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THE POWER ASYMMETRIES IN THE EURASIAN ECONOMIC UNION

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1 INTRODUCTION

1.1 Background

The world can be seen as a competition of economic regions, be it local clusters, countries or cities (Schmitz 2004, p. 21-52). The areas themselves can be divided into core and periphery, in which the core areas govern the major power and wealth not only in its economic area, but also globally (Stief, 2020). Economic unions can be seen in light of financial theories as a source of added value and in geopolitical sense a zero-sum game in possession of resources. The comparative advantage theory suggests that the production should be done where the comparative costs are lowest. In economic unions there is a free movement of goods and services between the member countries, common tax regime towards third-party imports, free movement of capitals and people. Thus, economic union is often also a free-trade zone. (IMF 2014.) In the economic union the idea is to optimize the production according to relative cost theory where the costs are the lowest. The union promotes intra-regional trade among its members removing tariff-barriers. (Gancia, Ponzetto, Ventura 2019 p. 107-127.) However, as the economies differ in size and significance to one another, their negotiation power for economic agreements is imminently varying due to their relative location in the area. The core regions usurp the power from the periphery. In this study I am taking an insight on the power asymmetry in the Eurasian Economic Union and how the peripheral areas manage to negotiate union with a strong core, that would be mutually beneficial for all the parties.

The core region of this study is the Eurasian Economic union, in which Russia has a strong economic and political dominance over the other member countries of the union. The EAEU is founded keeping in sight the geopolitical competition to compete with similar economic unions, namely EU, ASEAN and NAFTA. On the background of the EAEU there is idea of Russia of possibility to deepen the integration from solely economic union to rather political way. These ambitions have so far been rejected strongly by the other member countries which want to behold their independence and avoid foreign political effects on their own politics. EAEU can also be seen as a natural consequence of globalization and concentration on increasing regional economic cooperation. EAEU's goal is to facilitate the trade with other major actors in the region. Currently there are negotiations with China and European Union is also a desired partner. However, cooperation with EU still needs a long negotiation process to come to life. (Mukhamedzhanova, 2015 p. 30, Khoich 2015, Lagutina 2016)

Since the dissolution of the USSR, the complete break of the economic relations in the region has been seen as an unfavorable scenario. The economic chaos in the 1990s and

the growth pains of newly independent CIS countries underlined the importance of cooperation in economic relations. As the economic systems in the CIS countries has been created around the Soviet central planning system to serve a single aspect of the Soviet machine, independent economic planning has been challenging. The USSR dissolution not only enabled newly independent countries' governments set up their own economic regimes, but also made possible for regional governments in Russia to challenge central government's decisions. In a less centralized and more electorally competitive environment, the regional management had the possibility to become actual institutional veto reinforcers able to challenge the central government (Stepan 2004: 347-348).

In the end of 1991 leaders of former Soviet republics had a meeting in Alma-Ata. Purpose of the meeting was to avoid complete economic disintegration in the region. The Alma-Ata protocol set the base for the Eurasian economic integration, as it suggested that all the Commonwealth of Independent States (CIS) members should be equal and suggested several fields of cooperation in the region. The creation of the CIS alliance was a forced compromise between those who argued that the Soviet empire should be preserved in a changed form, and the national forces advocating independence for the former Soviet republics. From the start it was clear, that CIS was not to be a community with equal members. Russia's natural advantage over the other members be it in geographic size, population, economic potential and political and military force curated a power disbalance of the alliance. Even with the most democratic decision-making procedures, the remaining members would still inevitably be dominated by Russia. This constituted a need for a form of economic integration, modeled on the European union. Russia has been a *primus motor* in creating a new form of economic integration in the region initiating the Eurasian Economic Community in 2000. The EurAsEc was continuing to build a customs union for its members, but in practice the alliance remained virtual and politicized. (Konończuk 2007.)

1.2 Research questions and structure of the study

This master thesis creates an insight on how in EAEU negotiations the parties with vast disparity in the negotiation power negotiate and come to mutually beneficial agreements. In practice this means the negotiations between Russia and other EAEU member countries.

The core research question of this thesis is, how the EAEU states manage to negotiate mutually beneficial alliance terms with the underlying power asymmetry.

- what kind of power do the EAEU periphery member countries have to counter proposals from the Russia in the core?

- what practical methods do the member countries have to respond the economic integrational propositions?
- which attributes are associated with greater levels of bargaining power in the regional negotiations?

The goal of this study is to describe the disbalance in negotiating power between the members of the EAEU and apply the asymmetry to the practical means of negotiating mutually beneficial agreements within the economic region. The theoretical findings in terms of regional integration theory, core-periphery relations and negotiating power asymmetry will be used to conduct empirical research in the EAEU member countries of different size. The empirical research will be conducted in the form of qualitative interviews, which would provide real world evidence on how the theory-based negotiation power contributes to the EAEU negotiations in practice.

As the topic of this thesis requires rather detailed approach in order to map the perceptual differences of the EAEU in different member countries, this thesis is using the qualitative approach. For the data I have performed thematical interviews in five EAEU member countries interviewing university professors and associate professors who have been involved with Eurasian integration research and have extensive knowledge on the topic. The countries where the interviews were conducted represent a range of different size members of the EAEU.

In this thesis I have limited the research to the economic aspect of the relationships and power balance. The political point of view is in general out of the scope of this thesis. However, the holistic approach on the topic has to touch upon the politics and history in order to determine reliably and with accuracy the power imbalances and their building blocks.

1.3 Definition of key concepts

Eurasian Economic Union is the most recent phase of the regional economic integration in the Eurasian space. It is an international organization for regional economic integration revolving strongly around Russia's vector. In this study the *Eurasian Economic Union* will be abbreviated for simplicity as *EAEU*, although in public sources there are several different abbreviations, including EAEU and EEU. The EAEU core activities is to provide free movement of goods, services, capital and labor, pursue coordinated, harmonized and single policy within the member states as well as international agreements within the Union. To the date the members of the union include Russia, Kazakhstan and Belarus, which are the initiators and founder members of the union as along with Armenia and Kyrgyzstan which have joined the union recently in 2015. (EAEU 2016.)

Throughout this thesis I will group the member countries of the EAEU in three groups based on member countries size of economy and political weight within the union. This is made for the simplicity as well as because the countries of similar characteristics also share the similar perceptions of the union membership as well as vision of the union goals.

The *power asymmetry* referred in this thesis is expressing the asymmetry in the negotiation power between the countries based on the dissonance of the common features in the member states. The pattern of social, cultural, economic and political characteristics defines the weight for the negotiating power. These attributes have a significant effect on shaping the relations between the component states of the alliance. (Tarlton 1965. p 861.)

Another key concept for the study is the *core-periphery relationship*. In an exacerbated form it can be seen as privileged core and dominated periphery (Evers & Vogan, 1987. p. 339). The core decides on behalf of all nations in its region, joining them in a uniform structure and submitting to a common law: the accumulation of wealth. Periphery is usually limited in resources and have vague economics. The economic activities are strongly drawn towards the core and the economic relations between periphery countries are weak. (Stief, 2020.)

The *negotiating power* stems from different sources, depending on the context. The parties try to negotiate mutually beneficial agreements in spite of asymmetrical power.

negotiating power (Dobrijevic, Stanisic & Masic, 2010.).

1.4 Earlier research on EAEU power asymmetry

The EAEU as an economic union is a very recent organization and there is very little academic research on the EAEU made in the Western academic circles. As a matter of fact, the whole project of the Eurasian integration has for long been a source of skepticism. However, in Russian literature sources there has been more interest on researching the topic and the sources in Russian language often manage to provide first-hand information on the EAEU processes.

Although the EAEU as an organization is rather recent, it is just another phase of an almost two-decade long continuum of the regional integration in the Eurasian space. Thus, there are also academic sources and reviews on the previous stages of the Eurasian integration in the region, which can be applied and used for background in the EAEU research.

Most of the sources are available only in Russian, but the sources for the information are located in all the current member countries of the union. Also, each of the member countries have their own perception of what the EAEU is about and what kind of devel-

opment paths the union should have, considering their own position as the union members. The Eurasian Commission publishes its own researches on the economic activity, integration and development on the region. Its annual summary on the state of the EAEU provides a covering outlook on the integration in the region.

The theoretical framework is well-established for my topic and not previously applied to the economic integration in the Eurasian region. Brantley Womack (2016) has done an extensive research on asymmetrical international relations. Also, the core-periphery relationship is a well-studied topic, with major contributions by Friedmann (1966), Gibbs (1963) and Hautamäki (1982).

2 RELATION POLICIES AND POWER

2.1 Forms of foreign relation policies

For a long time, world has been seen as a sum of national economies divided to periphery and center. This concept has evolved to perceive it as a supra-national competition between local clusters (Nadvi & Schmitz 1999), global cities (Sassen 2000), global city regions (Scott 2001) and global value chains (Gereffi 1999). To improve region's position in the global value chain, the neoliberal perspective proposes the lowest possible level of political intervention in global financial, goods, and labor markets is the approach best suited to ensure high levels of economic dynamics in both the global economy and its subsystems. (Williamson 1997) In the actuality a variety of market barriers, imperfect mobility and costs disrupt the free movement of goods and resources. The economic unions tend to aim towards removing or at least diminishing these barriers. From intergovernmentalist point of view the regulations exist to ensure the market efficiency and create stability and safeguarding competition in the world economy. (Messner 2004.)

The regional asymmetries express the extent to which the focus states do not share in common features. The asymmetries in relations stem from social, cultural, economic, and political characteristics of the federal system of which the country is part of. (Tarlton 1965, p. 861). Following sub-chapters dig deeper in the fundamental foreign relation policies of polarity and regionalism in the regional relationships.

2.1.1 *Polarity*

International relations can be characterized by the polarity in the power relations. Unipolarity, bipolarity and multipolarity are the main relation policies, and they can vary depending on the focus region. What is unipolarity in one scale, can be easily multipolarity in another. The EAEU is built on strongly unipolar geographical setup, to large extent due to natural reasons. The setup is based on history, political relations as well as the variation in economies' size in the area. The pole in the unipolar relations is defined as a state that commands an especially large share of the resources or capabilities states can use to achieve their ends and that excels in all the component elements of state capability, conventionally defined as size of population and territory, resource endowment, economic capacity, military might, and organizational-institutional "competence." (Ikenberry et. al. 2009.)

Unipolar relations are prone to peace, as there is no rival power in the area to challenge its security or position. At the same time, unipolarity minimizes security competition of

the region. The pole has the means and motive to maintain key security institutions in order to ease local security conflicts. The second-tier and lower countries face incentives to bandwagon with the unipolar power as long as the expected costs of balancing remain prohibitive multipolarity. Second-tier states are less likely to engage in conflict-prone rivalries also for their own security or prestige in the region. Once the pole takes sides, there can be little doubt about which party will prevail in the conflict. (Wohlforth 1999, 7–18.)

The predisposition to peace however has been argued (Monteiro 2014) claiming that some states face lower costs of balancing relative to bandwagoning. They are therefore more likely to become recalcitrant minor powers, with whom the regional pole is likely to go to war even when implementing a defensive dominance strategy.

There are three prevailing dominance strategies:

- offensive dominance
- defensive dominance
- disengagement. (Monteiro 2011.)

Offensive dominance is likely to pit the pole against recalcitrant minor powers. In multipolar relations alliance blocs allow disputes involving minor powers to be aggregated into broader great-power tensions. A dispute involving a great power and a lesser state tends to provoke a response by the latter's great power sponsor, producing a confrontation between two great powers. Also, disputes between second-tier states often elicit the intervention of each side's great power ally, in turn contributing to great power confrontation. In unipolarity there is no such threat, as there is no potential great power sponsor for a state threatened or allied by the pole. A unipole carrying out an offensive-dominance strategy wants to revise the status quo in its favor by acquiring more territory, by favorably changing the alignment of other states, or by altering the distribution of power in its own benefit—or some combination of these. (Monteiro 2014.)

Also, defensive dominance is likely to pit the pole against recalcitrant minor powers. An emerging pole is likely to implement a dominance strategy due to geographical inertia, as the alliances stemming from multipolar relations tend to get carried to the unipolar setup. Also, reengineering the relations drift unipole towards offensive dominance in order to extract the maximum benefits for its overwhelming power. A unipole carrying out a defensive-dominance strategy will seek to preserve all three aspects of the status quo: maintaining the territorial boundaries and international political alignments of all other states, as well as freezing the global distribution of power. (Monteiro 2014.)

Disengagement brings with itself the possibility of wars between major powers as the Pole and lesser powers are competing. In disengagement from the world, all the competition is between the major and minor powers in the region. Emerging unipoles can drift to disengagement after the initial period of dominance, as the attempts to hoard power

disengage it from the surrounding region and they can create domestic tensions with dictator acts towards its neighbours in order to gain more power and status. Disengagement requires the unipole to avoid interfering with the balance of power in regions other than its own as it cannot disengage from its own region. Such a strategy decreases tensions between the unipole and other states, making wars involving the unipole less likely, but it also makes room for conflicts among competing major and minor powers.

The unipole does not need to follow one of strategies described above globally. It could pursue offensive dominance in one region, defensive dominance in another, and disengagement in another.

The thesis is mirroring the asymmetry theory in the concept of regional multipolarity to the power asymmetries within the EAEU. In the EAEU the asymmetries are high, as the size of the member economies varies significantly. Outweigh of Russia is significantly affecting the guidelines of development of the union as well as its core goals. However, the other member states have also their perception and vision of what the union is aiming towards. This thesis will map the perceptual differences of the member countries of the union as well as the effects of them on the overall integration in the region.

2.1.2 Regionalism

According to the Cambridge Dictionary, a region is a particular area or part of the world. Regions can have following characteristics:

- a geographical unit delimited from others
- a social system, that reflects the relation between different human beings and groups.
- an organized cooperation in cultural, economic, political or military fields. (Nye, 1968)

The term regionalism refers to transnational cooperation to meet a common goal or to resolve a shared problem. It can also refer to a group of countries linked by geography, history or economic features. (Insights, 2014). The main drivers for regionalism are (material) gains states expect to reap from trading with each other. (Börzel & Risse, 2016)

While traditional regionalism has been aiming to strengthen the self-sufficiency and independence in the blocks of developing countries, the new regionalism aims to strengthen the position of countries from which they integrate in the global economy in terms of both trade and capital flows (Stubbs, 2000). The regionalism policy with the aim in global integration is often called “open regionalism. Such open regionalism projects are often characterized by neoliberal reforms pushed forward beyond the preferences of individual countries. (Cammack, 2002.)

Nesedurai (2003) presents following variations of new regionalism:

- neoliberal regionalism
- FDI model
- resistance model
- developmental regionalism

The neoliberal regionalism is open for globalization, further liberalization and it aims to reduce the role of the state. The FDI model is similar in terms of global openness but is ambivalent towards the role of the state and concentrates rather on attracting FDI to the region. In the resistance model the labour is privileged over capital and it seeks insulation from market forces.

Regionalism also predisposes the countries to the regional integration of some level. The integration can be on following levels:

- Regional integration
- Global Integration
- Functional integration

Regional integration theory seeks to explain the establishment and development of regional international organizations. Successful regional integration requires mutually beneficial arrangements for all participating countries. To generate mutual benefits, member state policies need to be mutually interdependent and preferences need to be compatible. Without mutual policy externalities, governments do not see value in regional integration; without compatible policy preferences, e.g. on environmental protection or health standards, governments are unable to agree on a common policy. (Schimmelfennig, 2018.) The integration theory in this thesis is viewed through a prism of core and periphery as for portraying the negotiation imbalance.

The regional integration level refers to the process among two or more countries on a geographically confined scale, at a level below that of global integration, which sums up such worldwide phenomena as international law, the United Nations, and world trade or population movements. Global integration goes even deeper and creates a contrast to regional integration or the integration of structures of authority within a state and refers to processes of integration in which functions are delegated to a new central authority whose decisions are accepted as legitimate by the component members of world society. Functional integration is subtler format of integration including integration of “technical” or “noncontroversial” activities of nations. (Schimmelfennig 2018.) Regional integration is a form of multilateral relations, in which multiple countries are acting coordinately on a determined issue based under the principles of indivisibility, diffuse reciprocity and non-discrimination. (Keohane 1990, p. 731; Ruggie 1992).

This study mainly concentrates on the regional integration level, since the Eurasian Union is built to reinforce the economy of its own region. Although the EAEU seeks

integration with other regional coalitions and global actors, the main focus is in the regional cooperation. EAEU can be classified as a regional international organization (RIO). RIO's share following characteristics:

- established by states and have states as their members
- organizations with physical headquarters and own staff, regular procedures such as meetings and reinforcement power of their member states
- consist of more than two member states
- membership is geographically proximate and limited. (Schimmelfennig 2018.)

The focus of a RIT is comparative development and dynamics of the regional integration via three dimensions: functional scope, level of centralization and territorial extension (e.g. Schmitter, 1969; Lindberg & Scheingold, 1970; Leuffen et al., 2013). The scope refers to the distribution of policy-making competencies between the RIO and its member states. The centralization level describes the distribution of decision making power within the RIO between governments and non-governmental organizations. Extension covers the number of integrated countries or the regional coverage of the RIO and its integrated policies.

Integration goes also hand-in-hand with processes of interaction. Clearly, there can be no processes of global integration if there are no processes of global interaction; at the same time, frequent interaction can take place without diminution of the autonomy of the members that could lead to the establishment of a new central authority. (Schimmelfennig 2018.)

2.2 Power and negotiation

There are various definitions for the negotiating power. Lewicki, Saunders and Barry (2010, p. 197) define it as “the capabilities negotiators can assemble to give themselves an advantage or increase the probability of achieving their objectives”. Salacuse (2003, p. 206) states, that power is the key element in making, managing and mending deals, and “negotiating power means the ability to influence or move the decisions of the other side at the bargaining table in a desired way”. Herb Cohen (2006, p. 235) describes power as “the capability – exercised or not – to produce the intended effect...it's the know-how to influence the behaviour of another”, while Maire Dugan (2003) states: “power is the capacity to bring about change“.

Negotiations, be they between people or supranational organizations, base on power, as it provides a ground to gain advantage over one another. Different negotiation tactics aim at either improving own power at negotiations or decrease opponent's negotiating power. Interacting of any sort has a base in exercising power. In the context of negotiations, the absolute power of the negotiators is secondary to the power relevant to a specific context or situation. (Dobrijevic, Stanistic & Masic 2010.)

2.2.1 *Core regions vs. peripheries*

Trade within a special geographical region can be reflected on as an interaction between core region and periphery. The world economy can be seen grouped around a few economic core areas which interact with each other and their peripheries. These areas also contain various levels of centers and influence areas, which affect the economy. The core is tightly knit unit with close interaction and frequent trade while periphery refers to the surrounding of the core (Vuoristo 1994, p. 31). According to Hautamäki (1982) there are four different levels of economic activity settlements:

- A big centre
- Regional centres
- Towns
- Rural areas.

