

The Customs Union summit: crisis instead of success

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The summit of the leaders of Russia, Kazakhstan and Belarus in Minsk on 24 October revealed the limitations and problems of the Eurasian integration project pushed by Russia: the Customs Union (CU), and the Common Economic Space (CES) created on its basis, which is intended to be transformed into the Eurasian Union. This was contrary to the intentions of Russia, which wanted to use the meeting to demonstrate the success of the projects it has promoted on the eve of the Eastern Partnership summit in Vilnius (28-29 November). Meanwhile, the criticism put forward by the presidents of Kazakhstan and Belarus, Nursultan Nazarbayev and Aleksandr Lukashenko, was a demonstration of the discontent Russia's partners feel, both with regard to the economic cooperation and the increasing subordination of the integration process to Russia's current policy objectives. The current state of integration and the problems reported by Kazakhstan and Belarus show that Russia's focus on the possible integration of new members, instead of strengthening the existing structures and implementing the integration agreements, has led to a serious crisis in its Eurasian project.

The summit

At the meeting of the Supreme Eurasian Economic Council, the presidents of the CU / CES states, Russia, Kazakhstan and Belarus, were accompanied by representatives from Armenia, Tajikistan and Kyrgyzstan (countries that have declared their willingness to join the UC), as well as the President of Ukraine, for whose participation in the integration process Russia had strongly pushed. The summit was initially planned for December, but was moved forward in order to demonstrate the Kremlin's successful integration policy on the eve of the Eastern Partnership summit in Vilnius, during which three post-Soviet countries, Ukraine, Moldova and Georgia, are supposed to sign or initial Association Agreements with the EU.

During the summit in Minsk, Armenia's declaration of its readiness to join the CU was officially adopted, as was a memorandum to deepen cooperation between Armenia and the Eurasian Economic Commission. At the same time, Kazakhstan's president raised the idea of Turkey being admitted to the CU. Before the summit, there was also a report that during the course of the meeting, President Vladimir Putin would present President Viktor Yanukovich with a proposal aimed at finally persuading Ukraine to join the Eurasian integration process. However, the meeting of the Russian and Ukrainian presidents did not bring about the expected results. Two days later they met again in Sochi; again, nothing is known about the results of this meeting. It is not clear why Ukraine's observer status was not formalised, contrary to what had been planned; whether this was due to delays in

Belarus and Kazakhstan ratifying the relevant documents, or because of a political decision by either Russia or Ukraine.

Above all, the meeting of the CU countries' leaders revealed the problems of the integration plan as initiated by Russia. Although it was announced that an agreement would be signed in May 2014 to bring the Eurasian Union into force on 1 January 2015, in accordance with the original timetable, Presidents Nazarbayev and Lukashenko presented a whole catalogue of objections concerning the current state of integration, and hinted that further steps might be slowed down.

The book of complaints and requests

The criticism as formulated by Kazakhstan and Belarus covered economic and political aspects of the integration plan. The economic dimension focused on the pace of implementing legal solutions and the maintenance of non-tariff restrictions on trade between the members of the CU / CES. Although the integration process has successfully abolished customs borders, led to the adoption of a common customs code, created a common labour market and ensured the freedom of movement of persons, there are nevertheless a wide range of restrictions within the regulations adopted. The freedom of movement covers only two-thirds of all product types, and there are over 100 exemptions for Belarus and Kazakhstan in the common customs tariff. The leaders' principal demands include the removal of barriers to energy cooperation, specifically the requirement that Belarus pays the export duties on the sale of petroleum products made in Belarus from Russian oil into the Russian budget; and also, allowing the unrestricted transit of energy and electricity from Kazakhstan via Russia.

In the political dimension, the leaders of Belarus and Kazakhstan have criticised Russia's strong dominance of the whole process, which is particularly apparent in the modelling of CU regulations on Russian legislation. Nazarbayev also objected to Russia's politicisation of the integration structures, as well as the subordination to the Kremlin of the Eurasian Economic Commission's Russian officials, who are nominally independent. Moscow's use of integration as a tool to implement its own foreign policy goals also came under fire; the Russian decision on Armenia's membership prospects, taken without consultation with the other partners, is seen as one such move.

It seems that President Putin did not expect such vocal expressions of public discontent from the partner states. He did not have any positive solutions prepared, and only announced a progressive removal of restrictions on cooperation in the energy sector.

Results

The summit in Minsk has highlighted serious problems within the CU / CES. It showed that the integration project – which has been the only one of the Kremlin's projects to bring about tangible results, and had a hope of cohering the post-Soviet area – is in crisis. In view of the existing problems, the declaration that the Eurasian Union is ready to be created does not guarantee that the integration process will develop. Even if Russia succeeds in persuading Belarus and Kazakhstan to transform the existing structures in the Eurasian

Union, the organisation will not acquire vital importance without removing the many barriers and limitations to cooperation..

It seems that the weakening and slowdown of the integration project has to a great extent been caused by Russia's decision (taken mainly because of Ukraine) to prioritise the integration of new members, at the expense of closer cooperation with those countries already participating in the process. Russia's attempts to add new members to the CU are not only hindering the full implementation of the agreements already adopted, but have also raised concerns in Kazakhstan and Belarus that they could lose their own positions in the integration process. Kazakhstan's support for the unrealistic idea of integrating Turkey into the CU should be seen as an attempt to prevent Russia from further expanding the integration structure, and – if such changes do take place – to make the integration process more difficult.

The problems with the integration structures, as well as the difficulties in adding new members to them, show that Russia has still not managed to create a positive integration offer which is genuinely attractive to post-Soviet states.

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