

FIVE YEARS OF THE EURASIAN ECONOMIC UNION – RESULTS AND NEW BENCHMARKS FOR BELARUS

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This article provides an analysis of the development of ideas of Eurasian integration, current achievements and barriers in the EAEU, as well as the role of Belarus in the development of an integration association.

Key words: The Republic of Belarus, the Russian Federation, the Republic of Kazakhstan, the Republic of Armenia, the Republic of Kyrgyzstan, the Eurasian Economic Union, union integration.

The year 2019 was momentous for the Eurasian continent because of a series of events. Not only the fifth anniversary of the creation of the Eurasian Economic Union, development of which receives significant attention from governments of all countries, but also the idea of the Eurasian integration celebrates the 25th anniversary since its formation. Despite the fact that the main facilitator of integration is the former president of Kazakhstan, N. Nazarbayev, the role of the Republic of Belarus and president A. Lukashenka, in particular, made a considerable contribution to make the idea of the union a reality. Despite a number of successes in the process of establishment of the EAEU, there are a number of problems, the solution of which is artificially slowed down because of certain aspects.

The Eurasian Economic Union is a logical continuation of the development of ideas of the necessity for an association or structure that will preserve ties between countries after the collapse of the Soviet Union. The Commonwealth of Independent States (CIS), the Union State of Belarus and Russia, the CSTO, the Customs Union of Russia, Belarus and Kazakhstan, the Eurasian Economic Community (EurAsEC) served as the basement and a certain legal and economic basis, which allowed to avoid a number of mistakes when creating the EAEU.

After all, the neighboring integration association – the European Union, began with the Union of Coal and Steel. However, unlike Western colleagues, the current Eurasian association cannot allow itself a similar (over 50 years) time span for settling disputed issues between countries but is forced to solve them in a scant time frame.

In the Soviet Union, Belarus was one of the leaders in terms of industrial development. BELAZ, MTZ, Belaruskali, MAZ, oil refineries – even today they are one of the main components of the Belarusian economy, preserving the legacy of the USSR's «assembly shop». Raw materials for these enterprises came from the territories of other republics of the former Soviet Union, and the final product was mostly exported. Consequently, after the collapse of the Union, the best option for the country, which was implemented, was active development and participation in integration processes in the post-Soviet space, thereby maintaining economic ties with partners.

The Republic of Belarus, when deciding to join the EAEU, had a number of expectations and benefits from this integration in exchange for compromises, which it had to make¹. First of all, the expectations of Belarus from the EAEU were connected with the need to reform and modernize the economy according to modern trends. The Eurasian Economic Union could potentially contribute to attracting investments and new technologies to the country. Expectations of Belarus's participation in Eurasian integration were not only aimed at a single market, but also on equal terms of access to Russian energy carriers, which were supposed to cost Belarusian enterprises the same price as Russian ones. As the events of recent months (the tax maneuver of the Russian Federation) show, there is a doubt that this is possible. The formation of a single energy market, which is scheduled for 2025, raises a number of questions. The most realistic option is to raise prices on the domestic market of Russia, which will achieve a single price in the EAEU. As a result, the loss of benefits and the increase of additional competition for Belarus in the energy sector. The transition to alternative energy sources can nullify such events. The Belarusian NPP, which is scheduled for launch this year, is capable of providing electricity. The creation of infrastructures, the provision of preferential conditions and incentives from the state can begin the active development and use of electric transport in the country. But such actions require time and substantial financial costs, which in any case will have an impact on the country's economy.

In connection with the foreign policy situation, the Belarusian government was counting on participation in Russian import substitution programs. As a result, import substitution programs have in many ways become a tool of protectionism for Russian producers, it is not uncommon for Belarusian goods to be included in import substituted goods. Worsted fabrics are the example of goods, traditionally produced by Belarus for the Russian's army.

In this situation, the Belarusian government's discontent with the current level of development of Eurasian integration looks quite logical. As noted al-

¹ Belarus in the EAEU: in search of a format of mutually beneficial cooperation / Avlasenko I., Renard-Koktysh A.; Workbook 1; Center for Eurasian Studies. M., 2017. p. 16 (In Russ.).

ready, Belarus does not approve the protectionism policy pursued by Russia as part of its confrontation with the West, since protecting one's own market and trade wars are not consistent with the principle of sharing joint economic benefits and policies.

Same with the previously mentioned unequal gas prices. The issues of privatization are also the subject of controversy: in the transition from state ownership to private hands, the creation of joint ventures and companies does not assist maintaining Belarus's control over the country's largest enterprises. The lack of functionality of the EEC as a decision-making institution is also highlighted as the problem aspect for the Belarusian side since it has no real leverage on member states. As a result, most decisions remain recommendations, which is unacceptable in matters of building an equally profitable union of all countries [1].