Different levels of settlements can be applied as at very limited scale as well as regionally, mirroring the focal centres to the international field. Formation of the local core often stems from growth of the business services and media leading on to the centralization of economic power and the decrease of manufacturing and the primary sector employment in peripheral areas (Castells 1996).

According to core-periphery theory the economic activity is not equally distributed throughout the areas. Different areas have different amounts resources and economic activity. This sets the areas off with different prerequisites and setup for the economic activity within the area and result faster growth in the well-set regions. (Arvonen 1998.)

According to Grotewold (1990) the core areas are global growth centres. The areas outside the growth centres is described to be periphery, which is vast and disperse entity. The trade and economic activities are focused in the core or the node, where the people live and where the trade happens. The core produces majority of innovations and develops new production methods, as not only the population is focused in the area but also the knowledge of its residents. Also, the core benefits from technology and clusterization. Outside the core in the periphery there is less economic activity as compared to the core. According to Grotewold the nuclear production can be distracted from peripheric production. (Arvonen, 1998, Vuoristo, 1994, p. 31)

According to core-periphery model the core is dominating and it operates in the colonialist way. The core utilizes and benefits from the resources of the periphery hoovering the labour power, capitals and growth on the expense of the surrounding periphery. The periphery produces low processed products and trades them for high processed items produced in the core. The core adds value to the periphery produced products and capitalizes on the processing. The trade between core and periphery results disbalance as the nuclear process goods are of higher value than the products of the periphery. De facto periphery is the raw material storage for the core. The periphery processes require less space as

compared to the nuclear processes, but they result higher cost than the nuclear processes. This roots from different nature of the areas. The core is small and tight knit while the periphery is vast and disperse. (Arvonen, 1998.)

The core-periphery model is not static, rather than the cores emerge, develop and regress. The model is dynamic, as a new innovation or discovery of resources can transform the area to growth centre or semiperiphery. The semiperiphery refers to the area where both core and peripheric processes are on the move. The semiperiphery competes with existing cores, but on the other hand it takes advantage of the periphery similar to the core. (Arvonen, 1998.)

It is difficult to draw the line between core, semi-periphery and periphery. Especially difficult this is in the case of defining the semi-periphery. However, the focus should not be in clear mapping of the region rather than in the processes happening in the area. (Arvonen, 1998.)

Vuoristo (1994, p. 33) classifies world trade into four categories in the framework of core-periphery model. The categories are following:

- the trade within core,
- the trade between core and periphery,
- the trade within periphery,
- the trade between cores.

In addition, Grotewold (1990) highlights developing, potentially nuclear areas, or the semi-peripheries, and so-called trade giants, which in spite of their size have significant economic power but which due to their size in terms of area or population cannot be referred as core area. The trade within the core is characterized by high trade volume. The trade between core and periphery is also relatively active but is dictated by the terms set by core. The periphery itself has low trade activity within. Also, the cores practice trade with each other, but the relations are often tense as the products are often similar. (Vuoristo, 1994, p. 33-34.)

Open trade markets increase the productivity and result specialization in industries. Integration dictates the location of the industry, which results regional differences. (Baldwin & Forslid, 2000, p. 307.) According to Horváth and Grabowski (1999, p. 35) the trade benefits spread also to the periphery. Modern economic theories suggest that free movement of products and capitals between the core and periphery increases economic growth also in the periphery in the long run, thus the economic integration is vital for development of the periphery.

There are two main variants of the core-periphery model. Krugman's (1991, p. 101) model is setting off from the perspective of moving labour power and agglomeration of activities happens due to the movement of the labour power within the industry. The movement itself is motivated by difference in pay between the areas. Venables's model

suggests that the labour power is moving between the industries in a certain area, but their motivation is also based on pay. (Baldwin, 2000, p. 8; Krugman, 1991)

2.2.2 *Big vs. small*

Perception of equal power among negotiating parties results in more effective negotiation than one in unequal power (Zartman & Rubin 2000). How can weaker negotiating parties get the results they want and why do stronger negotiating parties need to negotiate if they can just force the result they want? Status of large countries tends to give them “go-it-alone” power, which refers to their ability to create supranational institutions that benefit them without taking into account the preferences of weaker players. The weaker players are unable to push their stance as their smaller market size threatens to restrict their market access or their decision weight in international negotiations is insufficient. When powerful countries form supra national institutions, they can leave the weaker parties worse off than the original status quo, yet they participate in the process of institution forming. (Gruber, 2000)

According to Thompson (2005) the difference in size of the partners creates a predisposition to a competitive style of negotiating, with “winning” the contest as the primary goal. Winning as a goal leads to using several tactics to reach the desired result, which would be considered as a “win”. The tactics include coercion, intimidation, and using one’s status and resources to overpower opponents. The power tactics are commonly in use by the overpowered party, but their tactics need to stay credible and consistent throughout the negotiations in order to be used effectively. Many studies show that a power-based approach can be costly and risky. It may give rise to short-term gains but undesirable consequences in the long run. This is because humans tend to reciprocate power and engage in contests when confronted by a hostile opponent. Such confrontation can cause feelings of resentment and even acts of retaliation, which can hinder effective negotiation, damage the parties’ relationship and forestall future opportunities for collaboration. However, the power-based tactics can find their place in the situation with hostile parties or when the standpoints and goals of the parties are fundamentally opposed. Thompson (2005) refers to “enlightened power” when creative use of resources in a tight situation generates larger joint benefits as compared to the easy solution. If weaker parties in the negotiations can strengthen their power strategically, they can potentially influence the stronger parties in ways that enhance mutual gains. (Thompson 2005, Cheng 2009.)

2.2.3 *Power Asymmetry*

Power asymmetry in the international negotiations is a widely studied topic which also forms the theoretical framework for this study. The relative bargaining power of the periphery member country with the core is associated with the concept of power asymmetry. According to Tarlton (1965, p. 861-874) governments cannot be expected to maintain the same type of relationship to periphery and core. Variations in relations are dependent on the degree of symmetry in the economic entity. Disproportionality is inherent in and differences among territorial units lead to power asymmetries.

In symmetrical systems, the political units are relatively equal socially, culturally, demographically, economically, geographically and politically. If symmetry is prevalent, there is equality between the members and the component parts have in general similar types of relationships to the core region. In asymmetrical relations the political units are different from each other resulting different interaction with the disbalanced core due to their different interests and issues (Tarlton 1965, p. 867-870). The different interaction requires adjustments to the alliance in order to meet the different needs and demands from its components. This thesis deals with development of relations within the Eurasian Economic union in the framework of multipolarity. The analysis will be made from the point of view of all the member countries, which will be grouped by their negotiation weight for simplicity, as member countries of similar size share a similar economic structures and models. The power asymmetries are mirrored through power asymmetry theory and empirical data collected at site in the various EAEU member countries.

Power is affecting all the aspects of negotiation. The concept of negotiation predisposes parties to power contests and tough bargaining. As the theory of asymmetry suggests that the differences between powerful and less powerful actors in the perspectives can lead to misunderstandings. This in turn is a potential root for conflicts. Another aspect is that if the more powerful party utilizes their power they are in threat of endangering the long-term relationship. Negotiation power is a complex concept and the negotiating parties have often several ways of defining their negotiation power. Different negotiating strategies can help to balance out the disbalance in negotiating powers with different strategies, strengths and context. While negotiation power and absolute power of the negotiating parties are separated, there is also difference between real and objective power as well as perceived and subjective power. The negotiators need to understand their power and their chance to use it at will. If there is a perceived power, there is actual power as well. Deceiving illusion of power affects the negotiations just like the objective power and can be used to justify particular power tactics that could not be used without. Cultural differences between the negotiating parties can also influence the perception of power. (Dobrijevic, Stanisic & Masic 2010.) For the best result in the EAEU context, Russia

should pay at least some level attention to keep the other parties' satisfaction and it leads to agreeing at least on formal compromises. (Womack 2004.)

Empirical evidence shows that power should be discussed in relative rather than absolute terms (Somech & Drach-Zahavy 2002). While there is at desk the absolute power of the negotiators, the balance of power can vary in different negotiations, although the negotiating parties remain the same. Power can be achieved in the process of negotiations and the party that either gains more or loses less in the process of negotiations, gains the most power (Nierenberg & Ross 2003).

One root for the power asymmetries is in the basic structure of negotiations, which stems from the power distribution between the parties. The initial power distribution colours the entire negotiating process and can determine the eventual outcome even before reaching the consensus. Stronger negotiating parties tend to dominate the negotiations with their less powerful counterparts. Based on how much power each party possesses, the structure of a negotiation can be further classified as one of power symmetry or asymmetry. The international negotiations tend to be made in an asymmetric power disposition. In spite of general dominance of stronger negotiating parties, the smaller and thus weaker parties do not necessarily submit to the will of their stronger counterparts. (Cheng 2009.)

Dahl (1957, p. 202) defines the power asymmetry to be the situation in which "A has power over B to the extent that he can get B to do something B would not otherwise do". However, parties with asymmetric resources tend to have a mutual dependency in spite of their power disbalance. Thus, they strive to find a common understanding while negotiating. This is why Zartman and Rubin (2002) define the negotiation power as "the perceived capacity of one side to produce an intended effect on another through a move that may involve the use of resources." This creates the base for weaker parties to "Level the playing field" for negotiating benefits with power overweight party and create space for strategic maneuvering in the process of negotiating. The party yielding superior power may not be vigilant about the strategies of the weaker party or be motivated to obtain accurate information about the negotiation in order to achieve the expected results. Fisher, Ury and Patton (1997, p. 188) state, that the resource power of the opponents does not alone define the negotiating power present, but the power is defined in the context of negotiations.

Another measure of power asymmetry is "best alternative to a negotiated agreement" or BATNA, presented by Goodwin (2005). It is based on the alternative cost of not negotiating or to the so-called "Plan B" if the negotiations will not reach common ground. Fisher, Ury and Patton (1997) state, that the party with better BATNA has also stronger negotiating power. BATNA can form part of structure of the negotiation, but it can also be subject to strategic manipulation. In negotiation, not only can a party improve its own BATNA, but it may also alter the objective/perceived value of the other side's BATNA.

Salacuse (2003) suggests that the power stems from physical and intangible factors. The physical power sources include capital, technology or organization while intangible sources cover the original idea, strong relationship or reputation. Power as such can be separated from the influence (Lewicki et. al. 2010). While power is the potential to influence others' attitudes and behaviours, influence consists of actual messages and actions aimed at changing other parties' attitudes and behaviours. From this point of view, the influence is reinforced power, while power itself is just a mere potential of influence.

3 FROM EURASEC TO EAEU

3.1 Timeline of the union

Kazakhstan has had a central role in igniting the Eurasian economic integration. While Russia has been the main party of interest in the economic integration in the region, the economic integration of post-USSR Eurasian region has started from Kazakhstan's president Nursultan Nazarbayev's visit to Lomonosov Moscow State University in spring 1994. At his visit to the university Nazarbayev stated, that the Commonwealth of Independent States (CIS) community should be transformed into Eurasian economic union. The complete integration timeline of the economic integration in the Eurasian union can be seen in Figure 1. (EAEU 2020.)

The Eurasian Economic Community as such has officially started only in 2000. On May 23rd at the meeting of the Interstate Council took place in Minsk, Belarus, to draft, by September 2000, a Treaty on the creation of an integration alliance between the Republics of Belarus, Kazakhstan, Tajikistan, the Kyrgyz Republic and the Russian Federation. In October 10th, 2000, the presidents of republics of Belarus, Kazakhstan, Tajikistan, the Kyrgyz Republic and the Russian Federation launched the Eurasian Economic Community (EurAsEC). (EAEU 2020.) The goals of the EurAsEC were to create a customs union and common trade zone between the union member countries in order to improve global competitiveness of the member countries. The community aimed to harmonize the customs legislations and import tariffs in its member countries, create common rules for goods and service trade, improving the logistics between the members and securing free movement of capitals. Also, the aim of the EurAsEC community was to harmonize its members so that in future it would be possible to implement a common currency for the region. Within the EurAsEC there were also common economic and social projects between the members. The most significant activity that distinguishes EurAsEC from previous forms of integration was development of supranational bodies that delegate part of countries economic sovereignty to promote common interest. (Dodonov 2015.)

The EurAsEC alliance enabled signing the treaty of Single Economic Space (SES) in September 19, 2003 ensuring free movement of goods, services, capital and labor between the member countries of the treaty, namely the Republic of Belarus, the Republic of Kazakhstan, the Russian Federation and Ukraine. (EAEU 2020.) Ukraine however later dissolved the agreement as a consequence of the Orange revolution (Volkova 2020.).

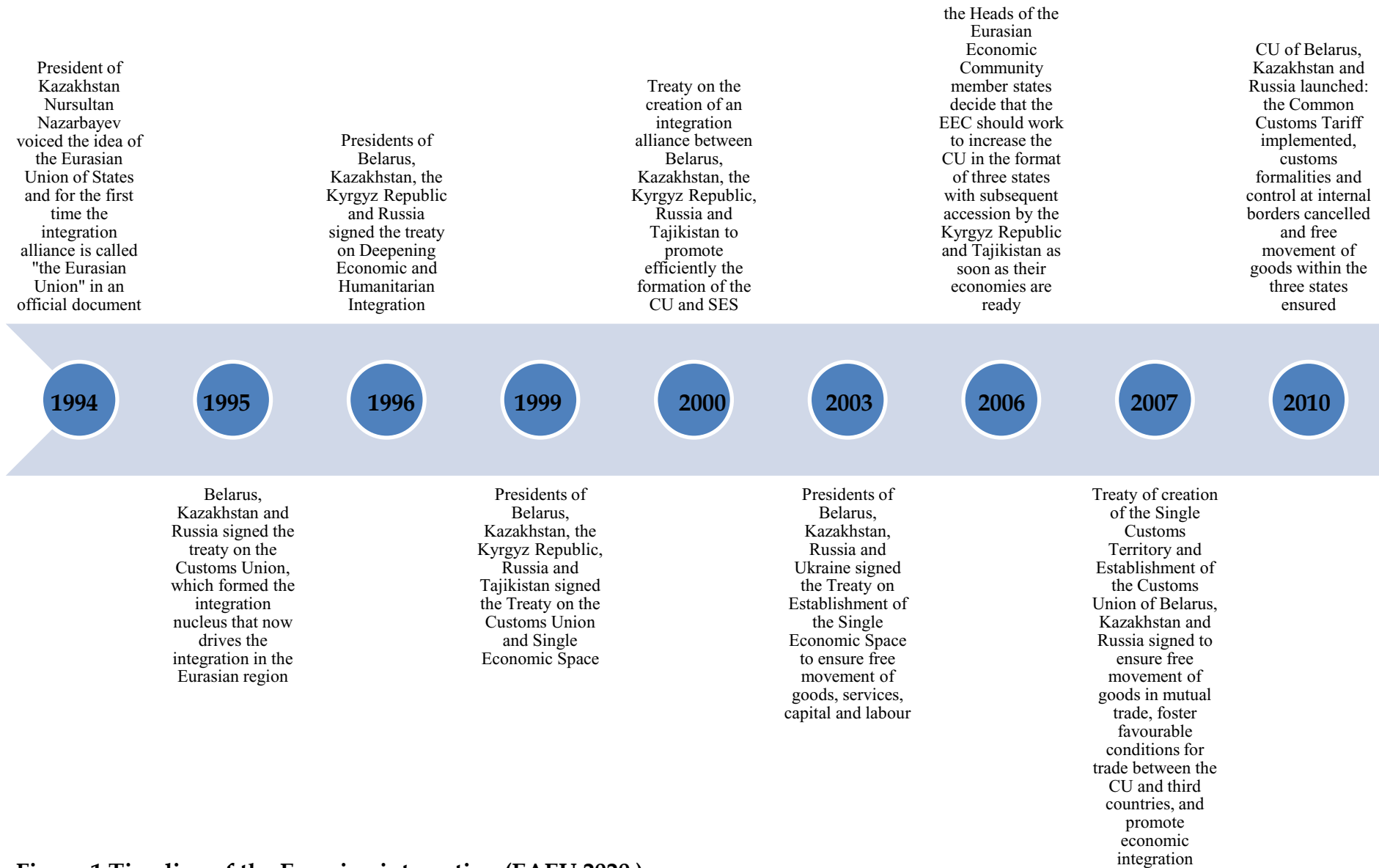
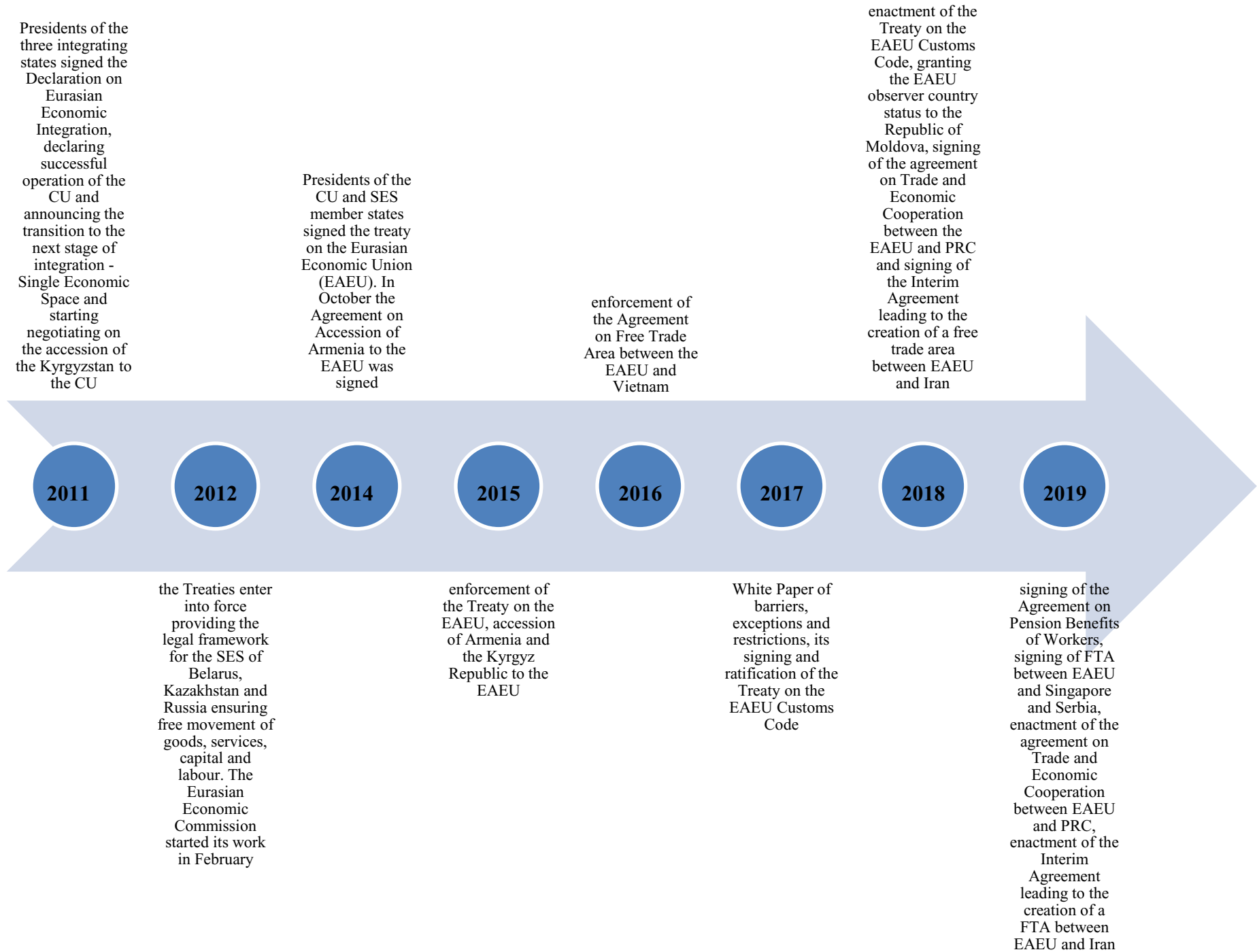


Figure 1 Timeline of the Eurasian integration (EAEU 2020.)



