Abstract
The article analyzes the development of the Eurasian Economic Union (EAEU) before, during and after the COVID-19 pandemic through the lens of the so-called integration dilemma, when one state perceives its neighbors’ integration into an economic alliance as a threat to its own security or prosperity. The authors consider the processes of interstate and supranational adaptation, as well as the adaptation of the basic model of integration to the existing practices of interaction as part of the project to ensure four freedoms. The institutional inertia characteristic of the EAEU and the manifest desire primarily to prevent development risks are caused by
the “hybrid nature” of the integration association, in which interstate ties and the interests of states often outweigh supranational ones. At the same time, integration cooperation made it possible for the member states to somewhat harmonize and coordinate their joint response to the pandemic. Sweeping anti-Russian sanctions have created new, unprecedented risks for integration cooperation, but at the same time have opened up certain opportunities to overcome their consequences.

**Keywords:** EAEU, integration dilemma, four freedoms, COVID-19 pandemic, national interests, supranational interests, sanctions.

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**INTEGRATION DIALECTIC**

The COVID-19 pandemic has exacerbated dialectical contradictions that have emerged in the system of modern international relations over the last decade. On the one hand, as inter- and supranational institutions become weaker, the “Westphalian” state regains both international and intra-national agency. On the other hand, although the tendency towards fragmentation of the world order and regionalization becomes increasingly pronounced, many states lack the strength and resources to cope with global and even regional challenges on their own. This is particularly true of many post-Soviet countries, “…which cannot solve development and security issues relying solely on internal resources” (Bordachev, 2021b, p. 203).

This should encourage international cooperation, even if its main goal for the member states is to ensure their own stability rather than get mutual benefit. The material and technical basis of such cooperation still rests on fairly liberal principles of interaction between states and institutions. It is true, though, that these principles are being implemented today (in contrast to the speculative-theoretical model of the world order that prevailed at the beginning of the new millennium) amid ideological and political disunity, and sometimes even confrontation.

However, it is in the situation of global uncertainty that the Eurasian Economic Union has become the most stable integration association in
the post-Soviet space (Belashchenko et al, 2020, p. 545), and fell behind only the EU in terms of integration depth in 2018 (EEU, Facts and Figures, 2020, p. 6). The fact that this association “has become a reality” and “has certain potential for long-term development” is recognized even by Western experts, who initially were rather skeptical about the EAEU (Kvashnin, 2019, p. 217).

And yet, prospects for Eurasian integration remain the subject of both academic and practical discussion. One of the problems actively debated since the mid-2010s is the “integration dilemma,” a situation where “one state perceives as a threat to its own security or prosperity its neighbors’ integration in military alliances or economic groupings that are closed to it” (Charap and Troitsky, 2013, p. 50). Even the integration participants themselves, dissatisfied with the uneven distribution of benefits, may find themselves facing a dilemma. Russian researchers have also described Eurasian integration problems using the term ‘integration dilemmas’ (for example, Skriba, 2014; Durdyeva, 2015), gradually expanding it from relations within the grouping to relations between the EU and the EAEU and between the One Belt, One Way and Greater Eurasia initiatives.

The list of concerns caused by the integration process is quite extensive even without threats associated with the pandemic. A whole range of concerns stems from the asymmetric nature of the Union. The deepest differences in the power, socio-economic, and cultural and information capabilities of the EAEU member countries are obvious. In such a situation, member states jealously assess their own and others parties’ relative benefits and are very sensitive to threats, real or imaginary. They are trying to balance these threats by maneuvering and pursuing a “multi-vector” policy. As Piotr Dutkiewicz maintains, the EAEU members “calculate their benefits not only in economic terms, but also on their own ‘sovereign scale of independence’ from Russian influence” (Bespalov, 2019). A similar point of view—with certain reservations—is shared by many experts (for an overview of the discussion on this topic, see Kazantsev, Medvedeva and Safranchuk, 2021). For example, Andrei Sushentsov and Nikolai Silaev emphasize that the economically successful EAEU
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states—Belarus and Kazakhstan (dubbed “solid earners” by the authors)—“seek to find a counterbalance to Russia’s influence, but they never make this an end in itself” (Sushentsov and Silaev, 2022, p. 20). Besides, while “multi-vector foreign policy may be a source of pride, it fails in time of crisis” (Ibid, p. 21).

Even the key role of Russia as an economic driver of integration can become a source of risks. In the middle of 2020, Russia accounted for 86.45% of the EAEU’s combined GDP, 88.6% of all industrial output, and 85.8% of investment in fixed assets and the bulk of all cash receipts, mutual trade and services (EEC Statistics1). On the one hand, Russia has to take the lion’s share of the Union’s development risks; on the other hand, economic problems in Russia inevitably affect all members of the community, so that Russia largely shifts its economic risks to the entire EAEU, while the risks of other member countries impact the Russian economy to a much lesser extent. Timofey Bordachev also noted the excessive dependence of all post-Soviet countries (not just EAEU members) on Russia (2021a, pp. 5-9; 2021b, p. 206). But his arguments lie in another structural and political paradigm: “... they (with practically no exceptions) are just beginning to realize themselves as sovereign states that bear responsibility for their fate within the framework of the geopolitical position and objective power composition.” Other researchers also note internal structural vulnerabilities of the EAEU member states (in particular, weakness of institutions) (Sushentsov and Silaev, 2022, p. 21).

