration process”, finding its embodiment in the creation of the Eurasian Economic Union (EAEU) in 2015. Those facts brought the competition between the EU and Russia to the new level, stipulating the beginning of the so-called “integration race”. It had significant impact not only on the EU-Russia relations, but it also heavily affected the status-quo in the “contested neighborhood”, launching the entropic processes in the post-Soviet states. The most evident example is the conflict in Ukraine, which escalation was stipulated by the “integration race”. And even despite subsequent de-escalation and coming into the latent phase the competition between the EU and Russia for winning over the post-Soviet states remains, considering the serious grounds.

This fact increases the probability of renewal of the “integration race” between the EU and the Russia-led EAEU, which has lots of preconditions. Moreover, unlike the previous one, “the new edition” of the “integration race” (the “integration race 2.0”) can be facilitated with the use of new formats and tools and has the evident specifics – the competition for not only non-aligned post-Soviet states, but also for the existing members of the integration blocs.

All the mentioned above factors make the consequences of the new "integration race" between the EU and the EAEU more unpredictable and graver for further political and economic development of the post-Soviet space.

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