In August 2006 the heads of EurAsEC member countries decide on intensifying the collaboration to create the Customs Union between republics of Belarus, Kazakhstan and the Russian Federation. The Customs Union goes live in 2007 and aims on avoiding the error of EurAsEc, which although wanted to streamline the tariffs between the member countries, had in practice vague effects and the countries had often their own tariffs and trade regulations in spite of the contract (Dyatlenko 2014). At the creation it is stated that the Customs Union would extend to the Kyrgyz Republic and the Republic of Tajikistan as soon as their economies are ready ensuring the compliance of production with the Customs Union technical regulations (WWG 2021.).

Based on the actions of the EurAsEC, in 2010 Kazakhstan, Russia and Belarus launched common customs tariffs. The Customs Union had come to the full swing ensuring the free movement of goods, services people and capitals within the boundaries of the member countries exceeding effects of its predecessor EurAsEC. In 2010 the presidents of the Customs Union member states declared the union successful and announced the next stage of integration being the Single Economic Space. In October 2011 the Kyrgyz Republic started official negotiations on joining the Customs Union. The Single Economic Space entered into force in the beginning of 2012. Single Economic Space ensured wider freedom of movement rather than just for goods. The SES would enable free movement of goods, services, capital and labor within the space. The EurAsEC, which resulted Customs Union, was transformed into Eurasian Economic Union (EAEU) which was in 2015 added with two more members, Kyrgyzstan and Armenia. (Lagutina 2016, EAEU 2020.)

Eurasian Economic Union was formed as a continuum of several integration processes and agreements since the dissolution of the Soviet Union. The process is still in process and the integration is not ready yet. Speed of the integrational processes has been highly dependent on its primus motor Russia. Process can be described as very slow one until Russia was ready to control a larger entity after stabilizing its domestic situation from 2000s. Integration which ultimately led to the EAEU took big leap during Putin's prime minister post when he was in charge of economic matters. Global trends of deeper economic integration regionally and return of Russia's power policy were motivating development of the regional integration. (Roberts et al. 2014.)

3.2 Two decades of economic integration towards single economic space

Between the members of the customs union there are no import or export duties. However, imports from third parties are controlled by common customs regulations. The export customs duties are to be decided nationally in each of the member countries. As

Russia in the largest economy in the customs union, the customs regulations are to large extent following the Russian customs regulations. At the establishing point of the customs union the foreign trade regulations and customs tariffs in Kazakhstan and Belarus have been lower than in Russia. However, customs union membership has obliged them to tighten their trade regulations. (Volkova 2020.)

Initially, the EurAsEC membership and Customs Union memberships were separated and each member needed to apply to both unions separately. Since the new import tax codex took effect in 2018 the EAEU members become automatically members of Customs Union. (RST Agency 2019.)

There are currently five members in the EAEU: the republic of Belarus, The Russian Federation, the Republic of Armenia, the Republic of Kazakhstan and the Kyrgyz Republic. Syria and Tunisia have expressed their interest in joining the EAEU but have not since applied to join. In the beginning of 2020, the negotiations have started about Uzbekistan joining the EAEU. (Volkova 2019.)

Although the integration in the region has facilitated trade in the region, there have also been few issues. Although there are no official trade tariffs and trading barriers between the member countries, in practice there have been regulations based on other terms, namely “sanitary restrictions” which have been used as trade sanctions for example in trade between Russia and Belarus. In 2014 Russia limited meat imports from Belarus and tightened control on all the production from Belarus, which was contrary to the Customs Union target of simplifying the trade flows within the union. Also, there is a major mismatch in distribution of the import taxes to the free trade zone. Russia is collecting 85,26 percent of the tax (Volkova 2019.). Also there have been disputes in unifying the energy resources market. This for example has resulted disagreement between Russia and Belarus and in 2010 Belarus was forced to apply an unfavorable decision to increase import tariffs on passenger cars, although Belarus has no domestic car manufacturing. Belarus had to also increase tariffs on light manufacturing, which resulted losses in retail trade. In 2019 and 2020 there has also been a conflict due to Russia’s restrictions on importing oil to Belarus. (Baskakova 2016.)

In additional to internal conflicts, the EAEU has in recent years been affected by global issues. The European Union and the United States of America have placed trade sanctions against Russia affecting the major economy in the region and the effects spilling over to other member states. Also, Russia and Ukraine have had a breakup in their relations due to hostilities over Crimea and eastern parts of Ukraine. Also, the crises in the Middle East have placed their challenges on functioning of the EAEU. (Baskakova 2016.)

In spite of the geopolitical challenges from inside and outside of the EAEU and planned but unrealized plans for integration, the EAEU has implemented significant actions for creating and developing a customs union Applying the tax agreements has facilitated the bureaucratic procedure for goods imports across the inner borders of the

EAEU, improved the quality of the products due to increased competition, increased trade overturn in the region and enabled the member country citizens work across the entire EAEU region. The EAEU has grown the export trade in all the member countries. According to the Eurasian Economic Commission report (2018), the export growth rates in the member countries have been:

- 32,0% in the Republic of Armenia
- 24,7% in the Kyrgyz Republic
- 23,7% in the Republic of Belarus
- 22,4% in the Russian Federation
- 21,7% in the Republic of Kazakhstan

According to Troitsky (2020) in spite of the measured benefits and economic growth in the EAEU member states, the Union has a vast unfulfilled ambition and conducts a mismatch with the member states' expectations. The confrontation between EAEU and EU added with EU-Russian and U.S.-Russian crises hinder the union from reaching its full potential and dooms the Union to stagnation. Internally, Russia is still the primary party of interest in pushing the Union forward. However, it has increasingly skewed towards using sticks rather than carrots in its relations with outside world, including the EAEU member states. This decreases the probability of EAEU's collapse but also puts strains in deepening the integration and collaboration.

3.3 WTO and EAEU

While economic integration is usually ignited by the will for lowering the trade barriers and facilitating trade, regional economic unions and WTO can be mutually excluding, since regional trade agreements can be used to avoid the obligations of the global WTO agreements. In general, the EAEU and WTO trade norms are in line with each other. In fact, part of the EAEU trade agreements refer to WTO agreements. WTO itself does not hinder its member countries to form regional trade agreements. The regional agreements however should not hinder creation of free trade zones or customs unions. This applies to setting import tariffs or regulation the cross-boarder trade. This means that the regional agreements are allowed as long as they do not pose disadvantages to the third-party WTO members. If the regional trade agreements are to interfere with the third-party WTO members, are they allowed to demand on canceling such regulations and agreements or demand a compensation for the occurred hindrance. (Boklan 2017. p. 223-234.)

All the EAEU members excluding Belarus, are members of WTO. This requires aligning the regional agreements with the global WTO agreements (Boklan 2017. p. 223-234). Kazakhstan's WTO membership accession process began already in the beginning of 1996. The whole Working Party for the process was chaired by Finland. The accession

process was not constant rather than a journey of several stages towards the membership. Two decades of negotiating and liberalizing the economy for the WTO agreement terms will finally pay off as Kazakhstan will officially join the WTO from the beginning of 2016. The WTO commitments made by Kazakhstan will also bind its EAEU partners. Kazakhstan has been for long Central Asia's major economy with GDP of over 230 billion USD and the WTO membership is a significant global integration step in the region. (Putz 2015.)

Establishment of the customs union between Russia, Kazakhstan and Belarus interfered with the WTO process, as the customs union obliged all the members to similar customs tariffs. At that point none of the customs union members were in the WTO, but all the members had membership pending and Russia and Kazakhstan were relatively close to the accession already. One of the options was that the customs union would join the WTO as a single organ instead of members independently. However, at the end it was decided for members to proceed with the membership discussions separately. Russia proceeded with its membership negotiations confirming the WTO terms with its customs union partners, which made the negotiations more complex both technically and in terms of content. Russia's negotiation process however facilitated the WTO negotiations for other customs union members. (Yrittäjät 2015.) The Russian WTO negotiation process forced Kazakhstan and Belarus to imply trade liberalization policies for the whole customs union as a part of Russians WTO obligations (Alachnovič 2015.).

Free Trade Agreements (FTA's) are country or region wise agreements about lowering and removing trade barriers between the agreement parties. A country or a group of countries, for example European Union, can have free trade agreements negotiated with another region or country. Agreement provides usually a preferential tariff treatment, as well as clauses on trade facilitation and rulemaking in areas such as investment, intellectual property, government procurement, technical standards and sanitary and phytosanitary issues. (Trade Helpdesk 2019.) EAEU has aimed to the global economic integration by also negotiating free trade agreements with other global organizations and countries.

Table 1 FTA negotiations of EAEU (Asia Regional Integration Center 2021)

Agreement	Status	Negotiations since/Signed
ASEAN - Eurasian Economic Union	Proposed/under study	2016
Cambodia - Eurasian Economic Union	Proposed/under study	2017
Eurasian Economic Union - Pakistan	Proposed/under study	2015
Eurasian Economic Union - Singapore	Signed but not yet In Effect	2019
Eurasian Economic Union - Egypt	Under negotiation	2016
Eurasian Economic Union - Republic of Korea	Under negotiation	2017
Eurasian Economic Union - India	Under negotiation	2015
Eurasian Economic Union - Indonesia	Proposed/under study	2016
Eurasian Economic Union - Iran	Signed and In Effect	2019
Eurasian Economic Union - Israel	Under negotiation	2016
Eurasian Economic Union - People's Republic of China	Signed but not in effect	2018
Eurasian Economic Union-Thailand	Proposed/under study	2016
Eurasian Economic Union - Viet Nam	Signed and effective	2016
Eurasian Economic Union - Mongolia	Proposed/Under consultation and study	2020

As it can be seen from the Table 1 above, EAEU is negotiating several free trade agreements with both their immediate neighbors as well as with other more distant countries. Most of the agreements are still on the level of negotiations. However, an agreement with Viet Nam has already been reached in 2016. EAEU has also an FTA agreement with Commonwealth of Independent States (CIS) since 2012, which is natural extension to the economic integration in the region. (Asia Regional Integration Center 2021.) The EAEU seeks wider international collaboration with trade regions outside the so-called Western world, excluding USA and EU as partners for bilateral trade agreements stemming from Russia's personal crises with EU and US. This is likely to strain the Union as the other EAEU members can have ambition towards global integration in spite of Russia's own dissonances, which can be seen from their steps on joining the WTO (Troitsky 2020).

3.4 Russia as the primus motor of the union development

In Western discourse there is a common narrative of Russia having geopolitical rather than economic approach in the Eurasian integration (Birnbaum 2014; Michel 2014; Vitkine 2014). This stems not only from Russia's Soviet past but also the foreign policy and trade actions of Russia in 2014-2015 in Ukraine resulting a subsequent war of sanctions with the EU. This has considerably undermined Russia's foreign trade, with a number of high-ranked Russian officials arguing that Crimea and the national glory were worth sacrificing material prosperity (The Moscow Times 2015). Also, the Russia's president Putin has repeatedly addressed in his annual presidential addresses, that for him personally the geopolitics matter more than national economy (Putin 2014, 2015). In fact, Putin has publicly discussed the EAEU integration solely from economic perspective only back in his Prime minister years in the flagship article on EAEU in *Izvestiya* newspaper (Putin 2011).

Officially, however, the Russian officials argue that the EAEU's power lies in the elimination of barriers for businessmen and its great long-term economic potential (Falyakhov 2014). Popescu (2014) has stated that another motivation for the economic integration in the region is Russia's and other union members' ability to benchmark to each other and learn from each other's best practices. For example, Armenia, Belarus and Kazakhstan have better business environments and less corruption as compared to Russia and Kazakhstan surpasses Russia in the Global Competitiveness Index (Transparency International 2017; World Bank 2017, p. 7; Schwab & Sala-i-Martin 2015). However, in light of Russia's actions in practice with reluctancy of internalizing international norms against corruption and refusing to diminish legal barriers and simplify the bureaucratic procedures for investors, the socioeconomic arguments for the union seem weak (Komrakov 2016; Quinn 2015; Reiter & Osborn 2017). A safer assumption would rather be that Putin has expected certain economic benefits from the integration, but they were hardly the primal motivation for the integration.

The constructivist scholars argue that Russia's integration initiatives were geopolitically driven and rooted in the country's contemporary identity (e.g. Kazharski 2013; Morozova 2011). This is supported by the fact that although the EAEU integration was initiated by Kazakhstan in 1994, Russia has remained fairly passive on it until 2009 when EU has launched the Eastern Partnership. This supports the viewpoint, that EAEU's creation has stemmed from Moscow's desire to counter the EU and avoid the Eastern Partnership countries to drift away from Russia's "zone of influence" (Cadier 2014). The Eurasian integration was perceived by Moscow as a tool to reinforce Russia's anti-Western identity gradually evolving since the end of the 1990s drifting away from post-independence "Russia as a member of European nations' family" through early 2000s competing with West by Western rules and eventually the open opposition of Western values,

ideas and norms stating Russia is a self-sufficient civilization who does not need to comply with Western standards (Silvius 2014). In the period of playing nice by the Western rules the Kremlin has been considering the EAEU and the EU as complementing projects and expressing the willingness to cooperate with the EU on equal terms and even proposing a common free trade area (Putin 2011; Vinokurov 2014).

The Russia's approach towards the Eurasian integration from geopolitical rather than economic perspective inevitably affects its approach to integration. Russia's goal is to attract as many countries as possible with little account for possible economic consequences and compliance with the Union's own norms. As an example, Russia pushed for Armenia to join the EAEU overriding the bloc's treaty, that requires a country to border with at least with one of the Union's members to be able to join the Union (Engvall 2014, p. 115). Another result of the geopolitical point of view is, that Russia is rushing the integration to speed up and extend, resulting little allowance for possible developmental benefits in order to show off to the EU that the Eurasian integration project compares with it. According to Kazakhstan's president Nazarbayev, the less rapid but more firm integration would result better economic benefits (Daly 2014, p. 88-89). Another outcome is the intent of Moscow to eventually politicize the EAEU by including a number of foreign policy aspects, outside border control and migration of the spheres of its competence (Popescu 2014, p. 21). The goal is to have more control over its partners having in mind that already in the meantime the Russian officials dominate the staff of the Eurasian Economic Commission (Sivickiy 2015, p. 16). Finally, Russia is using hard methods in additions to soft power when expanding the Union. In practice Russia has resorted to threatening and in extreme cases, punishing the "non-compliant" states with military intervention and territorial annex as in Ukraine in 2014 (Patalakh 2017).

From the economic standpoint, Russia has hardly achieved benefits from its integration project. Russia spends annually \$5.2 billion in direct expenses on the Union, while its economic effects are still uncertain as for example in 2015–2016, Russia's total trade volumes with Armenia, Belarus, Kazakhstan and Kyrgyzstan have declined (Eurasian Economic Commission 2016a, b; Falyakhov 2014). In terms of challenging the West, however, the Union seems to meet its goals for Russia. By creating the EAEU, Russia pulled brake on the EU's further expansion to Armenia and growing Chinese influence in Kyrgyzstan. Since the membership Armenia and Kyrgyzstan have already got economically closer to Russia (Eurasian Economic Commission 2016a, b), and as this trend is likely to continue, it will make it harder for Armenia and Kyrgyzstan to drift away from Russia in future. (Patalakh 2017).

3.5 Midsize members of the Union Belarus and Kazakhstan

While Russia's approach to the integration in the region to a large extent stems from building the state identity, Belarus and Kazakhstan base their membership in the union on rational calculation and instrumental benefits related to their domestic development. In case of Kazakhstan there is also a background in reinforcing the idea of Eurasia and Kazakhstan as a bridge between Europe and Asia, widely represented in the rhetoric of Kazakhstan's president Nazarbayev.

Mostafa Golam (2013) points out three primary goals for the ideology of Eurasianism in Kazakhstan:

1. internationally helping the state to develop and maintain balanced and friendly relations with all major states and blocs
2. regionally used as a vehicle and policy guideline for creating and deepening the integration process at the post-Soviet space and
3. domestically used for consolidating national integration, national-building and creating national consensus and harmony among the different segments of population

As an outcome, there are fundamental differences in Nazarbayev's and Putin's approaches towards the Eurasianism what comes to the foreign policy implications. Nazarbayev is usually described as a pragmatic leader whose ambitions are oriented towards domestic modernization and who has little intention to engage in a geopolitical confrontation with the West (Popescu 2014, p. 21–22; Shendrikova 2015: 16). According to Nazarbayev (2011) himself, "economic interests, rather than abstract geopolitical ideas and slogans, are the main driving force of integration processes". Nazarbayev's standpoint on the non-economic issues has been winning by playing according to international norms rather than challenging them. Kazakhstan pursues a multi-vector foreign policy, trying to achieve international recognition rather than improve its ties with some countries at the expense of its relations with others (Engvall & Cornell 2015, p. 67–72).