Another side of this asymmetry is Russia’s own concerns about China’s growing influence in Eurasia and even the “danger of [its] dominance” (Vorobiov, 2017; Klepach, 2020, pp. 39-40), which allows experts to say that “Russia is experiencing an ambivalence in its attitudes towards China in Eurasian integration” (Zhao, 2020). Interaction with China in the region as a whole and as part of the efforts to couple integration initiatives in particular remains the subject of discussion in Russian society (see, for example, Gabuev and Zuenko, 2018), but the implementation of some Chinese projects in the

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1 Sources for EEC statistics see at: www.eurasiancommission.org/ru/Pages/library.aspx.
post-Soviet space causes attacks of Sinophobia and encounters direct resistance (Kulintsev et al., 2020).

However the problem is not only China’s power or its “creeping expansion” as such. There are systemic contradictions regarding preferred formats for linking integration initiatives. While the most advisable approach for Russia is institutional (EAEU-China dialogue, in which the EAEU would act as a single political and economic entity), China prefers a flexible “project” approach, which implies bilateral agreements between individual countries participating in specific projects (Mikhailenko, 2018, p. 294; Libman, 2019, p. 256). There is also another way to describe the difference in the two countries’ approaches to Eurasian integration: “China attaches more importance to the economy and economic thinking, while Russia attaches more importance to politics and political thinking” (Zhao, 2020).

There is yet another aspect. In developing cooperation with China, Russia sometimes acts on behalf of the entire EAEU without consulting with its other members. This was the case, for example, in 2015, when only Russia took part in the preparation of the statement on the integration of the EAEU and China’s Silk Road Economic Belt initiative, without engaging with other countries of the Union or with the Eurasian Economic Commission (Korolev and Kalachigin, 2022).

However, such focused attention of the leaders of the two countries to the integration prospects does not alleviate, but sometimes even increases, other participants’ fears of accelerated integration (the EAEU is characterized precisely by accelerated integration: see, for example, Belashchenko and others, 2020). These fears (coupled with a reassessment of the relative benefits from institutional integration and bilateral relations) explain the change in Kazakhstan’s attitude towards the EAEU from enthusiasm to a hold-up and extort strategy (Yuneman, 2020).

The intensity of integration also provokes high expectations in the expert and media communities. Bordachev (2020) delicately calls it “the need to maximize achievements.” Sometimes, at the very first signs, true or imaginary, of problems, these expectations turn into “a mixture of disappointment, enthusiasm and completely unjustified
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panic reminiscent of conspiracy theory,” as was the case in May 2020, after a meeting of the supreme body of the Eurasian Economic Union.

Given the broad interpretation of the “integration dilemma” and its participants’ approach to assessing their relative and absolute benefits, this list of global and regional risks as well as perceived threats is far from complete (see, for example, Belashchenko et al., 2020; Bordachev et al., 2019). A separate set of concerns relates to the interests and actions of the United States and EU countries in Central Asia. These concerns are widely covered both in journalistic and academic works, but they are not directly related to the “integration dilemma,” and so we will not specifically focus on them. We will only note that both before and during the pandemic, integration processes in Eurasia developed amid constant foreign and domestic political shocks. These include internal political crises of varying intensity and origin in Armenia (since 2018), Kyrgyzstan and Belarus (2020), and Kazakhstan (2022), the armed conflict in Nagorno-Karabakh in 2020, in which Turkey took an active part, and the border conflict between Kazakhstan and Uzbekistan in January 2022. The situation around the EAEU member states is also unstable: the Taliban’s coming to power in Afghanistan raises well-justified fears.

However, such structural threats of both endogenous and exogenous nature are not a unique feature of Eurasian integration: any large international association experiences them to some extent. But the mechanism used to assess and respond to these threats may be quite unique, especially in the case of the COVID-19 pandemic, which has seriously tested the ability of integration associations to mobilize themselves and rely on internal reserves. For the EAEU, the question of how well its member states are able to use the resources of intergovernmental dialogue and supranational bodies to increase their stress resilience and internal consolidation during various crises becomes particularly relevant.

INTEGRATION AS ADAPTATION

The key task of the EAEU as an integration association was (and still is) the adaptation of the national interests of its member countries to
the interests of the Union itself and vice versa. Although European integration served as the basic model for Eurasian integration, the EAEU differs considerably from the EU in some key aspects. One of them is the “monocentricity” of the Union in contrast to the European polycentricity, and the predominance of the inter-sectoral division of labor over the intra-sectoral one (Butorina, 2016, pp. 30-31). Nevertheless, the EAEU and the EU have many similar features in such areas as formal-institutional design, the structure of integration institutions, the sequence of integration stages, and the regulatory and legal sphere (Libman, 2019, pp. 249-250).

