Eurasian Economic Union Founding Treaty Signed

Presidents Vladimir Putin, Nursultan Nazarbayev and Alexander Lukashenko signed a Treaty establishing the Eurasian Economic Union, in Astana on May 29th. Three countries are to lie at the core of this economic alliance: Russia, Kazakhstan and Belarus. This historic document marks a new phase of economic integration. The new agreement comes into force on 1 January 2015, bringing together a territory with a population of 170 million people, with an economy worth $1 trillion. Russia, Belarus and Kazakhstan will gradually open their borders to allow the free movement of goods, capital, labour and services, as well as giving their citizens equal access to transport and energy infrastructure, all of which will be regulated by common customs and tariff rules. This new union is expected to be complemented in the future by the accession of Armenia and Kyrgyzstan. Western politicians perceive the EaEU project as hostile, able to create serious obstacles to Western hegemony, both in the former Soviet sphere of influence and in the world at large.

The official signing ceremony in Astana, Kazakhstan was held against the backdrop of heightened tension in the region, exacerbated by the continuing political crisis in Ukraine. This is by no means accidental. As MSU researcher Natalia Kharitonova recently said: "Russia is trying to mobilize support for Eurasian integration and use its existing and anticipated benefits for propagandistic purposes, including towards countries to the west of its borders."

Russian President Vladimir Putin admitted that "thanks to the general constructive spirit and the willingness and ability of each side to reach compromises, we have overcome a lot of difficulties along the way and managed to sign the document within the time limit we had established (by June 1st)." Kazakh leader Nursultan Nazarbayev was also positive about the results: "The agreement is comprehensive, competent, and takes into account the interests of all states involved". He stressed that decisions taken in the Union will be on the basis of consensus: "each side will have a determinative role". Nazarbayev has once again stressed that the economic union "in no way questions the independence or political sovereignty of the states participating in the integration process".

Belarusian President Alexander Lukashenko sought to "reassure" opponents of the economic integration of Russia, Belarus and Kazakhstan. He noted that at the EaEU all voices will be equally heard. "Together with Russia and Kazakhstan we are participants of a joint, equitable process. And if we are to cast anything on each other's shoulders, it will also be on an equitable basis. This is our friendly alliance", said Lukashenko. The President of Belarus was outraged by groundless criticisms which were heard as the treaty establishing the EaEU was being prepared. "What accusations and claims we have had to listen to: that integration is the return of the Soviet empire, that this is a loss of sovereignty, and that it will put a strain not on Russia or Kazakhstan, but on Belarus. But Belarus might just get more out of this than anyone else. Even now the press is making a fuss that Lukashenko is calling for concessions, negotiating bonuses for Minsk - I quote", said Lukashenko.

Nevertheless, Lukashenko has struck a cunning deal for his country, yet all the same complaining "irresponsible" journalism. After threats by the Belarusian president to block the signing, a number of questions for Minsk have been positively settled. As a result, Moscow has promised to transfer $2 billion in loans, to replenish fast dwindling Belarusian reserves, by the end of the current month (May 2014). The issue of oil supplies has also been resolved. As noted by Lukashenko, "we can increase the amount by as much as necessary, should the need arise". The Belarusian leader also managed to negotiate a promise on the key issue for him: the abolition of customs duties on oil products,
made from Russian oil and exported by Belarus. This is worth about 3-4 billion dollars a year. Belarus is also to completely cease all oil transfer duty payments to Russia in 2016.

Astana, not to be left behind, demanded equal access to Russian oil and gas pipelines. The new trade regime requires Moscow to provide Astana and Minsk with subsidies amounting to 30 billion dollars a year, which is five times higher than the current amount. The Russian oil and gas industry is to compensate for these costs.