Belarus does not have the Eurasianist angle in their integration approach, rather than considering itself as a fully European country. Since election as a president in 1994 Lukashenka has oriented Belarus' foreign policy towards Russia while promoting the ideology of Belarus being a European state, but historically, culturally and linguistically tied with Russia (Smok 2013). However, in contrary to Russia and similarly to Kazakhstan, Belarus prioritizes domestic economic matters over geopolitics. On this term, Belarus maintains relationship with the EU with EU occasionally providing financial aid to Belarus (Sivickiy 2015). Maintaining at least some level of openness towards the EU serves Belarus as a negotiation tool towards Russia playing on the Kremlins fear of Belarus drifting under influence of the West (Patalakh 2017). The pragmatic approach of Kazakhstan and Belarus are reflected at the desired pace and character of the Eurasian

integration. While Russia aims to attract as many new members as possible, Belarus and Kazakhstan have practiced skepticism towards the new Union members which could potentially cause harm to their economic and security interests. For example, Kazakhstan opposed addition of Kyrgyzstan to the Eurasian union since Kyrgyzstan's membership would expose Kazakhstan's textile industry to lower labour cost of Kyrgyzstan and enable an inflow of cheap Chinese goods into the EAEU market due to the corruptibility of Kyrgyz customs and the weakness of its border control (Shendrikova 2015, p.17; Popescu 2014, p. 23). Belarus and Kazakhstan have also expressed their concern in Russia's pursue to accelerate integration and accepting the new member countries before they comply with all the conditions for acceptation (Daly 2014, p. 88-89). Belarus and Kazakhstan have also been hesitant towards the Russia's pursues of politicizing the EAEU, since they are interested in the EAEU solely from the economic perspective as a tool to balance their foreign policies by maintaining the good terms with Russia and at the same time mitigate Russia's influence with the system of decision making by consensus in the Eurasian Economic Commission.

While EAEU has been a considered choice from Kazakhstan and Belarus, the countries teeter on whether they can succeed in building the EAEU from the base of economic pragmatism and non-politicization despite Moscow's geopolitical ambitions. While Kazakhstan and Belarus have managed to interrupt Russia's initiatives of introducing a single currency to the Union and extending the EAEU competencies over political issues, Russia has still managed to push trough new members to the organization in spite of other members' opposition. The economic and energy dependance on Russia set Kazakhstan and Belarus to a weak negotiating position and enable Russia use hard power on them in order to push through own ambitions. While the EAEU's creation generated new opportunities for Belarus and Kazakhstan opening a huge Russian market for their companies, induced several Russian companies to relocate themselves to Kazakhstan to benefit from its better business climate and entail removal of non-trade barriers, the Union has further strengthened economic interdependence between these states and Russia. While the trade between Belarus and Russia as well as Kazakhstan in Russia has increased, trade volumes with other member countries of the Union have declined. Lack of economic success in the integraton have been used by Belarus and Kazakhstan as an additional leverage over Russia in negotiations, occasionally going as far as threatening Moscow to leave the Union. Although such statements are arguably mere bluff, they have helped to negotiate successfully additional concessions from Russia. (Moshes 2014, p. 4).

3.6 Small member countries Armenia and Kyrgyzstan

The small EAEU members stand out from the other members of the Union with their higher levels of democracy and pluralism as compared to other members' forged elections, unchangeable leaders and the state-controlled mass media. Also, their standpoint for the Eurasian integration is different from the larger members'. While for Belarus and Kazakhstan there are rooted causes for cooperation with Russia and Eurasian ideology, Armenia and Kyrgyzstan argue that the Eurasianism plays no role whatsoever in their Union admission, rather than being solely pragmatic decision (Melikyan 2015, p. 11; Kuchins et. al. 2015, p. 14-16). The pragmatism is severely pushed from Russia's side, which has exploited its substantial economic leverage in the countries. For example, in 2013 Russia threatened Armenia to join the EAEU instead of an Association Agreement with the EU. Otherwise Russia would increase gas prices by 70%, ban Armenian exports and block private transfers of money to Armenia, deport Armenians working in Russia as well as provide offensive weaponry to Azerbaijan (Grigoryan 2014, p. 105–106). With Kyrgyzstan there was a similar situation, when Russia threatened Kyrgyzstan to tighten work conditions for Kyrgyz migrants in Russia, whose remittances make up 31% of Kyrgyzstan's GDP (Kuchins et. al. 2015, p. 14).

In addition to the economic integration relations that are carried with the EAEU, Armenia has been building its own network of trade agreements mainly with the former Soviet countries and the CIS countries, to an extent due to country's tricky landlocked and politically hazard situation. The agreements can be seen in Table 2 below. All the agreements have been in effect for decades now and the countries have historically been in good relations with each other, both on political and economic levels.

Table 2 Individual FTA agreements of Armenia (Asia Regional Integration Center 2019)

Agreement	Status	Negotiations since/Signed
Armenia-Georgia Free Trade Area	Signed and effective	1998
Armenia-Kazakhstan Free Trade Agreement	Signed and effective	2001
Armenia-Kyrgyz Free Trade Agreement	Signed and effective	1995
Armenia-Moldova Free Trade Agreement	Signed and effective	1995
Armenia-Russian Federation Free Trade Agreement	Signed and effective	1993
Armenia-Tajikistan Free Trade Agreement	Signed and effective	1994
Armenia-Turkmenistan Free Trade Agreement	Signed and effective	1996
Armenia-Ukraine Free Trade Agreement	Signed and effective	1996

The EAEU membership has initially emerged as a burden to Armenia's weak economy, since the EAEU's external tariffs for many goods were higher than those that Armenia had applied before. Given that Armenia imports about 11.500 kinds of goods and its largest trade partner is the EU (27.3% of the overall trade volume against 22.7% for the EAEU members), an increase in tariffs due to the EAEU membership and the outside border customs tariffs implied a potentially devastating effect on Armenia's external trade (Grigoryan 2014, p. 100–101). In order to diminish the losses to Armenia's economy, Russia has agreed to temporarily apply lower customs duty tariffs on certain goods as compared to other Union members (Melikyan 2015: 13–14). What comes to Kyrgyzstan, the country's main concern in the EAEU membership has been the increased external tariffs, which could cause Kyrgyzstan to lose its status as the main re-exporter of Chinese goods to the neighboring states (Tarr 2016, p. 16). In this case Russia has agreed to compensate the losses due to higher external tariffs by creating a development fund of \$500 million.

Eventually the smaller member countries have joined the EAEU in order to maintain their status quo rather than gain new benefits. Their motives have been driven by economic goals as well as security and the main push for their joining has been Russia's open pressure on them. What comes to the material aid and special tariffs, Russia will likely continue to reimburse the economic losses by providing material aid and lowering gas and oil prices as long as Armenia and Kyrgyzstan display allegiance. However, any disloyal step is likely to result in a suspension or rejection of support even when Moscow has priorly promised to provide aid. (Patalakh 2017.)

3.7 Theoretical framework

This thesis aims at suggesting negotiation power framework in the environment of different foreign relation policies and disparity of the actor size in the field of negotiations. In order to reach this objective, this study attempts to take a holistic outlook on the factors affecting the negotiations within the EAEU from the point of view of the different member countries of the Union. The study deals with development of relations within the Eurasian Economic union in the framework of multipolarity.

While the study concentrates on the economic aspects in the negotiations, the politics and regional history need to be taken into account for forming a truly holistic outlook on the factors affecting the negotiation powers in the region. Furthermore, this study considers concepts of multipolarity and regionalism as a motivator for the EAEU collaboration and synergies with an outlook on perception differences of the EAEU members on the Union goals and benefits. The relative bargaining power of the periphery member country with the core is associated with the concept of power asymmetry. According to Tarlton (1965, p. 861-874) governments cannot be expected to maintain the same type of relationship to periphery and core. Variations in relations are dependent on the degree of symmetry in the economic entity. Disproportionality is inherent in and differences among territorial units lead to power asymmetries.

This study suggests a framework that is based on both theory and empirical research excluding the political aspects and concentrating solely on negotiations in the economic field. Instead, this study emphasized holistic approach on determining the stem of the negotiation power of each party. Considering the theoretical framework of this study for negotiating external contacts, it would be interesting to further the research to comparison of the bilateral agreements and their advantages or disadvantages to the single EAEU member countries as compared to the EAEU framework of trade.

4 METHODOLOGY OF EMPIRICAL RESEARCH

4.1 Research approach

The EAEU is a new project and most recent step in the regional integration in the post-Soviet space. In spite of long history of integration in the region, the EAEU form cooperation is rather new and lacks extensive academic research in terms of power relations in the union. However, as the EAEU is just another stage of the previous integration projects in the Eurasian space and there is plenty of research which can be applied and derived to use in the EAEU context. Although the integrational projects in the region have been present since the 1994, there is quite little research on the power imbalances in the integrational projects. The negotiation power is skewed strongly towards Russia due to country's massive outweigh politically, economically, and geographically in the region. The power imbalances up to the date have not yet been mapped and analyzed, as well as the effects of the imbalances on the member countries have not been adequately considered. Strauss and Corbin (1998) state, that qualitative studies are used to explain topics like lived experiences, behaviours, feelings, organizational functioning and cultural phenomena. It can also be used to study relations and perceptions of the interaction, such as power relations, which are in the core of this study. According to Patton and Cochran (2002) the data samples in the qualitative research can be small and selected purposefully to generate useful data for the research. For this research a selection of academic professionals from different size parties of the EAEU integration has been interviewed in order to cut to the core of power relations and power perceptions in the EAEU. Qualitative data is often analyzed through interview transcripts, and it can be used to generate understanding on purpose of actions and behaviours (Creswell 1994).

Qualitative research can cover prominent areas such as, case study, phenomenological study, ethnography study, content analysis and grounded theory study (Leedy & Ormrod, 2001). As the qualitative data is treated as theory, it can be analyzed deductively or inductively. The deductive approach means, that there is an already existing theory in light of which the data is shaping the research objectives and questions. In this approach, beginning of the study can be utilized with the help of existing data or frameworks, which helps to organize data analysis further. The other approach is inductive, in which the data generation is started before knowing the end result, in which case the research question eventually emerges from the data collection process. (Saunders, Lewis & Thornhill 2009, 490.)

The objective of this study is to get a thorough understanding on how the member states perceive differently the EAEU goals and what is the agenda of the member states, what are their goals and reasons for the EAEU membership. The research is aiming to

gather a basic understanding on the EAEU processes and the perceptions of the union from the point of view of different countries' power relationships with the use of thematic interviews. This is the reason, why I have used a deductive approach in this study. Deductive research uses logical reasoning as the basis of conclusions and is aimed at examining theories and hypotheses in order to validate or contradict them. (Ghauri & Grønhaug 2002, 13-14.). Since the theoretical framework of this study is based on concepts of negotiation power and relation policies, it can be categorized as deductive study basing the conclusions on the logical reasoning. In the occurrences of clashes between theoretical framework and empirical data, the data can be used deductively as a guideline to enhance the framework of negotiation power.

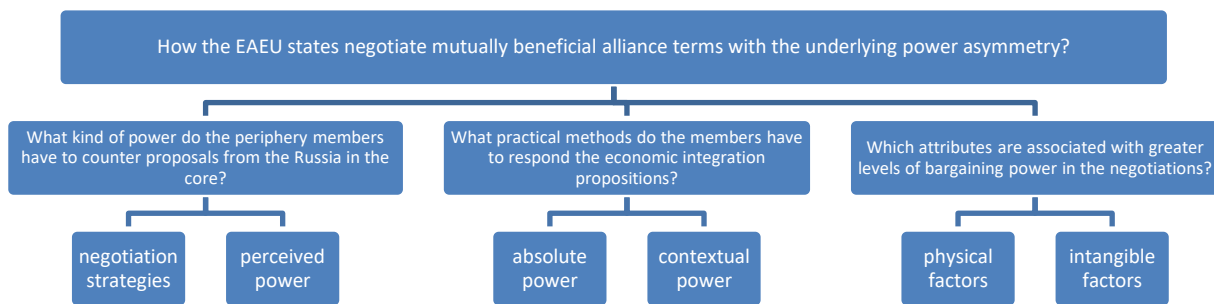


Figure 2 Interview theme structure

Thematic analysis is a way of processing and analyzing qualitative data based on themes, which stem from the patterns found in data. The themes can be identified on two levels; direct and implicit. The direct way, also known as manifest level, is detaching the theme straight from the data. The implicit, or latent level, refers to the suggested, rather not directly expressed information, which is in the core of the interviews conducted in the framework of this study. (Boyatzis 1998, 4-5.) The empirical material for this thesis has been gathered from various EAEU member countries via semi-structured interviews. The semi-structured interview is a form of qualitative research in which the data is gathered in free form interview on predefined themes. (Hirsjärvi & Hurme 1980.) The research question was broken down into sub questions and further into different themes, which served as a frame for the interview. The themes have been formed deductively basing on the theoretical framework. The rough sketch of the interview structure can be seen in Figure 2 Interview theme structure According to Rubin and Rubin (2005), the data available from semi-structured interviews is dependent on the interview question broadness

and the type of questions being open ended or closed. Hirsjärvi and Hurme (2001) state, that the semi-structured interviews have the advantage of interaction between the interviewer and the interviewee, and the interviewee has the opportunity to ask for clarifications as well as express personal opinions. On the other hand, the interviewer has the responsibility to set the questions in such way that the themes get thoroughly covered. This requires proper preparation for the interview. As the interviews are conducted in the discussion form, rather freely, they suit well gathering a wider opinion on the discussed topics rather than just a definite answer. (Hirsjärvi & Hurme 2001.) The qualitative interviews have been conducted in period between autumn 2015 and spring 2019 in the target countries. In Kazakhstan the interviewee was PhD lecturer from the Eurasian National University of L.N. Gumilyov. The interview in Kyrgyzstan was conducted at the Kyrgyz State Economic University and professor was asked to present the point of view from Kyrgyzstan. In spring 2016 the interviews were completed with an interview from Russia from St. Petersburg State University with an interview presenting the Russian point of view towards the Eurasian integration. In spring 2019 was conducted an interview with a PhD in Economics at the Belarus National Technical University.

The interviews were all conducted in Russian and recorded for use in this study. The interviews were converted to text manually shortly after the interviews and the empirical findings were mirrored to the theoretical framework of this study.

Although the semi-structured interviews need to be conducted on a larger scale in order to be able to make generalizations based on the results, for this research there have been selected interviewees with extensive background in the EAEU development research in order to get not only their personal opinion but also have a glimpse of the so-called “official” discourse in the EAEU member country.

The data collection for this thesis has happened on site in the EAEU member countries to get an unbiased insight on the power relations and their effects in the EAEU. I have interviewed university professors in Russia, Kazakhstan, Belarus and Kyrgyzstan in order to get the insider’s view on the power relation perception in the affected countries. The interviewee’s countries of residence have been selected to represent the EAEU members of different size.

4.2 Data collection

The data collection is initiated by defining, whether the research question can be answered with qualitative or quantitative data. Qualitative research question determines qualitative methods to be used for the research. Data samples can then be selected purposefully, and data samples can be small as long as they generate likely data for the research question. (Patton & Cochran 2002.) As compared to quantitative research, the qualitative approach

focuses on exploring limited number of examples of an instance. The most common data collection methods then tend to be surveys, interviews, observations and information gathering from existing documents. A qualitative research may use one or several of these data collection methods. (Tuomi & Sarajärvi 2009, Blaxter 2010.)

For this research I have selected qualitative approach in order to gain sufficient knowledge on the power relations in the EAEU as well as different motives and goals for the integration through the EAEU.

The topic and related themes and sub-questions have been prepared well in advance in order to gain knowledge on negotiation strategies and tactics across the EAEU members in the Union negotiations. The interviews were conducted with an interview guide and the interviewees have had an opportunity to get acquaintance with the interview themes roughly a week in advance before the scheduled interview. The interview guide served as a basic structure and guideline for the interview so that all the required topics would get covered in the interview without constraining the interviewee to a strict format and allowing the interviewees to express their views and ideas on the matter in a free form.

The interview questions were generally open-ended in order to get broader answers on the topics of interest. Also, special attention was drawn to asking only one question at a time, in order to get specific answers rather than a general discussion on the matter. Questions throughout the interview have attempted to be unbiased and avoid steering the answers of the interviewee towards any particular direction rather than just the topic of interest. On few occasions the interviewer has summarized the interviewees' answers and asked for confirmation, whether the interviewee's point of view has been understood correctly.

Table 3 Interview details

Name	Date	University	Length
Interviewee 1	13.10.2015	KEU, Kg	53 min
Interviewee 2	25.11.2015	ENU, Kz	56 min
Interviewee 3	18.1.2016	SPBGU, Ru	1h 35 min
Interviewee 4	19.1.2018	BNTU, By	1h 23 min

The empirical data for this research has been gathered at universities in EAEU countries in the period between 2016 and 2018. On 13th October 2015 I have interviewed professor Interviewee 1 at Kyrgyz Economic Univeristy, then on 25th November 2015 professor Interviewee 2 at the Eurasian University of L.N. Gumilyov, on 18th January 2016 professor Interviewee 3 at St. Petersburg's State University and on 19th January 2018 professor Interviewee 4 at Belarusian National Technical University.

All the interviews have been conducted one-on-one at the respective universities in the home ground of the professor in presence of a native Finnish-Russian interpreter who was also responsible for the technical documentation of the interview, namely managing the recording and making notes about the non-verbal part of the interview. The interviews have been recorded and the discussed themes have been presented to the interviewees in advance. The first semi-structured interview at the Kyrgyz Economic University (KEU) with Interviewee 1 was also a pilot interview for the following ones, in order to test out the planned interview duration, length and the suitability of the interview structure for this thesis. All the interviews were conducted in Russian in order to capture the data in the most natural way for the interviewees and the translations have been made by a native interpreter to Finnish language, providing a base for analysis.

The interview of Interviewee 1 was conducted in KEU University in Bishkek, Kyrgyzstan in autumn 2015. Interviewee 1 is a professor of economics who has dedicated several of his research towards integration projects in Eurasia as well as in Central Asia contributing to his selection on assessing the forces in the negotiations within the EAEU and motivations behind the agenda of the Union members. The interview of Interviewee 2 was conducted as well in autumn 2015 ENU University in Astana, Kazakhstan. Interviewee 2 has a PhD in economics and has a background in researching the international economic cooperation organizations making her a suitable to assess the motivation and power factors of the Kazakhstan side in EAEU negotiations. The interview of Interviewee 3 was conducted in winter 2016 at SPBGU in St. Petersburg, Russia. Interviewee 3 has a PhD in political science, and she has done a long career in researching the integration projects of Russia in Eurasia and Europe, giving her a level of professionalism to assess the negotiation forces and relations of the EAEU. Interview of Interviewee 4 was done in winter 2018 at BNTU University in Minsk, Belarus. Interviewee 4 has a PhD in economics and is specialized in world economy and integration processes, which gives her a suitable background to comment on this study's themes. The background of all of the interviewees provides a solid base to discuss the economic and political relations in the EAEU space as well as to discuss the power relations and motives to participate in the EAEU.