However, the political-economic and social realities of the EAEU necessitated the adaptation of its basic model of integration. The principle of four freedoms, similar to the European ones, provided the conceptual economic basis for the Union. Its implementation required the harmonization of national legislation, and the development of rule-making and institutional regulation. As in the EU, the Eurasian four freedoms were designed to ensure the free movement of goods, capital, services, and labor. The first steps to this end had been taken earlier: in 2010, the Customs Union of Belarus, Kazakhstan, and Russia became operational; in 2012, the Unified Economic Space (EEA) was launched on its basis; and in 2015, the EAEU Treaty entered into force, outlining the legal framework, goals, objectives and milestones for the development of the Union.

Other basic documents were the “Main Guidelines for the Economic Development of the EAEU until 2030”, adopted in 2015 and describing socioeconomic development scenarios, and the Declaration of 2018 on the further development of integration processes within the EAEU, which determined the direction of its further evolution. But neither the Treaty nor the Declaration clearly spell out the stages of integration development. The main guidelines are somewhat declarative, which makes it difficult to assess the evolution of processes in the region.

Such ambiguity sets the stage for informational ambivalence. Even before the pandemic, optimistic declarations of EAEU functionaries that the Union’s four freedoms were “generally... secured” (Valovaya, 2018, p. 34) or even “generally implemented” (Masanov and Tukusheva,
2019) were at variance with the official EAEU plans, according to which both the single financial market and the markets for transport services, and gas, oil, and oil products were scheduled to start operating in 2025 (EEU, Facts and Figures, 2018, p. 3). In 2020, a single financial market was postponed further, basically indefinitely (EEU, Facts and Figures, 2020, p. 5).

Work to create a common market for goods began in 1995 when Russia and Belarus were still building their Customs Union. However, the accession of new participants to the Customs Union and even the formalization of integration in the form of the EAEU did not immediately stimulate the free movement of goods and the growth of domestic trade. The reasons for that were quite complex: the fall in world energy prices and effective demand in the EAEU states coincided with a significant deterioration of economic dynamics in Russia and other EAEU countries and the depreciation of the Russian ruble (Ushkalova, 2020, pp. 75, 77). Experts describe this as “a lack of trade creation effect and growing trade diversion effect with third countries” (Ozhigina and Chaikovskaya, 2019, p. 80). In other words, the young EAEU market has shielded itself against cheap imports from third countries, switching to products made by partner countries at a higher cost, since the elimination of customs duties has not generated new, more profitable imports from the EAEU countries.

The problems of mutual adaptation in the member countries were complicated at an early stage by both internal protectionist measures and “gray” imports from third countries (primarily China, see Zuenko, 2020), covered up by corrupt officials, and by political squabbles among the EAEU member states (for example, Russian-Belarusian disagreements in 2014-2015 or tension between Kazakhstan and Kyrgyzstan in 2017, which led to a trade war between them). National economic strategies sometimes openly ran counter to the EAEU strategy.

A major step towards overcoming these obstacles was the decision adopted in 2017 that specified a list of barriers, exemptions and restrictions hindering the free movement of goods within the EAEU. The next step was taken in 2018 when the new Customs Code (CC)
came into force, unifying customs operations. The adoption of unified regulations and rules for all partner countries allowed the Eurasian Economic Commission (EEC) to determine the upper cost and weight thresholds for countries, and enabled the EAEU states to establish lower national duty-free import rates for a number of goods. This increased supranational regulation of the EAEU common market.

However, the Customs Code did not become a panacea. It also preserved elements of national regulation. For example, it still contained references to the legislation of partner countries, which were not ready to hand over these issues to the supranational level.

In 2017, the decline in trade was stopped and until December 2020, the volume of mutual trade in goods among the EAEU member states grew, rising from $42.9 billion in 2016 to $61.6 billion at the end of 2019. However, the volume of domestic trade was significantly lower than that of external trade ($735 billion in 2019), accounting for 13-14% of the total during that period (EEC Statistics). In addition, trade between Russia and other EAEU member states accounted for 90% of the entire mutual trade turnover (Karavaev, 2020). The asymmetry in mutual trade was compensated for mainly rhetorically by official and expert assurances that member countries understood the danger of such an imbalance and were committed to a common strategy of building a single market for goods.

Creating and maintaining a common service market is a more complex process than a market of goods. The service market is segmented, each segment has its own regulation and its own special national specificity, which requires each segment of services to be addressed thoroughly and separately. For example, financial and transport services and services provided by the subjects of natural monopolies and those in the energy sector are regulated by special sections of the EAEU Treaty. This substantially complicates adaptation, functioning and development.

