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A virtual customs union on real territory

On 21 May, during a meeting of the heads of state of the customs union in St Petersburg, attempts to reach an agreement failed. This was to have formed the basis for the functioning of a customs union between Russia, Belarus and Kazakhstan. Despite this, on 24 May, the Customs Union Commission upheld a decree from President Dmitri Medvedev introducing the legal code of the Customs Union from 1 July 2010 on the territory of these three countries, and providing for the lifting of internal customs barriers.

Moscow's consistency in striving to present the Customs Union as a truly functional community, while at the same time ignoring its partners' economic interests, seems to confirm the thesis that for Russia, the customs union is a political project, a instrument for use in its relations with both the countries of the CIS and the main member states of World Trade Organisation.

This is yet another failure for the process of creating a customs union which Moscow initiated in 1995. It results from the same reasons as always; a clash of the parties' interests, and attempts to subject the economic relations within the Customs Union to Russian gain. The meeting of the prime ministers of the Customs Union states revealed the main obstacles to finalising the arrangements already made. Russia questioned the adoption of any common customs policy which clashes with its own anti-crisis policy, including the unification of customs duties on importing cars for private use (the protective customs duty in Russia aids the protection of the Russian motor industry; in Kazakhstan and Belarus, these tariffs are considerably lower). Minsk made its accession to the Customs Union conditional on Russia lowering its tariffs on crude and refined oil products supplied to Belarus. Resolving the matters of contention was left to the legislative bodies of the individual countries.

Moscow's determination to give the customs union an appearance of reality can be interpreted as a desire to maintain a political instrument which has helped to strengthen Russian influence on Customs Union member states. In turn, the customs union has for some years played the role of a bargaining chip in Moscow's negotiations with the WTO on the conditions for Russian accession to this organisation. <epa>