4.3 Data analysis

Semi-structured interviews are used in this study to identify the themes in the negotiation power and strategies used in the EAEU negotiations. The thematic analysis is suitable for extracting the required data, since it allows researcher to explore subjective viewpoints (Flick 2009). Since the concepts of power are not fixed and are rather perceived than absolutely measures, subjective viewpoints are vital in digging up the themes around the power in certain negotiation situations and environments.

Conducting semi-structured interviews allows asking predetermined questions that spur from the theoretical framework. Open-ended questions allow the responses provide a comprehensive view of the information on the matter. (Biden 2021.) The narrative analysis is used as a base for data mining from the interview, since the goal is to find the perceived power points in the described negotiation situations. Data analysis has the deductive approach, since the data set is limited, and it is hard to draw any definite conclusions from it rather than just test out the theories of negotiation power strategies and managing the power imbalance.

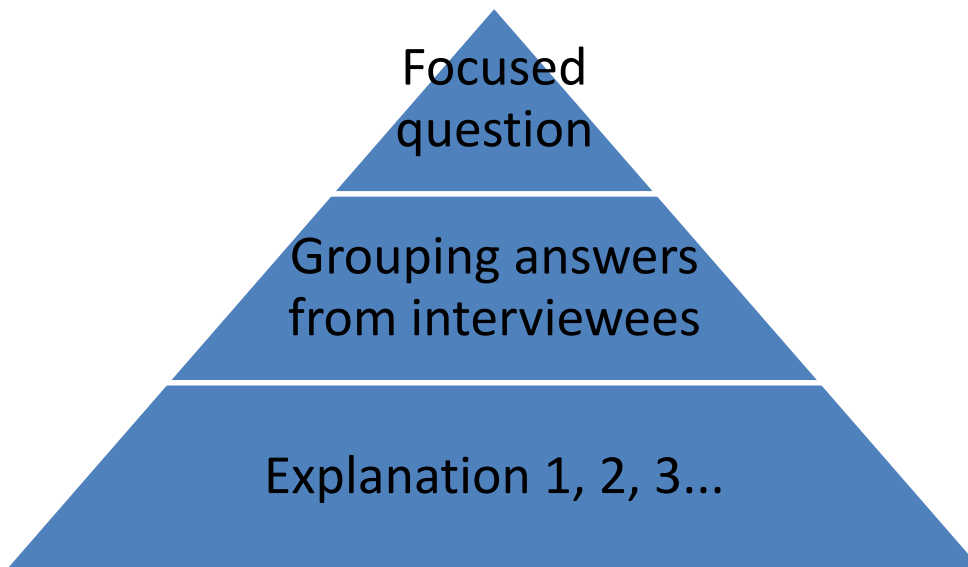


Figure 3 Deductive data analysis structure (Ravindran 2019)

The deductive process, in which there is an attempt to establish causal relationships, can be applied as a deductive explanatory process or deductive category application in the subject matter. Deductive approach is suitable when the researcher has interest in specific aspects of the phenomenon and the research question is focused. The data needs to be coded and categorized for the analysis. The grouping can be done based on specific code words, manners, phrases or emotional response of the interviewee. Based on the identified codes the categorizing of the responses can be done for the interview data. The codes can ascend to the descriptive level or remain on more abstract level. The categorizing is however essential for analyzing the data related to the matter. From the categorized data the research attempts to pull generalizations on the research subject based on the data. (Ravindran 2019.)

Transcription of the interviews and their translation have been made as accurately as possible. The translation is attempting to imitate the real speaking situation and translate also the attitudes and emotions behind the text in order to be able to do narrative analysis

during theme discovery. I have mirrored the theory to the empirical data and as a result tried to create a common understanding on the power imbalance issue and its effects.

The rough structure of the interviews can be seen in previous chapter in Figure 2 Interview theme structure. The structure provides an outline for the data categories I am about to work with when analyzing the narratives in later chapters for negotiation strategies in different size EAEU members' negotiations. In the analysis of the interviews, I have tried to mirror the opinions from different member countries and compare them with existing research. As the opinions and perceptions in the member states differ strongly, a challenge has been to create an unbiased picture of the EAEU and its goals. The goal of this research, however, is to map the perceptual differences and mirror them to the theoretical framework. I have processed the empirical data based on this assumption. For the empirical analysis I have raised the quotes which specifically point out the differences in perceiving the Union goals and compared them with the commonly presented opinions, as well as compared the opinions from different sized member states with each other.

Before the interview data can be utilized for this study, it requires a cleanup, since the open-ended questions often tend to spur conversation that extends further than the goals of this study. The interviews need to be critically filtered for the relevancy and length of the answers in order to gain a consistent view on the picture painted on the subject matter. (Biden 2021.)

4.4 Evaluation of the research

Qualitative research is inherently subjective and accepting researcher as the main tool. The trustworthiness of a qualitative research stems from the researcher, thus the entire research process needs to be evaluated in order to determine the trustworthiness (Eskola & Suoranta 1998, 165.). The traditional evaluation criteria are not suitable for qualitative research, since it is based on idea that there exists only one reality that is pursued by the researcher. In naturalist qualitative research it is assumed that there are multiple realities, and that research generates a certain perspective about the phenomenon, but not an objective truth (Tynjälä 1991, 390.). The naturalist approach is suited more for evaluating trustworthiness of a qualitative approach with deduction.

The naturalist criteria for trustworthiness are established by Lincoln and Guba (1985, 301-328). It considers four aspects to evaluate trustworthiness: credibility, transferability, dependability and confirmability.

The aspect of credibility in evaluating trustworthiness of a research is to indicate that the reconstructions developed during the research correspond to the original constructions from reality (Tynjälä 1991, 390). The Figure 2 Interview theme structure visualizes how the research questions relate to the research questions which stem from previous theory

and studies in the area. The interview questions are based on the theme chart and the collected data was analyzed based on theory established in the theoretical framework in chapter 3.7. The consideration of previous studies on the topic, theoretical framework of this study and themes that are emerged directly from the research question of this study enhance credibility of this study. Use of native speakers and conducting interviews in a language, all the parties are fluent and comfortable communicating in, have minimized language misunderstandings minimizing impacts on credibility of the research. The Finnish nationality of the researcher may have had an influence on the interpretation of the interview findings due to cultural differences. However, the international study background and life experience of the researcher should have decreased the bias created by the nationality. Also, the credibility of the study was increased by describing the interviewees' expertise in the interview details in chapter 4.2

The transferability aspect refers on how the research results and findings can be transferred into context other than the research context (Tynjälä 1991, 390). The main concept of this study is imbalanced economic union. The results of the study can be transferred into other similar environment, where the parties have a common project, and their negotiation power is in vast imbalance.

The aspect of dependability considers different factors causing external variables and factors, that are caused by the phenomenon itself (Tynjälä 1991, 391). The interview situation is described in chapter 4.2, considering disruptions in the interview situations by inquiries to the interviewees. The researcher has carefully followed the interviews and made notes in order to continue the interview discussion in the case of a disruption from appropriate topic or theme. The impact of the external factors on the interviews was minimized by scheduling the interview sessions in advance and attempt of selecting a quiet interview location. an attempt to choose as quiet environment as possible for the scheduled interview. For the face-to-face interviews, the interviewer suggested a quiet interview location.

The last aspect of trustworthiness by Lincoln and Guba (1985, 301-328) is confirmability which builds on neutrality of the research. The research data should be neutral, thus making it possible to repeat the research and an external person from the study should evaluate the findings to confirm them (Tynjälä 1991, 392). Each stage of the research process from the research methodology to data collection and analysis was described as explicitly as possible in chapter 4 in order to increase the confirmability of this study. The analysis of the interview findings has been sent to the interviewees for their approval and confirmation of their statements along with evaluating the results.

5 COUNTRY-SPECIFIC ANALYSIS

5.1 Russia's political pursuits of the EAEU and asymmetry of the Union

“For Russia the focus is in geopolitics.”

“This is 100% geopolitics and Kazakhs can say whatever and think and feel as bad and argue as they want, they feel really painful about this.”

- Interviewee 3

EAEU is asymmetrical organization, as size of its members economies varies extremely. Russia solely accounts for 85,7 percent of the GDP in the EAEU, while Kazakhstan accounts for tenth of the GDP and Belarus for 3,5 percent. The most recent members Armenia and Kyrgyzstan's economies together produce barely 1 percent of the total EAEU GDP. Russia overweighs other members massively by the scale of its economy, which results economic spillovers on other members. Relatively, Russia is however a lot weaker compared to Kazakhstan than ever before in history. Eurasian economic union, as can be seen already from the name of organization, is not wanted to be perceived political rather just economic organization. This mentality prevails especially in smaller members of the Union and has emerged throughout the semi-structured interviews conducted for this thesis and the governments of the smaller members pursue active means to stay away from politics and rather cooperate in the economic activities. However, Russia's political ambitions are more than clear about the union. In Putin's Russia revived policy about spheres of influence can be summarized in citation of Putin in his speech on the annual Federal Assembly of Russian Federation in 2005 that “collapse of the Soviet Union was the greatest geopolitical disaster of the century” (Kremlin 2005). Thus, for Russia the integration of the region in any level is a must for Russia, which also affects Russia's strategy to build a maximum buffer against the European Union, and the West, in pursuing the Union. Interviewee 3 supports this point of view, stating Russia “is creating a stability and safety belt around itself by including new countries and regions”. Political unions need to be continuous and developed in spite of the economic situation. In economic region the agreements are continuous but the implementing of them to action is dependent on the economic conjuncture. The EAEU has been partially influenced by the economic problems of its members, as the countries are concentrated on reviving their own economy rather than develop the economic union. (Mukhamedzhanova 2015.)

“On one side we have strong integrational organ EU and on the other side we have a traditional national state Russia. Here we need to consider supra-regional interests of the countries and here we have a classic national

state. It is unclear, well it is clear they can't interact. But how the mechanisms of full cooperation can work? It is unclear. As I understand Putin's idea Eurasian union has been developed as an equal partner for EU for Russia to have a supra-national instrument, institution so that to cooperate on equal level with EU."

- Interviewee 3

One significant motive for Russia to build the EAEU is creating a juridically equal partner to negotiate the EU. Since supra-national organizations can negotiate on more equal terms than a supra-national organization and a singular country, the EAEU serves Russia's communication especially with the European actor EU. The Eurasian Union can be used as a backup power in situations when Russia on its own is not achieving the sufficient weight in communication with the EU. However, since the Eurasian Union is to a large extent economically very Russia-centered, it can also when needed separate itself from the EAEU context and fluidly transform from a supra-national actor to a singular country.

"Russia and EU are going on the background, from the status of actors who make world politics to be the ones for whom the world politics are made. And USA, God bless them, and China will be making the politics. And we will be the space about what and for what the decisions will be made. For the moment we still have a chance in my opinion you know to sustain our positions as Eurasia and in Large Europe and Large Eurasia."

- Interviewee 3

The increasing power of China in the region concerns Russia. While earlier, the major concern of Russia has been the global power and dominance of the USA and the pressure of European Union from the west, now China has emerged as a new powerful actor and power center from the East. Russia with its repeated conflicts with the West has deteriorated its status of a global power center by getting kicked out of major global organizations such as G8 summit, is now being pressured increasingly by China from the East. The increasing role of China is concerning not only Russia but also the other EAEU members. China is perceived as an unpredictable partner with massive economic weight, not forgetting China's pursuit for natural resources in the region. Russia has been trying to exert influence over the post-Soviet space by controlling the raw materials and energy flows to the satellite countries. Controlling the exports of oil and gas are part of Russia's "energy superpower" strategy. (Goldman 2008.) While Russia has in recent decades more integrated with the global systems, it often finds itself opposing the West in major issues, for example the sanctions on Iran. Russia is shifting its foreign policy towards the East, potentially alienating it further from the EU and the USA. However, the pivot towards East is doubtful due to caution of China and rapidly changing energy resource market.

Meanwhile, from the point of view of the EU and the US Russia is not viewed as a strategic partner, rather than an 'ad hoc' partner, willing to cooperate only on a narrow range of topics benefiting Russia. (Roberts 2013.)

"This is the idea of Nazarbayev. Putin has only taken the idea. And Lukashenko has taken the idea. This is idea of Nazarbayev. The end product, the creation of Eurasian union, the Eurasian economic union, is the first stage of it like it was in Europe."

- Interviewee 3

However, the Russian academic and official point of view is very different from straight conclusions of rebuilding USSR 2.0. As Lagutina (2016) puts it, in founding documents the heads of states of the EAEU founding members Putin from the Russian Federation, Lukashenko from Belarus Republic and Nazarbayev from Kazakhstan write that base for the EAEU is the model of EU. This is integrational organization with national governance. Russia's willingness to invest in the EAEU integration along with development of the customs union is a pull factor attracting other states in the integration. However, Russia's own foreign policy has been a hindrance to further integration and is potentially exacerbating pre-existing rivalries and divisions. (Roberts 2013.)

"USSR was a united country, here it [the EAEU] is organizational union."

- Interviewee 3

Interviewee 3 insists that the goals of the EAEU and the USSR are different. While the USSR was a united country, the EAEU is rather an organizational union. The EAEU is an integrational block with common interests and through free economic zone agreements, the integration spreads also further than just to post-Soviet countries. The goal is not to create a new country rather than a structure of new generation. As Interviewee 3 puts it, the EAEU is an integrational block with common interests. Thus, it carries along the idea of mutual benefit to the members and individual benefits for the country partaking in the Union.

"It has nothing to do with USSR but there might be that picture because former soviet republics are at the moment members of the EAEU"

"Russians don't identify themselves with the USSR."

- Interviewee 3

According to Interviewee 3, the inclusion of all the post-Soviet states in the EAEU is very unlikely, as the Baltic countries, Ukraine and Georgia are not willing to participate in such integrational activity. The Baltic countries are already members of the EU and have a rather western oriented vector of integration. The relations of Russia and Ukraine have deteriorated due to the Crimean annexation and the situation threatens to evolve into frozen conflict. In Georgia the attitudes towards Eurasian integration are gradually changing according to Interviewee 3, but at the moment there is also no will for the integration. Russia seems to aim its Union building plans towards the countries which already have a

strong dependency on Russia, be it in terms of trade, economics or people mobility and relations.

“I doubt that it would be possible to reform USSR this way because Baltic countries won’t come together, Ukraine’s membership is now impossible.”

- Interviewee 3

However, it can be seen that Russia’s political ambitions considering creation of the union were also revealed with destructive consequences in case of Ukraine. In Russia’s integration plans of Ukraine to the union, membership of Ukraine was supposed to be taken for granted due to historical, geographical, economical and institutional reasons. Ukraine’s president by then Viktor Yanukovich was ready to take this path and rejected pursuing the Deep and Comprehensive Free Trade Area agreement with European Union. Eurasian customs union and European Union’s DCFTA are mutually exclusive agreements and cannot be both implemented at the same time. According to Russian leaders, Ukrainian integration with Europe could only be possible in cooperation with Russia, which would have provided stronger positions for the integration process. A large number of Ukrainian citizens were against rejecting the European integration. This ignited protests, which resulted the change of country’s leadership and choose of values towards integration with Europe rather than Russia. In short, this led to complex events which resulted to annexation of the Crimea, and the unrest in Eastern Ukraine. Political and economic relations between Russia and Ukraine transformed rapidly from close partnership to hostility. (Dragneva, Wolkzuk 2012)

“Kazakhstan Belarus and Russia. Because even in this three there are problems which need to be solved”

- Interviewee 3

Three founder members of the Eurasian Union are similar in their political and economic structure. Russia, Belarus and Kazakhstan are authoritarian states with significant state-owned and politically regulated companies. By rejecting the Eurasian Union Ukraine clearly stated its value decision towards different development path. In short run the path chosen by Ukraine had catastrophic consequences. Example of Ukraine is for sure closely studied by recent EAEU member countries. Choice in favor of the Eurasian Union integration would have driven Ukraine even further under the Russian power and the production standards would have been set by their Eastern partners rather than European Union. It also appears that part of Russia’s strategy is to use the EAEU as an instrument for EU negotiations. In general part of Russia’s strategy is to reduce the power of European Union with so called divide et impera –policy. In integration negotiation processes Russia seeks to surpass EU as a counterpart, so that it could negotiate directly the terms with separate member countries. Absence of Ukraine from the EAEU is reducing

the credibility of the Union, as 45 million population market and an essential part of especially energy transition infrastructure is ultimately missing from the Union.

By the theory definition of multipolarity, it requires that any pole should be able to challenge any other pole. There are few examples of that as Nazarbayev and Lukashenko have been competing for influence. They can openly challenge each other, but in the end, however, only amicably. Physical distance, resources and the interaction between Belarus and Kazakhstan will keep the storm in a teacup. In addition, there is no reason for any serious tensions between the two countries. (Womack 2004.)

Russia itself is not actively pursuing active expansion of the EAEU, since there already are problems in streamlining the economics within the current Union. According to Interviewee 3, “the main problem is that we have Russia which is interacting with Belarus and which is interacting with Kazakhstan. The links between Kazakhstan and Belarus are nonexistent”.

As can be seen from the following Figure 4 Top 10 Russia’s trade partners based on export value of goods from Russia (Statista 2021), only Belarus and Kazakhstan out of the members of the EAEU have significant trade volumes with Russia, if viewed from Russia’s side. The new members of the union have very little trade with each other, and the relations are built majorly around Russia. The major trade partners in close proximity of Russia already are part of the Union, or off-limits of the Union due to political factors. The second wave of expansion of the Union has consisted in lesser trade partners but rather economic and/or political dependents of Russia, such as Armenia and Kyrgyzstan.