In Kazakhstan and Russia, the share of the service sector in the economy is about 57%, in Armenia, Belarus, and Kyrgyzstan it generates about 50% of GDP. However, this does not indicate a transition of the EAEU countries to the post-industrial phase of development, since
the service sector in the EAEU economies is represented mainly by traditional types of services (transport, construction, etc.) with a low share of information, consulting, business, financial, insurance and other modern services with higher added value (Shkutko, 2018). In the case of Russia, however, it is necessary to make an important reservation: the share of such services is already quite significant (up to 21.5% of GDP in 2018, see Savchishina, 2019). But this only emphasizes the asymmetry of economies within the Union and does not encourage domestic export-import of services. As a result, EAEU member states meet the need for modern services by importing them from third countries, which by 2020 had practically replaced the import of such services from the EAEU countries (Yelikbayev and Andronova, 2021, p. 108). So the “integration dilemma” in this area was resolved in favor of external actors, not even having had time to fully develop.

Naturally, as the EAEU economy grew since 2017, the integration services sector grew as well. It was partly motivated by the twenty liberalization plans adopted in 2017, which provided for the expansion of the single market of services to 60% (Masanov and Tukusheva, 2019). However, all these efforts did not lead to a significant increase in domestic trade in 2019, prior to restrictive measures caused by the COVID-19 pandemic. The domestic export of services within the EAEU increased by a meager 0.6% from 2014 to 2019 (from 10.98% to 11.58%) (Yelikbayev and Andronova, 2021, pp. 104-105).

By the beginning of 2020, the most dynamic and successfully developing market in the EAEU was the labor market, almost completely free of barriers to the cross-border movement of EAEU citizens (Grinberg and Pylin, 2020). EAEU legislation has removed all restrictions for migrants from the EAEU countries, recognized education documents, ensured visa-free entry, eliminated customs control and the need to obtain patents and quotas for work, and guaranteed medical and social security benefits. The successful adaptation of the labor laws in the EAEU countries is not accidental as they were initially quite similar due to the Soviet-era labor code legacy, albeit rudimentary. The technical and legal potential of the EAEU member states to harmonize their labor legislation was “much greater”
than that of their EU counterparts (Lyutov & Golovina, 2018, p. 114). The same applies to laws governing migration itself. EAEU Treaty provisions reflect the reality on the ground by recognizing the fact that labor migration between these countries is already quite significant and by creating rules that facilitate existing migration patterns (Korneev and Leonov, 2021, p. 6).

In this respect, the interests of the EAEU member countries and the Union itself practically coincided, causing no “integration dilemma.” So it was the European model that had to be adapted in this case. Problems arose elsewhere—at the level of social management of labor migration. The causes of these problems included such “birth traumas” of the Union as labor market disparity, which created “migration asymmetry”; lack of qualified personnel; complex methodology for calculating the real number of labor migrants in host countries and the shadow sector of the labor market; and insufficient implementation of EAEU laws.

Social conflicts caused by a clash of different cultures and mentalities were almost inevitably politicized by the media, inciting discord. The “integration dilemma” was replicated at the regional, local (up to individual settlements) and diasporic levels, when the interests of different social groups were opposed to public interest and the collective good.

There is no doubt that labor migration in the EAEU single market had become a stimulating factor for the economies of all member states, particularly Kyrgyzstan and Armenia. Remittances from labor migrants to their home countries amounted to 30% and 11% of their GDP, respectively, before the start of the pandemic (EDB, 2020a). However, such incentives were short-lived, and labor migration primarily compensated for employment problems in the EAEU member countries themselves (Rakhimov and Azizova, 2022, p. 103). The governments of the EAEU states rely on labor migration to make up for the employment gaps, but it has not brought noticeable results yet. The experience of regional unions shows that the positive effect from remittances is short-term and requires rational use (Rakhimov and Azizova, 2022, p. 103).
Economic integration in the EAEU was the slowest in the capital market. This, however, is not surprising and is quite normal. The creation of a single currency and a single capital market is the pinnacle of the integration process. An analysis of EU experience shows that a number of conditions have to be met for that, including:

- Complete liberalization of the four freedoms and transfer of all market regulation rights to supranational bodies.
- Completion of all stages of the integration process.
- Voluntary restriction of the sovereignty of the member states.
- Harmonization of the main macroeconomic indicators of the participating countries.
- A common monetary policy in relation to third countries.

The basic financial integration document is the EAEU Common Financial Market Concept, quite conservative and aimed primarily at reducing financial risks, was approved on October 1, 2019. The Concept does not envisage a single financial regulator, which makes it impossible to create a single currency within the EAEU. The prospects of a monetary union in the EAEU seem to have become the most debatable topic among the general public and experts. In fact, public discussion on the future of the common capital market was reduced precisely to a single currency, becoming part of the overall discourse on the “de-dollarization” of the world economy, although it is known that the existence of a single currency within an integration association does not enhance trade, economic and investment processes within it or guarantee success.