Sector of industry remains one of the most sensitive areas of Eurasian integration. As the Chairman of the Eurasian Economic Commission, T. Sargsyan, noted in a recent speech to the ministers of industry of the EAEU member countries, the main problem of the union was and remains inconsistent policy between the countries. It is obvious that the integration and the formation of a single economic space are in the interests of the economies of all countries.

The common market implies competition, and as the first five-year plan shows, not all countries are ready to provide equal conditions in their markets. Attempts to protect their own manufacturers are clear. However, it should be understood that, by creating barriers for foreign producers, the country gives priority to its short-term objectives, delaying the possibility of prospects. Such actions naturally have a large social aspect: it is difficult for governments to make decisions based only on economic benefits. Such situations are not only a conflict field between countries but also greatly hinder the activities of the EEC to build a common economic market.

This criticism concerns not only the issues of the Russian-Belarusian milk and meat «wars», according to the Commission there are already 60 barriers, exemptions and restrictions that prevent the formation of a single market, and over which active work of intergovernmental bodies is underway [1, 2].

It is important to harmonize the legislation as the basis of unified industrial policy. The treaty establishing the EAEU has already identified 14 directions, and the adoption of new laws in the states should be consistent with them. There is no analysis regarding the differences in the laws of the EAEU member countries, in particular in the industry sector, in which they lead to the formation of barriers. In matters of development of fundamentally new areas, for example, the digital economy, the legislative framework should initially be created by joint efforts, and not by each country separately. The ideas of creating Eurasian brands and corporations are being actively studied, but so far they

are at the project stage. In the situation of constantly generated issues with trade barriers, the lack of success stories of integration does not bring positive results, but only focuses attention on current problems.

In the 21st century, Eurasia becomes the space of important political and economic processes that affect the whole world. And China is becoming one of the most influential players of both Eurasian and planetary scale². Another claim of Belarus to the current Eurasian integration is a preliminary consideration that the EAEU will become a «bridge» between China and Europe, thus providing a number of transit benefits to the participating states. As a result, so far Belarus is the only hub outside of China, where real work is being carried out on the initiative «One Belt – One Way»³. However, without a working infrastructure created in the territory of all the participating countries, it is not yet possible to talk about the availability of project benefits for the country.

The four basic freedoms that are laid down in the Treaty on the Creation of the Eurasian Economic Union – the movement of capital, labor, goods, and services, despite their liberality, suffer a certain collapse. Created on the example of Europe, they did not find the necessary support to become the basis and value for Eurasia. In this regard, it is a question of the need to form new meanings and advantages that will be understood by the population of all countries and will be sufficiently authoritative for the development of Eurasian integration to become at least equal to the current state's ones.

Generating such meanings is possible with a clear vision of the further development of the EAEU. In this context, it is worth noting the different attitudes of the leaders of the participating countries to the development of the EAEU. This appears both as a topic in the media space of countries, and in discussions of the highest echelons of power. For Armenia, due to its geopolitical position and the lack of a physical border with other countries, it will not be easy to do.

Kyrgyzstan does not have enough authority among countries, the actions of the last years by the Russian government give a reason for reflection that without a political conjuncture, economic union with other countries is not among the priorities at the current time. As a result, the most active actors of Eurasian integration are Belarus and Kazakhstan. However, after the resignation of N. Nazarbayev, A. Lukashenko remains the only leader who, from the very beginning, supported and observed the development of the idea of Eurasian integration.

² The points of growth of the EAEU: economy, security, society / Evstafiev D. G., Kusainov A. M., Masaulov S. I., and others; Russian-Belarusian Expert Club, Center for the Study of Integration Prospects. M., 2018, p. 22 (In Russ.).

³ Eurasian Continental Integration / E. Vinokurov, A. M. Libman. St. Petersburg, 2012, p. 15 (In Russ.).

At the time of transfer of power in Kazakhstan, the topic of the Eurasian idea may not immediately return to the high priority. Therefore, Belarus needs to take the initiative, primarily to maintain the level and work done to create the EAEU, as well as to increase its political weight in the region.

For this, there are now a lot of favorable factors, one of which is the country's presidency of the Eurasian Economic Commission in the next, 2020. It is necessary to prepare thoroughly for this role because the official Minsk now has all the resources to translate its thoughts and ideas on improving integration, generate new meanings that will allow the EAEU to quickly remove barriers of different levels and spheres.

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