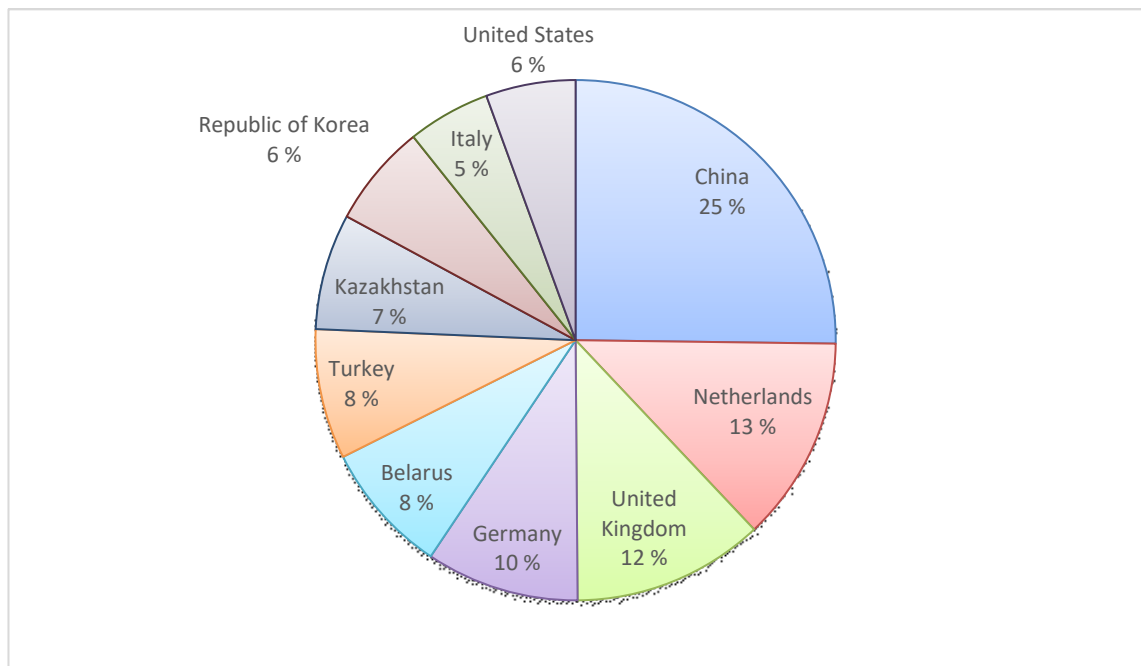


Figure 4 Top 10 Russia’s trade partners based on export value of goods from Russia (Statista 2021)

“Situation economic factor has prevailed and let's say the intention to develop trade relations”

- Interviewee 3

For current EAEU member countries closer integration with European Union was less perspective due to existing premises and integration with Russia is more logical. For Belarus for instance, it was possible to balance between European Union and Russia in the first decade of 2000's. Tactics was to milk more favorable trade terms with Russia by showing activity towards EU's Eastern partnership program. In the end Belarus does not have other integration direction rather than Russia due to the economic and political premises. The Belorussian quasi economy, in which 70 percent of the GDP is produced by inefficient state-owned enterprises, is heavily supported by Russia. According to trade statistics half of the Belarus' 31,8 billion USD export (2020) goes to Russia and the country is heavily dependent on foreign funding, namely coming from Russia. In addition of cheap loans for Belarus, Russia also subsidizes energy prices and pays additional transition payments for re-exporting Russian oil. As European Union requires for democratization of Belorussian political system for financial support, bandwagoning with Russia is the logical step for authoritarian Belarus. (OEC Belarus, Angel 2015, Skriba 2013.)

Due to the Russian overweight in terms of economy, Russia is able to use 'soft power' to attract members of the Eurasian integration (Roberts 2013).

“Economically it is viable Kyrgyzstan and Armenia to economic integration with EAEU”

- Interviewee 3

In case of Armenia, Russia plays a significant role in maintaining peace in the frozen conflict in Nagorny-Karabakh by putting strong diplomatic effort in the region, besides holding a 5000 men strong military base in Armenia. One big reason behind Armenia's EAEU accession is to ensure Russian political and military help in future if it would be needed. From Russian point of view Armenian membership is more security issue than economic one. (Global Research 2015, Lagutina 2016.)

“For Kyrgyz people they are interested in Russian job market primarily. This is their main interest”

- Interviewee 3

Russian political dominance in the EAEU has resulted few cases of unpleasant effects on Kazakhstan. Within the union the decisions are made based on the principle “one vote – one country”. In practice, Russia has excessive power to walk over the other EAEU members, including Kazakhstan, with its decisions of adding new members to the Union and by allocating the funds of Eurasian Development Bank, not in favor of Kazakhstan. The Eurasian Development Bank is an independent entity, but it can be seen to function in tight cooperation with the EAEU. Russia's adventurous politics have also endangered

Kazakh economics, which is later discussed in this study. Politically a large win for Kazakhstan in the EAEU integration policies is blocking the one currency initiative, which has been driven by Russia from the EurAsEC times.

“I would not personally throw myself on the arms of China. It is dangerous. Europe in this means is more predictable partner.”

“Economically our stance with China is not that bad. But there are problems of different geopolitical interests in Central Asia of China and Russia.”

- Interviewee 3

In spite of the problems brought by asymmetry of power embodied by Russia, the country still is a smaller and more predictable partner than China would be for the other members of the EAEU. Even though it is bold to use word predictable in case of Russia, the EAEU members have still better understanding on Russia's culture, history, institutions and language than they would ever have with China. Russia's development of cultural and language connections along with appeal to large Russian-speaking diaspora and the use of 'Soviet-style conservative messages' are influencing attitudes towards Russia in the post-Soviet states. (Roberts 2013.)

Scale of economy and population of China is simply too much to handle to the other EAEU member states, for example Kazakhstan, in closer union-like alliance. Russia gives a leaning stock in tightening Kazakh-Chinese cooperation in forms of the New Silk Road economic belt without getting intimidated by the Chinese partner. In Kyrgyzstan the concern about worst-case scenario of Chinese dominance is compared with the situation which happened in Tibet, where China hijacked the region with infrastructure development. Chinese investment-projects have already been argued for reckless use of Chinese resources like the labor power rather than engaging the local resources in the project. (Mukhamedzhanova 2015.)

“But in all Central Asia there is an interesting situation not economically but politically. Mostly in terms of security. The situation I think objectively pushes these countries towards integration not with EU but EAEU. ISIS is a threat.”

“Who will help them? The US? Oh come on!”

- Interviewee 3

While ISIS was considered a major threat in the Central Asian countries, for Russia it acted as an additional push-factor towards integration with Russia. The rise of ISIS had limited implications on Russia and cynically expressed, it has even benefited the country, since many North Caucasian fighters have departed the country for the Middle East for good. Russia's discourse keeps insisting, that the US will hardly defend the Central Asian states from the ISIS threat, as the Washington's failure in the Middle East has demonstrated. This attitude keeps coming through in the interview with Interviewee 3. Russia

insists, that it is the only one who can bring security to Central Asia, or at least be a safe haven for their leaders be their regimes overthrown. Fear of rise of Islamists provides Russia a heavy argument for closer integration with Russia. (Shlapentokh 2015.)

“Russia and EU are going on the background, from the status of actors who make world politics to be the ones for whom the world politics are made. And USA, God bless them, and China will be making the politics. And we will be the space about what and for what the decisions will be made. For the moment we still have a chance in my opinion you know to sustain our positions as Eurasia and in Large Europe and Large Eurasia.”

- Interviewee 3

The basic assumption of unipolarity in the EAEU can be seen as fully domination of Russia in economic relations in the union. Inside the EAEU in the terms of trade between the countries this is true. Almost all the trade between the member countries in the EAEU is trade between Russia and another member country. Despite of the asymmetry of trade and size of the economy, other member countries have opportunities for their own maneuvers. The power for the leeway comes from the possibility to balance between EU and for Central Asian countries especially balancing with Chinese sphere of influence. Essentially amount of balancing between the EAEU and external power blocks means the level of detecting too far-reaching unipolarity inside the union. Balancing is coarsely taking countermeasures of the smaller EAEU countries to improve their negotiation power towards Russia. (Womack 2004.)

Summarizing, Russia’s political and economic overweight let Russia get away with a major conflict of interest between Russia and other EAEU member states. While for the rest of the Union members the integration is based on the economic incentives, Russia has geopolitics in its sole focus. However, the economics are used for Russia as a source of ‘soft power’ in negotiations, creating pull factors with economic incentives and due to major economic dependencies, be them in terms of trade or socio-economic factors. In general, Russia seems to rely to a large extent to the ‘soft powers’ and creating pull factors, since uses of ‘hard power’ have historically worked out very poorly for Russia, driving the potential partners definitely from the scope of the integration, as in cases of Ukraine and Georgia. In additional to the economic factors, Russia perceives as a major source of its power in the region being the source of peace and security in Central Asia. Meanwhile, the perceived power is under the threat of diminishing role as a global actor and the rise of China’s power. Figuratively, the Russian power is already indisputable in the space of the Eurasian Union, since all of the integration members have an economic dependency on Russia, be it in terms of trade or socioeconomics. Potential adjustments in trade, funding or people mobility are effective tools in creating the expected outcomes in the negotiations with partners. The contextual power stems from the relations in the region, Russia’s willingness to serve the member countries’ leaders as a safe haven in

case of a coup d'etat, combined with intangible factors of cultural closeness, common history, large Russian speaking diasporas in the area and familiar rhetoric provide Russia a solid ground for negotiations and communication in the region.

5.2 Mid-size members at the core of the EAEU

“Russia and Belarus... we have common problems, common mission and we are very close in mentality”.

“The initial kick to the integration has emerged from the common problems, common socio-economic development and language collaboration. This is what started everything. The politics and economics have jumped in only after that.”

- Interviewee 4

The mid-size members of the EAEU in terms of market size, demographics et cetera are Kazakhstan and Belarus. The initiative for the Eurasian integration has emerged from the mid-sized members of the Eurasian Union and their willingness to facilitate the trade with their main partner, Russia. As can be seen from the following diagrams, Russia plays the major role in both export and import trade for both Kazakhstan and Belarus.

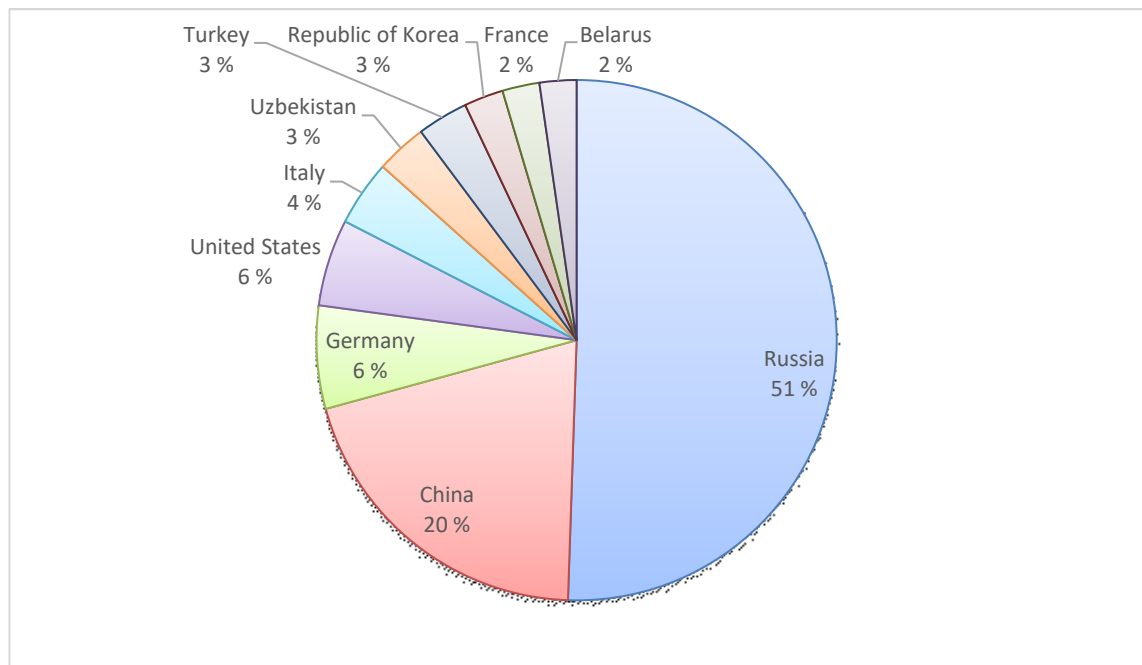


Figure 5 Top 10 import partners of Kazakhstan in 2019 (WITS 2019.)

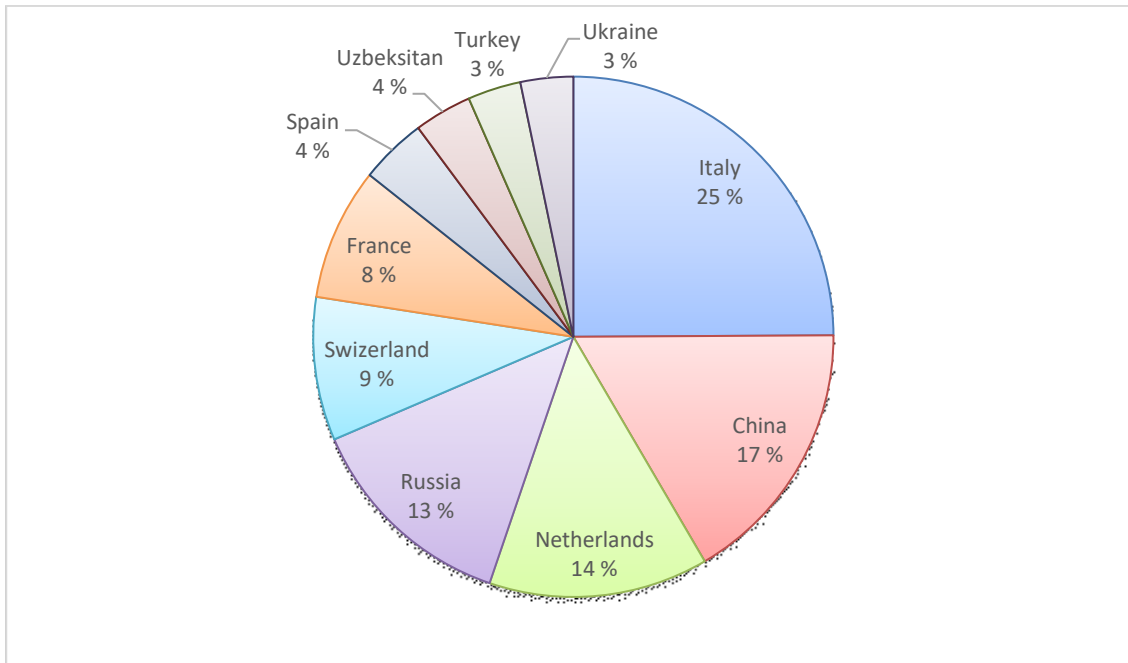


Figure 6 Top 10 export partners of Kazakhstan in 2019 (WITS 2019.)

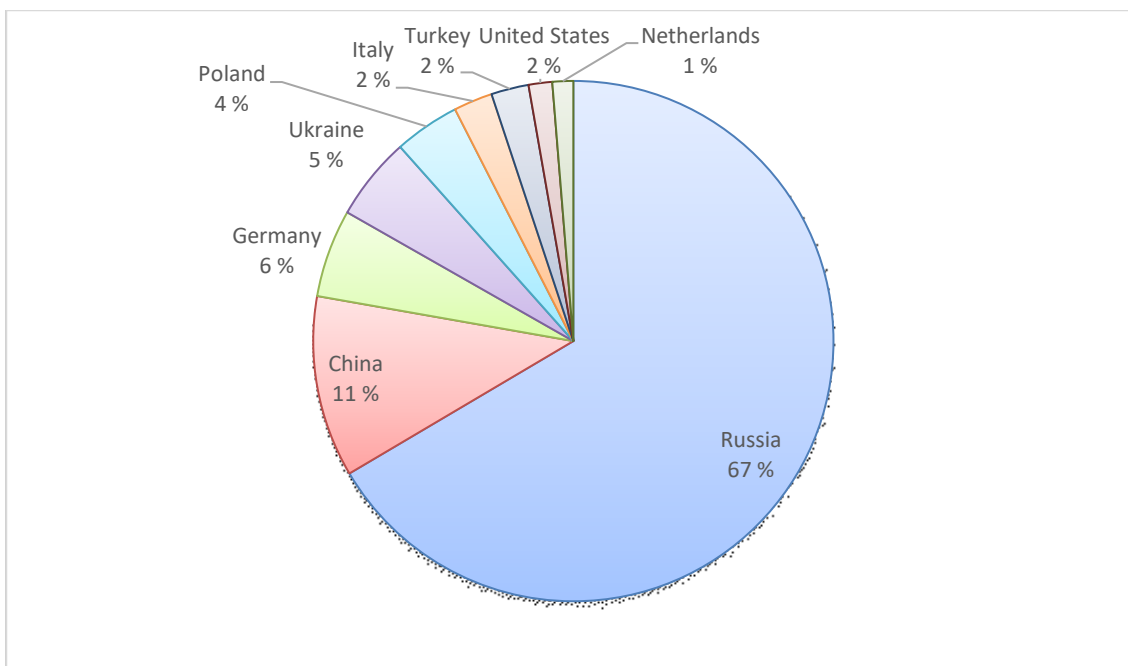


Figure 7 Top 10 import partners of Belarus in 2019 (WITS 2019.)

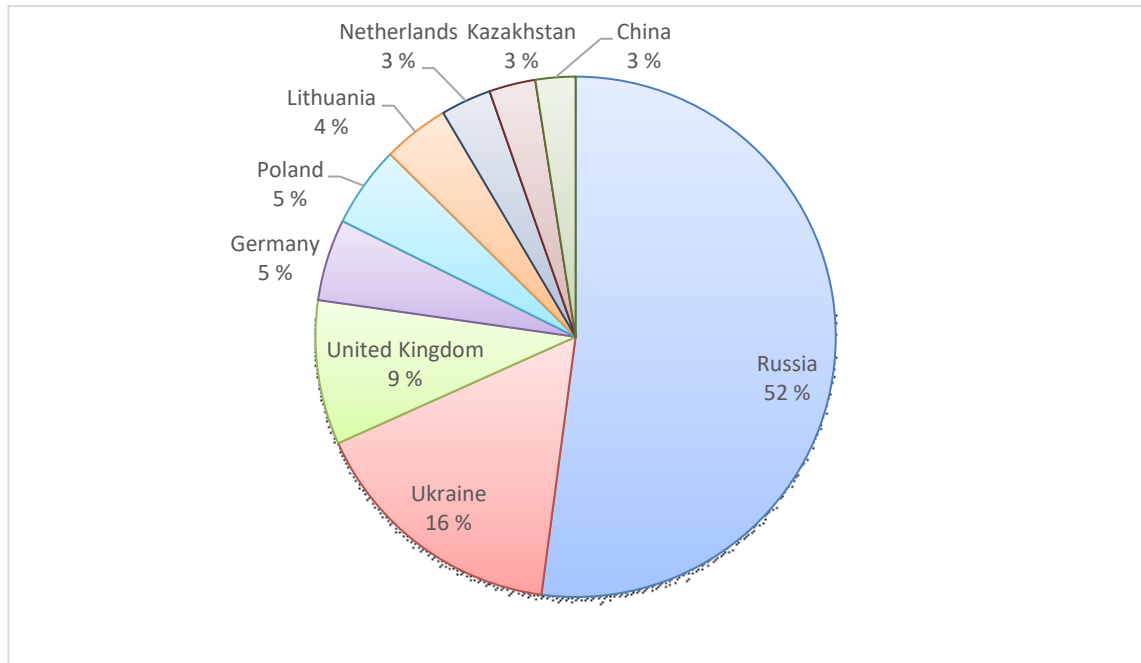


Figure 8 Top 10 export partners of Belarus in 2019 (WITS 2019.)