Against the background of monetary union discussions, such mechanisms as, for example, the Eurasian Development Bank (EDB) and the Eurasian Fund for Stabilization and Development (EFSD), which are not formally affiliated with the EAEU but play one of the most important roles in the development of the Union, have been pushed into the background. These organizations finance various projects, giving priority to those that interconnect production chains of the member states (the EFSD is also one of the financial stabilization tools for the EAEU countries). At the end of 2020, eighteen new
projects were added to the EDB’s current investment portfolio, thus bringing their total number to eighty-six (EDB, 2020b, p. 11).

The immaturity of the Union and the asymmetric nature of its members’ economies prod them into supplementing their ambitious plans to force the U.S. dollar and the euro out with measures to protect weak domestic markets from external shocks. In particular, the constant growth of internal settlements in national currencies (from 63% in 2013 to 73.5% at the end of 2020 (EEC News, 2022)) serves as a tool for stabilization rather than development. But even in this situation, national currencies that are overly dependent on the Russian ruble, which accounts for more than 70% of settlements within the EAEU, can experience serious stress from sharp fluctuations in the ruble’s exchange rate. On the other hand, dramatic depreciation of the ruble will almost inevitably invite the Chinese yuan into the EAEU national markets, which may aggravate the “integration dilemma” as it directly, although in different ways, affects their national interests.

INTEGRATION AS INSTITUTIONALIZATION
One of the characteristic “ancestral” features of the EAEU as an integration association is its hybrid nature: a combination of the intergovernmental nature of governance with rather weak supranational supervision (exercised by the EEC and partly by the EAEU Court). “All fundamental decisions on the development of integration depend entirely on the will and desire of the leaders of the member countries... who are not ready to delegate significant powers to the supranational level” (Astapenko, 2021, p. 4).

National regulators are engaged in an uncompromising struggle for their departmental interests, preventing and delaying the development of common markets. Some markets are historically dominated entirely by powerful national monopolies, which always find arguments to convince the national governments not to transfer their regulation to the supranational level. As a result, the decision adopted in 2012 postponed the formation of the common economic space from 2017 to 2024 (Glazyev, 2020).
The institutional component of the Union developed by adapting institutions to the established economic practices and expediencies, even when they de jure ran counter to the Union’s basic principles laid out in the Treaty. As a result, the emerging markets (except, perhaps, the labor market) can hardly be recognized as competitive. The “opportunistic institutionalization” of the EAEU largely contributes to the “multi-speed” and uneven integration.

The relative weakness of supranational regulation, with national priorities periodically taking dominating positions, is a vivid illustration of the “integration dilemma.” The regulatory toolkit of Eurasian institutions is quite modest. The EEC has the necessary rule-making and administrative powers, but is devoid of coercive instruments. The Commission cannot even go to the EAEU Court to complain about the failure of states to honor their obligations, although the EEC had such an opportunity in the EurAsEC (Entin, 2020).

Nor does the EAEU Court, whose decisions are binding, have real powers to exert pressure on the national governments to make them fulfill their obligations or impose sanctions on them if their countries violate the provisions of the EAEU Treaty.

The EAEU’s consensus decision-making mechanism, designed to partially compensate for Russia’s political dominance, is too inertial to effectively stimulate integration because its main task is to ensure stability, sometimes to the detriment of development.

**GEOPOLITICS VS ECONOMY**

Eurasian economic integration, modeled after European integration, quickly revealed significant differences. In fact, according to experts, the two integration models are so different that they look like mirror images of each other in certain respects (Lyutov and Golovina, 2018, p. 114). The successful adaptation of the EAEU countries to each other and of the European model to Eurasian realities was still hindered by the politicization of internal and external processes in the EAEU for various reasons.

While adapting to its new geopolitical niche in the post-Soviet period, Russia quickly returned to the Soviet-era interpretation of
international relations in terms of existential threats. But this became “the main source of misunderstanding in Russia’s relations with the other former Soviet republics… because of a different view of the world rooted in the political experience accumulated during the past thirty years” (Sushentsov and Silaev, 2022, pp. 22, 24).

The relative weakness and a short history of independent public administration in the countries concerned undoubtedly affect both strategic thinking as a whole and the assessment of relative and absolute benefits from integration in particular. A jealous attitude towards sovereignty prevents the transfer of power to the supranational level, which weakens integration institutions. The resulting gap between intergovernmental and supranational levels inhibits communication, which is extremely dangerous, especially in a crisis. Institutions remain rule-takers and do not seek to be rule-makers. This increases the risk of “integration dilemma,” especially during the institutionalization of local practices.

In fact, examples of corrupt behavior of Kazakh or Kyrgyz officials or Kyrgyzstan’s complaints about Kazakhstan’s accession to the WTO, described by Ivan Zuenko (2020, pp. 225-226), are particular cases of such a dilemma when personal, group or national interests take over the common interests of the entire community. This generates an ambivalent attitude, which Zuenko calls “imitational integration” (Ibid, pp. 228-229).