But, aside from Belarus or Kazakhstan, who are the main participants of the Union, Kyrgyzstan, an applicant for membership, is to receive $1.2 billion from Moscow for the privilege of a painless entry into the EaEU. Of these, $1 billion will be directed to the Development Fund of the Republic, and another $200 million to creating a "roadmap" for the republic's accession to the Customs Union. The relevant agreements have already been signed by the two governments. Kyrgyz President Almazbek Atambayev who, it would seem, was not expecting such generosity from Moscow, said that Kyrgyzstan is willing to join the EaEU in 2015. This seems to have come as a surprise to Vladimir Putin. The process of accession of Kyrgyzstan to the Union will be quite lengthy. Kyrgyzstan must first become a member of the Customs Union and the Common Economic Space, and only then can it enter the EaEU. Putin, referring to his Kyrgyz counterpart, said: "I am pleased at your personal commitment to this project. We know that the path will be a difficult one, involving hard work from experts from both the Eurasian Commission, and your own government. But in any case we are ready to help, to lend a hand and see what further steps we can take to help the economy of Kyrgyzstan to prepare for our work together. On the bilateral front, in my opinion, everything is going as we expected. I hope that all of our plans will come to fruition".

Armenia is ready to enter the new alliance. President Serzh Sargsyan has offered to sign a treaty of accession of Armenia to the Eurasian Economic Union by June 15 this year. However, in response, President Nazarbayev proposed to consider this issue by July 1, stressing that Armenia would need to comply with all Union membership requirements, namely to join the Union with the UN-recognized borders. "Just as you did when joining the WTO", said Nazarbayev. (In 2003, Armenia joined the WTO with their internationally recognized borders, i.e without Nagorno-Karabakh and the seven occupied regions). However, we need to consider the fact that the EaEU is a union for economic integration, and the issue of Nagorno-Karabakh is a political one which should be solved within the framework of the OSCE Minsk Group. "At the top of the agenda for Armenia remain the issues of military and energy security, the main, and perhaps the only guarantor of which is Russia. One can hardly doubt that Moscow is pulling the strings behind the unprecedented speed of integration, which Yerevan seeks to benefit from, first through the Customs Union, and then with full access to the Eurasian Union. Some say that the EaEU is exclusively economic in content. Well, yes and no. While this is true for Kazakhstan, it is plainly not so for Armenia and Russia, says Arkady Dubnov, an expert in diplomacy.

The EaEU founding treaty is expected to be ratified by the parliaments of Russia, Belarus and Kazakhstan by the end of the year, and the Eurasian Union will begin to work effectively from January 1, 2015. But experts are already saying that the Union has many more pros than cons. We should not rule out the prospect of a widening of the circle of countries wishing to join the union. According to Putin, "key global economic powers" are already showing an interest in the new alliance. "It is no accident that the world's major economic players are already showing interest in the union, which is seen as the most direct and immediate. Wherever I went, whoever I spoke to, they all wanted to know how to start relations with the future Eurasian Union" said the Russian leader.

But there are also negative opinions on the project. Some Western political elites take a hostile attitude to the EaEU, seeing it as able to create serious obstacles to Western hegemony, both in the former Soviet sphere of influence and in the world at large. We have seen how much has been done to prevent the participation of Ukraine in the Eurasian project. "Despite the situation in Ukraine, the establishment of the EaEU and the strengthening of cooperation between Russia, Kazakhstan and China have dealt a serious blow to Western ambitions to preserve a unipolar world system. We can therefore expect attempts in the near future to destabilize the situation, especially in the Central Asian region. The situation in Tajikistan, with the terrorist attacks in Urumqi, has shown the first signs of this sort of scenario taking shape. As for Western business, it "has long been eyeing the Eurasian project with interest and is looking for new frameworks of cooperation and business communications with Eurasian partners", says Julia Yakusheva, Executive Director of the Sever-Iug Political Science Centre.

Expert on Central Asia and the Middle East Alexander Knyazev also believes that the signing of the Eurasian Economic Union also raises questions on the countermeasures to Eurasian integration which could be encountered in the future. This is evidenced by a number of statements from American politicians and by the actions of the U.S. administration. "I think that Ukraine, as a means to counter integration - is only the first step. The list of possible future measures is quite long, given the number of unpleasant recent developments for the United States - in
addition to the signing of today's agreement in Astana, there has also recently been a considerable warming of relations between Russia and China. To this we now have to add Kazakhstan's clear geopolitical move towards Eurasia", said Knyazev.

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