Since Russia, Belarus and Kazakhstan have a long history rooting in the Soviet times. Both Kazakhstan and Belarus host a vast Russian speaking diaspora and the Kazakh and Belarussian people have relatives and friends living in Russia. The cultural and people connections create a solid base for collaboration between the countries. Also, the economic dependencies of Kazakhstan and Belarus, especially in terms of energy and natural resources create a strong push factor for the countries to have solid economic ties with Russia. Economic dependency is especially strong between Belarus and Russia, stemming from Belarus' history of being the assembly location for heavy machinery in the USSR, but Kazakhstan is strongly dependent on the natural resource imports. Countries participate in common projects and venues in addition to other factors supporting the need for integrational activities. The economic factors combined with demographics, cultural ties and mental proximity create a solid base and need for the integration in the region, which initially ignited creation of the EAEU and its precedents.

“[The EAEU] with free trade zone opens a larger market for small domestic market countries.”

- Interviewee 2

“The integration was initiated to unite for communication with the outside world.”

- Interviewee 4

While politics inevitably play the role in the countries' economic interaction, the motivation of the midsize members of the EAEU in the core of the integrational organization

have been solely economic. While Russia's motivation is to an extent in creating a geopolitical bumper, Kazakhstan and Belarus expect facilitation to trade with their major partner Russia. As both Kazakhstan and Belarus are significant partners to Russia as well, there is a situation of interdependency, which allows the integrational union to work in spite of the difference in the interests between parties in the core of the union. Benefits of the EAEU and its precedents vary in its different member countries. A common benefit for small in domestic market Kazakhstan and Kyrgyzstan, along with other members of the EAEU, is an access to a larger market without customs tariffs between the member countries. Especially at the moment of joining the Union the new members tend to experience a spike in trade with Russia. However, while the economic links between the EAEU member countries and Russia tend to solidify, the links to other EAEU members remain weak and even deteriorate due to the increased competition. On the other hand, the EAEU with its unified trade regulations to third countries clarifies the trade with the region for countries outside the EAEU. (Customs Information Portal 2015.)

"Participation puts some terms on its members. (...) For example there is a common tariff for countries not participating in the Union. The tariff was accepted from the Union, so we have to live by it. That means that we need to build our relations with third parties based on that because our main focus remains in the EAEU."

- Interviewee 2

"Russia joining WTO makes an imprint on our integration processes. When Russia lives by WTO terms, all the EAEU members have to comply with the WTO terms as well. In practice we are members of WTO without being the members."

- Interviewee 4

In order to avoid the market to rule out the trade with third parties not participating in the economic union and so prevent consumers from getting the goods with adequate competition, the economic unions develop free trade agreements with third party countries and other economic alliances. These FTA's are particularly important when the domestic trade in the own region is heavily based on trade of raw materials, which is strongly the case in the core of the EAEU and in particular Russia's trade with Kazakhstan and Belarus. However, the EAEU has struggled to create direct FTA's with any of its significant partners having currently FTA agreements with only minor trading partners and having the FTA agreement process slow. Some important FTA agreement plans have been shelved for the concerns on the domestic competitiveness, especially from Russia's side. This has been the case for the FTA with South Korea, Russia being afraid of excessive competition from the South Korean goods in the fields of automotive production and electronics. What comes to the trade facilitating agreements with China, the EAEU has

stuck to regulatory elements of trade, such as transport, industrial cooperation and investments, ruling out the actual import duties, which would be harsh of Russia's as well as Central Asian members' competitiveness. As Russia's focus is deepening the integration within the EAEU in order to strengthen its own geopolitical and geo-economical position towards the EU and China, this translates into protectionist approach and so alienation of the EAEU from major trade partners. Simultaneously there is an increasing push for a wider Eurasian integration from China especially in Russia and Central Asian countries. In order to escape the tightening grip of China on the region, the EAEU member states have interest to deepen their cooperation with the EU. The improvement of the EU relations would benefit Russia as well providing them an alternative to China's economic interest. (Van der Togt 2020, Vinokurov 2020.)

"We have our own partners as a country, we don't just work with the EAEU"

- Interviewee 2

A major issue is that EU in spite of being a large partner for both EAEU and its single member countries, is not on the table for any kind of FTA, which is a challenge for both the Unions. However, most of the other EAEU members pursue actively relations outside the EAEU in order not to be locked up in Russia-dominated framework in order to serve better their own people and national interests and have more power to counter Russia's moves that can be viewed not favourable for the smaller members of the EAEU. The EAEU members have so created bilateral agreements with the EU as individual countries and not part of the Union. The EU and Kazakhstan have tied the Enhanced Partnership and Cooperation Agreement in 2015 and there has been the Comprehensive and Enhanced Partnership Agreement with Armenia in 2017. Both of these agreements comply with not only the WTO law but also the EAEU obligations in order to avoid any collision between the EU and the EAEU. The power and interest imbalance within the EAEU leads to its smaller member states to hedge and balance their relations with Russia with third party members, such as the EU and China. The reluctance of EU to directly attempt cooperation with the EAEU stems from the Ukraine's refusal to align itself with the EAEU, signing an Association Agreement with the EU instead and the followed conflict with Russia, presenting EAEU as a Russian-dominated geopolitical instrument to re-establish Russia's hegemony in the post-soviet space. However, the bilateral relations with the EAEU members are vital for both EU and the EAEU members, since the energy dependence and trade related to that. (Vinokurov 2020.)

"The unification makes things easier."

- Interviewee 2

"[With Russia] shared mentality, shared problems. We have always considered them as friends, that's why the integration has been easy."

- Interviewee 4

The Eurasian Union is a stepping rock for economic integration to larger economic organizations for its members. At the same time the Eurasian Union enables protectionist actions and puts them on the same line for imports from third parties. (Customs Information Portal 2015.) Streamlining the basics of the economies within the organization facilitates the trade between countries subject to unification. Although causing temporary instability, in the long run Kazakhstan benefits from the fact that it has changed its monetary policy to floating tenge exchange rate, following Russian example. The benefit comes from removed need to spend substantial amounts of foreign currency reserves and ends needless arbitrage between Russia and Kazakhstan. In the time period from the year 2014 to summer 2015 the Central Bank of Kazakhstan has spent over 28 billion alone to support its national currency. As a consequence of changing the currency to floating value, countries inside the economic union should maintain or catch the benchmarked Russia on competitiveness. (Responsibility 2015.). The joining of Russia and Kazakhstan in the WTO essentially affect the entire Union, such as the major members of the Union have to comply with the WTO terms and regulations, inherently passing the same requirements on the members not already part of the WTO. This may facilitate the other member countries' joining the WTO, but essentially the hindrance for their admission lies in details and the direct adjusted agreements with the WTO. Kazakhstan has managed to negotiate unique terms for the WTO membership, compared to other EAEU countries. Along with other terms, Kazakhstan has managed to negotiate itself lower customs tariffs for non-EAEU members. While the EAEU tariffs for non-member countries usually are on 9% level (Toksobaev 2015), Kazakhstan has negotiated unique terms which allow it to stay in the EAEU but lower the tariffs on goods 6,1%, agricultural products on 7,6% level and non-agricultural products 5,9% (Putz 2015.). This can diversify the exports to the country and most importantly promote Kazakhstan's position as a transition hub, which it already has been trying to achieve by participating in China's New Silk Road project. Belarus, already suffering from other EAEU members' WTO membership, is concerned about the tariff exemptions that Kazakhstan negotiated to itself. According to Belarus Foreign Minister Vladimir Makei, technology that was at some point been imported into one of the EAEU member states from Belarus, can now be imported to Kazakhstan and consequently to Russia, where it can substitute the equipment that used to be exported from Russia to Belarus. The other EAEU members are building new tariff protection for the goods that can enter the EAEU market through Kazakhstan. (Satubaldina 2015)

“Those countries ended up in the situation when they were independent but had no idea what independence meant.”

“Integration always needs a leader, someone who would lead the integration, act as a strong leader and can present the integration with third parties. Of course, in the EAEU it's Russia.”

"We are a country with small market. (...) We need a strong neighbour. All the countries do that."

"Russia is more global than us, so it can dictate its terms. (...) We need to live with that and adapt to live by their terms."

- Interviewee 4

While Kazakhstan has managed to build a networked and self-sufficient country in the core of Central Asia after it gaining its independence in 1991, Belarus, along with small EAEU members, have struggled more building its identity as an independent country on the border of Russia and EU. After the dissolution of the USSR, Belarus had to reorganize drastically its economics. While in the Soviet times country has served as an assembly location for heavy machinery, with the newly acquired independence the country had to adapt to being independent actor rather than just an assembly location in a larger production line. While the Belarussian narrative sticks strongly to country's independence politically, economically and culturally, in practice the country is dependent and tied with Russia preventing deeper collaboration with the EU. Russia sees Belarus as a trusted ally and keeps supporting the country with subsidized energy and FDI's. Belarus however pursuits to have diplomatic relations with the EU in order to leverage their negotiating power towards Russia both in EAEU framework as well as direct relations.

"Well the main issue is most likely the need for modernization of the material base."

- Interviewee 4

Increased competition has been a challenge for the EAEU member countries, that not only have to deal with the ever-growing goods flow from China, but now also with the other members of the EAEU, although the trade amounts directly between the countries are still small. In case of Belarus the core of the poor competitiveness is outdated technology and machinery base, which provides the country to produce stock compliant with for example European standards. Meeting the standards would require money and resources, which are not available. For Kazakhstan the EAEU is one way to protect its market from third parties, particularly Chinese goods. On the other hand, the EAEU membership is also a way to improve the competitiveness of domestic companies by integrating them to larger market. It is notable, that Russian companies are more competitive than their Kazakh counterparts in all sectors, which has proved to be an issue for the domestic producers. While initially the customs union and EAEU membership seem to increase the trade amounts, the increased trade seems only translate to the one with Russia, leaving the increase with other EAEU members insignificant. The Eurasian customs union has been functioning for such a short period that its effects cannot yet be adequately measured. However, already as an unintended benefit one can witness reduction of the corruption. This stems from illegal activities of bribery and illegal confiscation at the borders. As the customs union has transferred the customs control to the borders with non-customs

union members, the activities have reduced. One of the goals is to improve business-climate and respectively Kazakhstan is moving in the right direction in the World Bank ranking of Business climate. Following stagnation in other EAEU countries rankings, we can argue that Kazakhstan has managed to improve the Business climate ranking not for the EAEU but rather in spite of the membership.

“The decisions are always made politically. (...) 90 percent of the Belarussians agree with the integration processes.”

”We will participate in the integration and we will consider our partner’s needs, Russia’s needs. But at the same time we will hold on to our independence!”

Due to strong ties to Russia, the mid-sized members of the EAEU are constantly balancing with their own independence and the economic, social, and cultural dependencies and ties with Russia. The mid-size members try to tackle the issues of excessive integration by isolating the integration of the EAEU to solely economic purposes. While the economic and political decisions are often inseparable and inevitably affect each other, Kazakhstan and Belarus try to tackle the initiatives from the EAEU, and essentially Russia, that would withhold effects other than those on trade. The creation of free trade zone and customs union with Russia have been significant facilitators for the trade for both Kazakhstan and Belarus. In spite of normally rather positive attitudes towards economic cooperation within the EAEU, also critics have been presented from the Kazakhstan’s side. The critics have been referring to cooperation issues and profitability of the Union to Kazakhstan. The Russian trade sanctions also affect the trade with Kazakhstan. For example, in the first half of the 2014 Kazakhstan’s trade with Russia had slumped with 24,6%, compared to the same period in 2013 due to the trade sanctions of the EU on Russia. The effect of Russian tit-for-tat sanctions on Kazakh economy have been seen especially negative, as Europe is a major partner of Kazakhstan, both in imports and exports. Kazakhstan promotes its multivectoral relations and is not willing to cut the partnerships because of other countries economic interest. (Mukhamedzhanova 2015.)

”Different speed of integration, different integration within the union... Three countries that initially founded the union, Russia, Belarus and Kazakhstan have of course agreed on everything. But the countries that have just been let into the union, we don’t want them to do all the decisions there our things, we want to let them gradually become part of the union.”

- Interviewee 4

Kazakhstan, Belarus and Russia have created the core of the Eurasian integration. The countries have the furthest developed integration with each other, the tightest economic relations and the most established forms of cooperation. From Russian perspective it is favourable to expand the Union to the furthest in order to increase their own geopolitical status and weight. The other member countries have no interest in geopolitics in terms of

the Union and so have more reluctant attitude towards expansion of the union beyond the core. From the point of view of Belarus and Kazakhstan the new, often poor, members are nothing but restrain on the functioning collaboration of the Union. Bringing the new members up to the standard level of the EAEU brings unclarity to the functioning collaboration in the core of the Union. New members bring additional competition to the domestic market, open borders to foreign cheap labour power and unwanted goods flow to the country. Joining of Kyrgyzstan to the EAEU has been disliked by Kazakhstan, since the country is a corridor to EAEU and Kazakhstan in particular for Chinese goods. Also, joining of the smaller and poorer countries open the doors for foreign labour power throughout the union, which has disadvantaged Kazakhstan and Belarus.

The mid-sized EAEU members base their interaction with Russia in the EAEU matters on balancing between Russia and the rest of the world, especially the EU. Since China is a threatening neighbour to both Russia and the other EAEU members, maintaining relations with China not only serves as a leverage in negotiations with Russia but also unites the countries under the same goal of countering China's increasing power in the region. The mid-sized members of the EAEU pursue having relations with several third parties outside the EAEU in order to hedge themselves against Russia and China. The perceived power comes from the historically strong integration between the countries, creating the core for the existence of the EAEU. The countries not only cooperate but have also dependency on each other. The mid-sized EAEU members actively pursue connections with third parties in order to secure their interests. The contextual negotiating power stems from the interdependency in trade between Russia and mid-sized EAEU members. The countries need each other in terms of trade and thus need to cooperate. The mid-sized countries have attempted diversify their trade to various directions in order to decrease the dependence on Russia. Especially Kazakhstan has been successful in this, having strong trade flows in EU. The energy trade is however majorly tied with Russia. The contextual negotiating power has its roots in the long history of integration between Russia, Belarus and Kazakhtsan, which has allowed the cooperation to establish on a solid base, resolving the issues and tuning the functions of the union. The physical factors stem from the agreements with third parties and bilateral agreements of Kazakhstan and Belarus, which allow the countries not to be locked under the Russia-centered framework. The intangible factors in the negotiations are based on the similarities in culture and language connections between Russia and the mid-sized members.

5.3 Small members in the EAEU

“They didn’t want us here, but Russia needs us and we need Russia to protect us from them [China]”

- Interviewee 1

Kyrgyzstan is the latest member of the EAEU by joining the organization in August 2015. The Kyrgyzstan membership accession was delayed by Kazakhstan due to four main reasons. Neither Astana nor Minsk were happy that the decision about Kyrgyzstan’s EAEU membership was made in Moscow. Enlargement of the Union in the direction of Kyrgyzstan was against the interests of Kazakhstan and Belarus. Kazakhstan fears the uncontrollable migrant worker inflow in the country and vast amounts of Chinese goods on its market transported through Kyrgyzstan. Kazakhstan is also displeased with the fact that Kyrgyzstan’s economy is supported from EAEU’s common financial institutions. For the EAEU accession Russia has granted Kyrgyzstan 1,2 billion USD funding along with cheap loans up to 3 million dollars. The EAEU has a functioning fund, which provides the members with loans with 10% interest, instead of for example in Kyrgyzstan case 30-35% interests in dollar loans. Already Kyrgyzstan has been granted several loans, while there have been few hundred applications. Armenia joined the EAEU earlier in 2015 and just like in case with Kyrgyzstan, Russia has been the main driver for the admission. Russia and Armenia need each other primarily for security reasons. For politically isolated Armenia by its neighbours, Russia is a reliable partner for military support and assurance of its non-alliance with Azerbaijan in Nagorno Karabakh’s case. From Russia’s point of view Armenia is a base near the Russian Caucasus and Chechnya, a region of relative instability. (Toksobaev 2015, Lagutina 2016.)

“They [Russia] are vital to us. Our entire economy is closely knit together with Russia, no matter from which angle we look at it.”

- Interviewee 1

Bishkek sees that the EAEU membership will facilitate the life of Kyrgyz migrant workers in other EAEU countries, particularly in Russia and Kazakhstan, as they will enjoy the same social benefits as the native workers. Also, quotas for migrant workers would disappear along with the membership. Prior to the EAEU membership around 700 000 Kyrgyz migrant workers were working in Russia, their remittances accounting for 31% of Kyrgyzstan’s GDP. As the EAEU membership facilitates the employment process in the region and the workers are allowed to stay 30 days in another EAEU country without registration, most of the migrant workers are unlikely to return to their own country. Same applies to Armenia with their vast diaspora in Russia and thousands of migrant workers mainly in Russian territory. Kyrgyzstan hopes to become a hub for distribution of Chinese goods in Central Asia. Effects like this would however be short-termed, as the focus of Chinese goods inflow would turn to Kazakhstan-China border when the new Silk

Road project starts working in practice. Also, imports from China will shrink due to higher import customs duties, which has risen from 5% to 9%, as well as use of Kyrgyzstan as a transit country will decline. However, the Kyrgyz export market would grow as export would be facilitated. Also, the competitiveness of domestic products, namely products of agriculture, will grow, as the prices will go lower. Also, products licensed by the official EAEU license agency are eligible to be sold anywhere in the EAEU countries without additional certificates of quality. (Toksobaev 2015, Syssoyeva 2019.)

In 2009 Armenia was working on proximation with Europe along with several other CIS countries in EU's Eastern Partnership. Armenia managed to complete extensive political, legal and socioeconomic reforms by 2013 and was ready for the Association Agreement with the EU when Russia, previously being neutral towards its neighbours partnering with Europe, expressed their discontent with the European partnership of Armenia and reacted by supporting Azerbaidzhan's military in the Nagorno Karabakh conflict. Armenia was aiming to have good relations both with Russia and the EU but facing either or attitudes from both of the sides skewed towards Russia due to stronger economic, cultural and historical ties. Armenia joined the Customs union in spite of the initial reluctance due to no common borders with the Customs union. However, Russia persuaded Armenia to join pointing out it being Armenia's leading trade partner, Russian investments in the Armenian economy being over USD 3 billion, about 1300 Russian companies working in Armenia, and a number of strategic assets in Armenia being owned and run by Russian companies. Moreover, developments in cultural and educational spheres, constitute an important component of bilateral relations.