All this makes it even harder to overcome objective difficulties of integration associated with the initially disproportionate economic development of the countries involved. The economic-geographical asymmetry in the EAEU has a comprehensive impact on all industries. For example, the most developed sector—cargo transportation—is dominated by commodities and industrial semi-finished products, which generate a much smaller added value per unit transported than in the European Union or NAFTA, where more than 70% of transported goods are finished products. This also explains the low density of existing railway lines, low transport service indicators in world exports and imports and, in general, insufficient development of transport services in the EAEU (Zavgorodniy, 2019).
However, different levels of infrastructure—particularly, the almost complete absence of trade in services between individual EAEU countries (excluding Russia)—suggests that in some areas member states have not even reached the level of interdependence, where it would be appropriate to talk about an “integration dilemma.”

**ADAPTATION AS MOBILIZATION**

The COVID-19 pandemic's multidimensional impact on global and national governance has enriched the vocabulary of international relations experts with the concept of ‘actorless threat.’ On the one hand, the pandemic pushed countries towards isolationism. “When the state and society cannot identify the enemy or the subject that poses a threat, established strategic cultures, response practices, and risk assessment concepts become inapplicable. The basic and in many ways even reflex reaction of the governments was to seal the national borders, that is, designate the whole world at first, and then individual countries as posing a threat” (Likhacheva, 2021). On the other hand, the epidemic affected the interests of each EAEU member state to a more or less equal extent, so efforts to fight it were supposed to encourage cooperation.

However, at first, the EAEU member countries reacted to the pandemic in line with the global trend—disjointedly. For example, while Armenia announced a special quarantine, which even applied to the drivers of trucks that entered the country “from countries with an increased risk of coronavirus disease” on March 16, 2020 (MFA of Armenia, 2020), Belarus did not take any quarantine measures at all, severely reducing the transit time through its territory instead (BAMAP, 2020). Kazakhstan imposed a state of emergency with a curfew across the country, Kyrgyzstan announced it in certain regions and cities, and Russia introduced a hybrid regime, which in some regions was no different from a state of emergency (Ryazantsev, Moldova, and Bragin, 2020, 18).

States limited the export of goods, including food, as well as individual protective gear and disinfectants even to the EAEU member countries (“Posledstviya...,” 2020, p. 11-12). Obviously, in the initial
stage of the epidemic, states focused on maintaining internal stability, sacrificing the stability, let alone development, of the entire Union.

The sectors of the economy associated with mobility suffered the greatest damage. The total cargo turnover in the EAEU countries in 2020 fell by 4.8%, passenger turnover dropped by 49.1%; the volume of mutual trade in goods in the first eleven months of 2020 shrank by 11.5%, and the volume of foreign trade (EEC Statistics) contracted even more (by 16.4%). Lockdowns and restrictions on movement between countries caused short-term logistical mini-crises in countries receiving labor migrants and had a direct negative impact on the economy. The EAEU countries also undertook uncoordinated measures to protect their labor markets. While Russia and Kazakhstan significantly liberalized their legislation, other EAEU countries did not allow migrants even to extend their documents (Varshaver, 2020, pp. 29-30). Social upheaval added to economic problems. The stability of political regimes in Kyrgyzstan and Belarus in 2020 experienced serious stress caused by major popular unrest and protests.

At the same time, by the end of 2020, there had appeared the first signs of “mobilization cooperation” in the EAEU at the interstate level. The Union introduced two sets of tariff benefits by abolishing customs duties on critical imports and goods imported to prevent the spread of coronavirus disease. In 2021, all of the EAEU countries, except Kyrgyzstan, launched the production of the Sputnik V vaccine.

One of the most important measures to adapt countries to the crisis was the introduction of “green corridors,” which exempted the importers of socially significant goods from inspection, examination and customs value control, and in some cases from import VAT, in partner states (Posledstviya, 2020, pp. 12-13). However, despite the EEC’s efforts, the “green corridors” practice could not be extended to the entire territory of the EAEU. As a result, the term itself began to be used to designate international transport routes provided with everything necessary for sanitary disinfection (Ibid, p. 14).

Additional contradictions and barriers amid the severest crisis triggered by the COVID-19 pandemic caused discontent among the participating countries and provoked a number of statements about
insufficient assistance and its inadequate quality (in the case of test systems), as well as about Russia’s dwindling economic capabilities and the EAEU’s inability not only to cope with the crisis, but also to bring some benefit to the member countries. This allowed Kyrgyz economist M. Namazaala to declare in June 2020 that “in fact, our partners are aggravating the situation” (Today.kg, 2020), with mass media in Kyrgyzstan and Kazakhstan calling for the withdrawal of these countries from the EAEU (at least for the duration of the pandemic). Mutual accusations, trade disagreements, and the unwillingness of the EAEU participants to find compromises on sensitive issues negatively affected the overall dynamics of Eurasian integration (Korolev and Kalachigin, 2020).