“They [Russia] subsidize us, our whole economy would collapse without them.”

- Interviewee 1

Kyrgyzstan expects that EAEU membership brings larger amounts of loans and grants from organizations to the country. Especially Kyrgyzstan expects more investments from the UAE and China. Expectation for larger amount of FDI is motivated by the fact, that EAEU membership potentially expands the Kyrgyz domestic market from national boundaries to cover the whole EAEU market. (Toksobaev 2015.)

In spite of Russia's often protectionist approach towards the former Soviet countries what comes to their cooperation with the EU, Russia often applies the “reinforcement by reward” instead of hard power in order to maintain and grow their influence in the region. In Armenia, Russia accounts for a good half of the FDI's in the country. Russia also subsidizes heavily natural gas prices sold into Armenia. Although both EU and Russia are vital trade partners for Armenia, Russia controls all the key sectors of the Armenian economy, including energy supply, refinement and distribution, transport, telecommunications, banking, insurance, and mining leaving Armenia little option in selecting a partner in either – or selection situation.

“We need to adapt... We try to be open to everyone, but EAEU brings its own limitations.”

- Interviewee 1

The technical requirements are same in the whole EAEU region. Even though development of own technology is expensive, with the membership Kyrgyzstan and Armenia get access to all the technology used in the EAEU. Kyrgyzstan's and Armenia's EAEU membership are rather problematic considering country's WTO membership. WTO requires the import customs to be maximum on 7% level while EAEU membership inevitably raises the tax to 9%. To make memberships in both organizations possible simultaneously Kyrgyzstan and Armenia need to develop some kind of compensation to the WTO for not maintaining the required customs tax. Few product groups, like industrial machinery and medicine in Kyrgyzstan however will maintain the old tax level until 2020 with the special agreement with EAEU. This is due to the fact, that most of the machinery of Kyrgyz production is imported from China and USA and maintaining the tax exemptions will help the country not to lose competitiveness. The exemptions for medical productions have a social aspect to keep the medicaments available also for the poorest layers of the population. (Toksobaev 2015)

In general, the EAEU have much more protectionist trade policies than the ones in the former Soviet countries. For example, Russia's trade-weighted average tariff agreed in the WTO for 2011 was 9.9%, whereas in the same year it was 3.6% for Armenia. In practice, raising customs duties means that importing from third countries becomes more expensive for the smallest, and already poorest countries of the EAEU. In practice meaning prices for food and other commodities imported to Armenia and Kyrgyzstan from, for instance, the EU and China, will be more costly for the people of the country. Also, in case of Armenia bilateral agreements have become an issue due to previously negotiated trade agreements based on WTO principles of opening and liberalizing the markets, as now the EAEU's supranational institutions will be responsible for negotiating trade and customs policies of the union. In practice, while preparing for the admission to the Customs Union, Armenia has negotiated exemptions from higher customs duties on about 900 commodity groups including natural gas, petroleum products, and rough diamond deliveries from Russia, saving Armenia around USD 200 million. It is argued that the EAEU needs to liberalize trade policies in order to provide at least seeming economic benefits from the EAEU membership.

“We are constantly balancing. We have had issues and we try to build our country in spite of them.”

- Interviewee 1

The eventual push for Kyrgyzstan to join the EAEU was the 9/11 terrorist attacks and USA proclamation of war on terrorism. Kyrgyzstan is in Washington's sphere of geopolitical interest due its location in Central Asia. Russia has a strong geopolitical interest in

the area as well and it has traditionally considered Kyrgyzstan as its zone of influence. The competition of Russia and the USA over the influence in Kyrgyzstan can be seen for example in deployment of military bases of both countries in Kyrgyzstan. The USA military base in Manas was however closed in 2014, which can be seen as Russia's political victory in the country. Kyrgyzstan considered accession to the EAEU as a way to preserve its political stability and nationhood development, struggling in political conflicts of the country.

“We are not alone. We try to get along with all our neighbours and our [geographical] location is good. They need us and we need them.”

- Interviewee 1

In short term, 200 000 people's employment might be endangered due to decline in wholesale. Financial dependance on Russia in forms of both trade, FDI's and the GDP input of the migrant workers make Kyrgyzstan and Armenia extremely vulnerable to changes in Russian economy. This results loss of income and as a consequence rise in social problems and inequalities making the small EAEU member countries more vulnerable to social unrest. EAEU membership can be tricky in terms of closing cooperation opportunities with other countries. However, to the date Kyrgyzstan has maintained its multivectoral policy and maintained good relations with all of its partner countries. Armenia lacks allies, but it tries to maintain relations with both Russia and the EU. However, if Russia starts pushing too strict terms or obligate to unfavorable policies Kyrgyzstan relies on that its other partners would come to its help. Also, EAEU's mistreatment of Kyrgyzstan may trigger Kazakhstan's resignation from the union. (Toksobaev 2015.)

Recently Kazakhstan faced problem in the EAEU membership, when Russia set import sanctions towards the EU. This resulted disappearing of the European products from the retail in Kazakhstan as well. Kyrgyzstan should not have to face similar problems, as it is relatively small market with few imports from Europe, so Russia is not concerned that much of Kyrgyz retail. (Toksobaev 2015) Armenian entrapment into the Union is an example of the use of the political conditionality strategy by Russia. This case of entrapment can be seen as an example of “reinforcement by punishment” tactics used by Russia, forcing Armenia to decide in favor of the Eurasian organization. Armenia's dependence on Russia, is driven by the conflict in Nagorno Karabakh and closed borders shaping Armenia's security cooperation with its allies. Being a strategic ally of Russia Armenia continues to rely heavily on military assistance and subsidies from Moscow. In addition to military subsidizing, Armenia and Russia have worked to create the Caucasus Unified Air Defense System as well as a joint Russian and Armenia military group, with Russian military bases located in Armenia.

The small members of the EAEU, Kyrgyzstan and Armenia are part of the Union mainly due to Russia's pressure and interest. Their presence in the Union is strongly initiated and driven by Russia, while the mid-sized members have been reluctant to include

the small, unstable and poor members in the Union disrupting the functioning cooperation between the core of the integrational union. While the EAEU membership compromises the foreign multi-vectoral relations of the small EAEU member countries, being part of the EAEU ensures favourable treatment from Russia's side, which is vital for both Armenia and Kyrgyzstan. The mid-sized members of the EAEU have been throughout the integrational activities been hesitant to expand the union collaboration beyond the core countries Russia, Kazakhstan and Belarus, since the small new members have proven only to be a financial burden for them, since the trade flows between those countries are small. Both Kyrgyzstan and Armenia face security issues which makes them desperately seek a strong ally in order to ensure their own stability. They have attempted to retain friendly relations towards several external strong partners and thus create negotiating leverage with Russia as well. In practice this has been proved difficult, since Russia has economical overpower over both Kyrgyzstan and Armenia and if necessary, Russia has proved to be ready to use hard power to shun the countries away from other potential alliances. Kyrgyzstan has developed friendly relations with the USA which also has geopolitical interest in the region, while Armenia has looked forward partnership in Europe for economic and cultural relations. The perceived negotiating power of the small EAEU member countries is weak, since their admittance to the union is solely Russian agenda and the countries have strong dependency on Russia be them in EAEU or not. The contextual power in the EAEU negotiations however stems from the location of the countries Kyrgyzstan being a spot of interest of the USA and a strategic location in the core of the Central Asia. Armenia in turn has on its side the advantage of proximity to Russian Caucasus, another hotspot on Russian map. Both Armenia and Kyrgyzstan also have significant diasporas and migrant workers residing in Russia, which combined with countries' shared history which allow them to proximate with Russia in terms of negotiation. The small member countries have attempted to gain more physical negotiating power with deals and agreements with outside partners, which has proven tricky since there have been cases of external partnering being cause for Russian aggression and switching to the use of hard power instead of soft persuasion. Intangible negotiation power has stemmed for example from the WTO agreements signed prior to the EAEU admission, which make Russia provide financial subsidies and exemptions to the EAEU regimes and regulations to the external trade.

6 CONCLUSIONS AND DISCUSSION

6.1 Conclusions

Russia is in the core of the Eurasian integration, although formally it was not the initiator for the integration in the region. Essentially it however is the only prerequisite for the integration in the area, since the other EAEU members base the need for integration majorly on their own relations with Russia. While customs union allows their own goods to a larger than domestic market, in practice the trade facilitations are mostly benefiting the trade with Russia. While the mid-sized members emphasize the EAEU being solely economic integration, Russia's focus is majorly in the geopolitics. However, although Russia is essential prerequisite for the existence of the Union and a major partner for the other EAEU members, Russia tends to use soft power of persuasion rather than hard power in its negotiations within the union, as well as for the Union expansion. Russia stages itself as the source of stability in the region, particularly in Central Asia. Russia also takes advantage of its shared history, cultural proximity and Russian diasporas in the other EAEU countries.

The mid-sized EAEU members have been the initial igniters of the integration in the Eurasian region. Being part of a larger economic entity rather than their own market provides them leverage in trade with external partners while facilitating the trade with their major trade partner Russia. The mid-sized members Kazakhstan and Belarus are relatively large and stable countries for their independent existence, although still heavily dependent on trade with Russia. To their advantage plays the fact, that they are also major trade partners to Russia and major political allies. Russia also provides safety from pressure of China. Both Kazakhstan and Belarus share very close cultural proximity with Russia and due to the long history of these countries working together the integration is functioning well and is refined. The mid-sized EAEU members have actively built relations to partners outside the EAEU in form of international agreements and bilateral relations in order to secure their interests in the Union. The contextual negotiating power stems from the interdependency in trade between Russia and mid-sized EAEU members. The countries need each other in terms of trade and thus need to cooperate. The mid-sized countries have attempted diversify their trade to various directions in order to decrease the dependence on Russia. Especially Kazakhstan has been successful in this, having strong trade flows in EU. The energy trade is however majorly tied with Russia. The contextual negotiating power has its roots in the long history of integration between Russia, Belarus and Kazakhstan, which has allowed the cooperation to establish on a solid base, resolving the issues and tuning the functions of the union. Maintaining relations to

external partners provide negotiation leverage to mid-sized members of the EAEU, which is a practice commonly used in the small EAEU member countries.

The small members of the EAEU, Kyrgyzstan and Armenia are part of the Union mainly due to Russia's pressure and interest. Also, the newest, smallest EAEU members are a practical proof of the political aspect of the EAEU, since the small Kyrgyzstan and Armenia are more of a financial burden rather than expansion of the market in the Union terms. The small members are pulled to the EAEU due to their heavy dependence on Russia as well as security threats on the country. While the EAEU membership compromises the foreign multi-vectoral relations of the small EAEU member countries which they try to maintain for their own security, being part of the EAEU ensures favourable treatment from Russia's side, which is vital for both Armenia and Kyrgyzstan. The small EAEU members build actively a multi-vectoral relations to create leverage against Russia balancing between their partners and essential partner Russia. Kyrgyzstan has developed friendly relations with the USA which also has geopolitical interest in the region, while Armenia has looked forward partnership in Europe for economic and cultural relations. Such strong and from Russian perspective risky partners have improved the negotiating power of the small member countries, having a strong ally to reinforce their agenda in the Union. Small members have also acquired better negotiating power towards Russia due to intangible negotiation power has stemming for example from the WTO agreements signed prior to the EAEU admission, which make Russia provide financial subsidies and exemptions to the EAEU regimes and regulations to the external trade.

The mid-sized members perceive the EAEU most from the economic perspective, which the Union is supposed to be on paper. They are also the most potential beneficiaries from the economic integration in the area, although the EAEU membership has put strain on the bilateral agreements outside the EAEU region. In general, EAEU provides unified terms for trade both in the region and with external parties, which creates clarity in the trade issues. Also, being part of a larger economic entity grows the international weight of small global actors. The mid-sized members rely on their importance to Russia, which usually ensures them being heard in the EAEU decision making. The mid-sized members are essentially the reason why Russia cannot fully utilize its overpower in the negotiations in the region.

6.2 Summary

The aspect of this research paper formed to observe the current situation of the EAEU and the ways its members negotiate in order to achieve their own best benefit from the integrational cooperation. By the nature economical dimensions of the EAEU are under political layers, which eventually motivate this research. According to empirical findings

in the smaller EAEU member countries, Russia is the most logical partner for condensing cooperation politically and economically in the EAEU member countries.

In the theory part supposition was total dominance of Russia and a huge asymmetry in the power balance inside the union. However, findings show that the negotiation power of the smaller EAEU member countries can be greater than their absolute statistical sizes are economically due to the active relationships with other partners, bilateral agreements, cultural ties with Russia and location, combined with interdependence between Russia and the smaller EAEU members. Political weight of these countries inside the union is not possible to compare in a linear way, but indirectly observations suggests that there is a leeway to balance between Chinese and very limitedly between Western sphere of influence. This applies more in case of Kazakhstan and Kyrgyz role follows its Northern neighbor's path. Cross appeal between the Central Asian members and Russia towards the nature of the union is anyway clear. Kazakhstan and Kyrgyzstan as well as in the European part Belarus, are willing to see EAEU more as an economic union, while Russia is also very interested in the security aspects and geopolitics, essentially utilizing the small EAEU members to reinforce own positions in this field.

This research paper is limited in the sense of analyzing the full economic potential of the union for a few reasons. First of all, it is still unclear how deep the integration will be as the union is very young shaping at the moment in a very difficult economic situation. Empirical material gathered in interviews concentrated to current situation and to factors which are more or less unarguable. The interviewed professors were not willing to speculate too much and rather stayed within their own area of expertise often avoiding the political aspects of the Union. This enhances the trustworthiness in the interviews although requires the researcher draw own conclusions for the political aspects of the integration. Russia as the leading initiator has suffered from sharp economic downturn by falling oil and raw material prices, economic sanctions set by the western world and slowness of internal restructuring of the national economy. Attention of Russian political resources have been strongly concentrated to focal points of world politics in Middle East in Syria and in Eastern Europe in Ukraine. In the ensuing new environment, it has become even more important to speed up integration in the Eurasia with partners, but lack of resources in the top of central administration means also fewer initiatives to develop EAEU. Weakness of centralized power can be considered approval of top decision makers for permanent contracts. Secondly transformation periods to different contracts already agreed are in most cases long and the implementation results will be seen only at the end of this decade.

6.3 Limitations and suggestions for future research

The EAEU in its current form has not existed long enough in order to accurately and objectively measure its economic effects on its member countries. Initially at the time of member admission the trade numbers seem to experience a spike, but the growth stalls rather quickly afterwards, since the trade mainly becomes easier with Russia and the competition increases from the other members' side. Current global economic situation prevents so far, the most recent evaluation of the EAEU membership effects. Since Russia has started war aggression in Ukraine in February 2021, the dynamics within the EAEU have drastically changed jeopardizing collaboration in the region. While security concerns within the EAEU may have increased, Russia is perceived as a partner one needs to stay in good terms with. Russia is also a source of raw materials, food, and debt refinancing on better and more competitive terms than other global actors (Korolev 2023).

Russia is chairing EAEU in 2023 providing Russia a chance to use the Union for promoting its own interests. Since cooperation with West is deteriorated, Russia has switched its focus more strongly in Asia and Eurasian collaboration. Russia is urged to create vast import substitution programs in order to fill the void from Western products and companies leaving Russian market. The replacements have been made by Asian actors, namely China, Russian domestic producers and actors from the EAEU. In the context of restricting the import of industrial products and technologies from unfriendly countries, Russia needs to establish alternative import supplies from friendly partner states, as well as organize channels for parallel imports, more systematically using the transit capabilities of partners in the EAEU. (Korolev 2023.) Export value of Finland to Central Asian EAEU members has experienced a drastic increase in 2022 due to the countries serving as a transit corridor to Russian market. The largest gains have been in export to Kazakhstan and Kyrgyzstan. The Finnish exports experiences +143% growth in exports, valuing the export 248,5 Meur. Exports in Kyrgyzstan have increased astronomical 812%, accounting for 28,8 Meur (Penttilä 2023).

In such an environment the main goals for the EAEU chairmanship would be building diversified logistics channels to ensure uninterrupted supplies and creation of direct and tangible benefits for EAEU partners that can outweigh the potential risks for them. This gives the smaller EAEU countries a leverage for negotiating with Russia. On the other hand, the smaller EAEU members have to face the difficulty of balancing between Russia and the West, since the more actively other EAEU countries help Russia bypass Western restrictions, the more they are vulnerable to Western sanctions. (Korolev 2023.)

Since the EAEU members build their own relations outside the EAEU while the Union itself provides a framework for negotiating external contacts, it would be interesting to further the research to comparison of the bilateral agreements and their advantages or

disadvantages to the single EAEU member countries as compared to the EAEU framework of trade. An interesting emerging issue is also the soon ending adjusted trade tariffs negotiated to the smaller EAEU members in order to prevent excessive hit on the small countries' economies from the admission of the EAEU. While the WTO member countries have initially had favourable terms of trade with a larger set of partners, the essential partnership with Russia through EAEU has forced them to raise the trade tariffs towards the EAEU external partners. In order to prevent major economic hit due to tariff adjustments of the EAEU, the Union, and necessarily Russia, have negotiated lower tariffs on certain product categories and now those adjusted tariff agreements are about to come to their end.

Another development of the EAEU can be seen in negotiation of FTA's with more significant trade partners than before, being negotiated with China and India. This also indicates Russia's focus in the East rather than the West, which can put strain on other EAEU members and their pursuit of building multi-vectoral relations towards different global actors. The EAEU is facing a threat of becoming stagnant Russia-centered local integration group, which essentially limits relations with external partners limiting the economic contacts to the directions Russia pursues.

While mapping the relations within the union inevitably the name of professor Dugin from the Moscow state university is emerging. Dugin has been a promoter for the multipolarity theory in the macroeconomic and political scope. However, in this study I will solely concentrate on the relations and multipolarity issues within the Eurasian Economic union rather than discuss the global scope of the multipolarity. Partly controversial opinions of Dugin will however be referred to in the country-specific analysis of this thesis, but his ideas will not be applied as a theoretical framework of this thesis.

While writing this thesis there has emerged a significant perceptual difference between Russian and western research of the EAEU's global weight and role of the union on the international arena. However, the premises on which Russia bases its research differ from the western ones and as well the smaller member states. This study is utilizing sources from both Western sources and sources from Russian speaking research space.

Also, while the economic negotiations between countries happen on several different levels, this thesis is limiting the scope to the general negotiations between governments in the Eurasian Economic Union. Also, the main focus is on the negotiations between the regional core and the periphery. This, however, is not a major delimiter, since as common in core-periphery structures, the intra-periphery activity is weak and is not in the core of this study.

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