However, the inertia of cooperation gained before the COVID-19 pandemic at both the interstate and supranational levels still allowed member states to continue working on integration projects. In April 2020, the first anti-crisis package was adopted at the interstate level, which included both anti-crisis measures and steps to create conditions for the restoration and further development of the economy in order to maintain macroeconomic stability, meet the vital needs of the population, and support mutual trade and free movement of goods. By the end of 2020, forty-nine uniform technical regulations had been adopted, covering more than 80% of the products mutually supplied by and between the EAEU countries; fifty-one barriers and three obstacles from previously qualified sixty-three barriers (a total of 81% of all qualified barriers) had been eliminated in the Union’s domestic market (EEC, 2020b, pp. 31, 41).

The pandemic did not prevent the entry into force of the EAEU workers’ pension agreement, which guarantees the citizens of partner countries the right to receive pension, regardless of where they work in the Union. On May 19, 2020, an EAEU summit preliminarily approved draft strategic guidelines for the economic development of Eurasian integration until 2025. The strategy was endorsed by the Supreme Eurasian Economic Council on December 11.

The digitalization of the common market has seriously accelerated. Uniform structures and formats of EAEU electronic customs
documents were determined back in 2020. In the summer of 2021, the integrated service “Work without Borders” was launched to provide access to national job databases. It is expected to develop into a full-fledged ecosystem of digital job placement and employment services by 2025. The mobile application “Traveling without COVID-19,” developed by the EDB Digital Initiatives Fund, was launched in parallel.

As the epidemic abated, economic recovery began. In 2021, the EAEU reported an economic growth of 4.6%, and maximum mutual trading volumes in value terms since 2015 (EEC Statistics). Economic activity in the EAEU area exceeded the pre-pandemic level.

The pandemic did not bring any fundamental changes to the nature of Eurasian economic integration (neither the composition, nor the mechanisms, nor the institutional content of the Union had changed) but highlighted its previous problems and contradictions. One of the key negative factors was a weak regulatory function of supranational bodies, and a gap between the intergovernmental and supranational decision-making systems, which complicated and slowed down communication between the EEC and the EAEU member countries. The need for coordinated, “mobilization” anti-crisis measures stimulated efforts to coordinate the migration, customs, and transport policies of the EAEU members, but there is still a long way to go until full harmonization of national policies is achieved in this area. However, cooperation in an emergency situation produced valuable experience of collective action.

The joint fight against the pandemic has generally stimulated the humanitarian aspect of integration, giving it a “human face,” which the EAEU lacked before. The Union is still viewed as an elitist project detached from ordinary citizens of the participating countries. But the joint response to the pandemic helped strengthen trust and establish interstate and personal ties.

In general, from the point of view of EAEU institutions, the EEC has adapted to the new conditions, acting during this period faster and more efficiently than ASEAN, MERCOSUR or the EU. However, no structural changes—reduction or expansion of the competencies of supranational bodies—have occurred so far. In other words, the
adoption was largely “opportunistic,” although the Commission worked more often as a rule-maker during the pandemic than before it.

The end of the “pandemic mobilization” has already made it possible to raise the question of whether the EAEU is ready to develop jointly without emergency. Cooperation during the pandemic was rather forced and pursued in an ideologically familiar—stabilizing—paradigm. Thus, even the outstripping growth of mutual trade in the EAEU (from 7.3% in 2015 to 8.1% in 2020, while exports to third countries in 2015-2020 decreased by 2.4%) was considered primarily a “factor in stabilizing exports in the face of worsening foreign economic conditions” (Dodonov, 2022). As a result of accelerated growth of mutual trade within the EAEU, its share in the overall foreign trade turnover of the member states increased from 7.3% in 2015 to 8.1% in 2020. At the same time, the following fact deserves special attention: exports from the EAEU states to partner countries grew at a faster pace, while exports to third countries decreased by 2.4% in 2015-2020. This means that in the face of deteriorating foreign economic conditions, the EAEU market has become a factor that stabilizes its participants’ exports (Dodonov, 2022).

To some extent, Strategy 2025, which began to be drafted even before the pandemic, was expected to determine post-pandemic incentives. Aimed at accelerating and deepening integration, the strategy implied greater powers and regulatory role of the EEC, and a high level of harmonization of national legislation in the EAEU countries. It basically proposed a transition from multi-level to one-level integration and the creation of real mechanisms for building a full-fledged integration association, identifying the “point of no return,” after which integration either becomes irreversible or the Union degenerates into a “semblance of the CIS political club” (Karavaev, 2020).

ADAPTATION AS A CHANCE
The collapse of an established system of economic ties for economic integration can also be seen as a kind of actorless threat. The totality of the sanctions against Russia and the refusal of economic entities
to interact with its enterprises makes the identification of the source of threat to the EAEU senseless, if for no other reason than because the sanctions affect the integration association mainly indirectly, through its interdependence with the Russian economy. Naturally, the consequences of political conflicts between one member of an economic union and other countries may affect it directly, as was the case, for example, in 2014, when New Zealand refused to create an FTA with the Customs Union.

However, unilateral countersanctions imposed by Russia directly affect the interests of the EAEU member countries and the stability of the Union itself (primarily politically). For example, the unilateral food embargo announced by Russia in 2014 against the European Union and some other countries irritated the EAEU member states not because it threatened them with economic losses (on the contrary, it gave them an opportunity to replace the banned imports), but rather because this decision had been adopted without consultation with the Union members, which “directly contradicted the letter of the treaty and the spirit of integration” (Korolev and Kalachigin, 2022). A similar reaction was caused by Moscow’s unilateral decision in 2019 that required Russian software to be preinstalled on mobile devices and computers.

A “consolidated response to the sanctions,” from time to time proposed by Russia for discussion, evoked even less enthusiasm among the EAEU member states. Kazakhstan’s position on this issue was particularly strong as it viewed it as an attempt to politicize economic integration and “endow the bodies of Eurasian integration with unusual functions” (MFA of Kazakhstan, 2021). In principle, the EAEU as an institution does not have sufficient international legal personality to impose sanctions or countersanctions. It cannot be ruled out, of course, that Russia will try to push the integration association participants towards “anti-sanction consolidation” at the interstate level, but in this case they will estimate not a balance between relative and absolute benefits, but a balance between relative and absolute damage (it will be possible to reliably assess the scale of damage only by the fall or even by the end of 2022).

Now that the sanctions are aimed not at the EAEU itself, but at its two members (Belarus has also come under serious sanctions), the
main damage to the Union will be caused by an economic decline in Russia. Obvious risks include a synchronous devaluation of the national currencies after the ruble, growing inflation, disrupted production chains (for example, IKEA’s withdrawal from Russia has hurt Kazakhstan as well), shrinking consumer demand, and falling volumes of cargo transportation. Hit the hardest are industries that were built into global value chains deeper than others. Domestic demand cannot replace international customers, and it will take time and effort to find new partners in “non-Western” markets.

Adaptation to the new conditions has already begun. In the near future, one can expect some businesses to move from Russia to other EAEU countries (primarily Kazakhstan. For example, the Ural motorcycle plant targeting primarily consumers in the United States is planning to move to Kazakhstan because of the difficulties with the supply of components and a ban on the import of equipment from Russia (Kommersant, 2022)). This, in turn, can reverse some of the labor migration flows, thus provoking restrictive measures and negatively affecting the common labor market.

Needless to say, many Russian businesses will try to take advantage of the other EAEU countries’ access to international markets in a bid to restore disrupted import channels. Information about such interest on the part of major Russian retail chains has already appeared in Kazakh media (Tengrinews, 2022). Probably, this can help replace many of the blocked Western imports, including through parallel import. But potential “transit” countries, primarily Kazakhstan, will obviously be extremely careful.

Their traditional multi-vector policy gives them direct access to Western suppliers (European countries jointly account for about 31% of Kazakhstan’s foreign trade and for approximately 17% of Armenia’s foreign trade turnover; Kyrgyzstan’s foreign trade is much more focused on Russia and Asian countries). However, the prospects of falling under secondary sanctions will deter them from openly assisting Russia in its efforts to bypass sanctions, at least at the government level.

The creation of alternative Eurasian payment systems that will allow Russian banks to promptly make payments, at least within the EAEU,
can also be regarded as promising measures aimed at simultaneously easing pressure on the Russian economy and strengthening integration. Probably, the EEC should return to the question of creating an FTA with China or ASEAN. The positive experience of such cooperation with Vietnam speaks for itself. The EAEU’s “sufficient maturity” to create a “preferential trade regime with ASEAN” was emphasized by EEC Minister Sergei Glazyev back in 2021 (EEC News, 2021).

The EAEU countries obviously fear to lose competitiveness if they open up to the enormous Chinese market, but in the current situation China, too, will be extremely careful not to fall under secondary sanctions.

Until 2022, in relation to Central Asia in general and the EAEU countries in particular, Russia could afford to act more on the strength of its geopolitical vision of the situation, “wishing to isolate itself from it [Central Asia – Ed.] as much as to become part of Europe,” even though both of these tasks were equally unsolvable (Bordachev, 2021c). Now that the second of them is not on the agenda anymore and Russia is under unprecedented sanction pressure, it will have to build a new hierarchy of existential risks, in which geoeconomic considerations will be no less weighty than geopolitical ones.

This is why it is all the more important that Russia’s communication with the EAEU countries be founded “on empathy and patient explanation of its actions, however self-evident their justification may appear” (Sushentsov and Silaev, 2022, p. 24).

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The EAEU amid Global Uncertainty


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