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Andrej Krickovic

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## Imperial nostalgia or prudent geopolitics? Russia's efforts to reintegrate the post-Soviet space in geopolitical perspective

Andrej Krickovic\*

*Faculty of World Economy and International Affairs, Higher School of Economics,  
National Research University, Moscow, Russian Federation*

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After stagnating throughout most of the 1990s and 2000s, Russia's efforts to reintegrate the post-Soviet space are finally gathering momentum. According to President Vladimir Putin, Russia's goal is to establish a Eurasian Economic Union "capable of becoming one of the poles in a future multi-polar world." Most existing studies see Russia's imperial and post-Soviet legacies as the driving forces behind these efforts. Although they offer valuable insights, these studies fail to explain the timing of Russia's push for deeper regional integration. This article examines these developments from a geopolitical perspective and compares Eurasian regionalism with the regional integration projects of other great powers (more specifically, Brazil and Mercosur/Unasur and China and ASEAN + 1). All three efforts are occurring at a time when the international system is in flux and the ability of the USA and other Western powers to deliver key global collective goods is being called into question. Regional integration must ultimately be seen as a strategy by Russia and other great powers to respond to these challenges and prepare themselves for an unpredictable future.

**Keywords:** Russia; Eurasian Union; China; Brazil; regional integration; geopolitics

After stagnating throughout most of the 1990s and 2000s, Russia's efforts to reintegrate the post-Soviet space are finally gaining momentum. Russia has abandoned its perfunctory efforts at regional integration through the Commonwealth of Independent States (CIS) in favor of a more dynamic approach centered on economic pragmatism. It has established a Customs Union (CU) with Kazakhstan and Belarus, eliminating tariffs and customs controls among the three countries. Armenia, Kyrgyzstan, and Tajikistan are in negotiations to join the CU. In choosing CU membership, Armenia rejected EU offers of preferential trade and association agreements – in effect turning its back on integration with the EU (Socor 2013). According to Russia's President Putin (2011), the ultimate goal is to establish a Eurasian Economic Union (EurAsEc) that is "capable of becoming one of the poles in a future multi-polar world."

Russia is also competing with the EU over the future of Ukraine, which finds itself confronted with a choice between membership in the CU and integration

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\*Email: [akrickovic@hse.ru](mailto:akrickovic@hse.ru)

with the EU. In order to influence Kiev's decision, Moscow has offered Ukraine discounts on Russian energy imports. It has also warned that it will cancel preferential trade agreements and subject goods coming from Ukraine to stringent customs and sanitary controls if Ukraine moves forward with its plans to establish a Free Trade Agreement (FTA) with the EU. These warnings seem to be having the desired effect. In a dramatic reversal, Ukraine has backed away from plans to sign a partnership and FTA with the EU – stunning many Western observers who believed that the deal was a foregone conclusion. It also catalyzed massive anti-government street protests in Ukraine reminiscent of the 2004 Orange Revolution. In Moscow, Ukraine's decision was hailed as a geopolitical victory for Russia and its efforts to promote regional integration. According to one highly placed observer, "It's like stealing the bride right before the wedding . . . this is another victory for President Putin in the international arena" (Vedemosti 2013a).

Moscow followed up by agreeing to provide Ukraine with \$15 billion in financial aid and \$5 billion in natural gas discounts. The aid could help Kiev avoid the risk of debt default and provide some relief to the country's impoverished economy. Nevertheless, it is still unclear whether Moscow's largesse will move Ukraine closer to joining the CU. The aid package has also further emboldened pro-EU street protesters, who see the package as perpetuating their country's servility to Russia (Reuters 2013).<sup>1</sup>

Russia's regional ambitions have elicited concern in the West. Before leaving office, former US Secretary of State Hillary Clinton criticized Russia's efforts to promote greater integration in the CIS and vowed that the USA would thwart any moves to "re-Sovietize" the region:

It's going to be called a customs union; it will be called the Eurasian Union and all of that. But let's make no mistake about it. We know what the goal is and we are trying to figure out effective ways to slow it down or prevent it. (Financial Times 2012)

This is not the first time regional integration efforts have grabbed headlines. Immediately following the dissolution of the Soviet Union, the successor states also promised to take concrete steps to reintegrate the post-Soviet space through the CIS. The term "Eurasian Union" was in fact coined by Kazakhstan's President Nursultan Nazarbayev in 1994, the same year that CIS members first began discussing the possibility of forming a free trade zone. Yet, these grandiose schemes remained unfulfilled. It took them until 2001 to actually sign the first CIS trade agreement. And even then, the agreement was largely non-binding and did little to advance regional economic integration.

Why are we seeing Russia's post-Soviet integration efforts finally begin in earnest, now, over 20 years after the fall of the USSR? Some explanations see regional integration as a natural product of the interdependencies that the region's states inherited from their common Soviet past. Others point to Russia's growing power, which they argue naturally leads to a quest for regional hegemony. Ideational approaches emphasize the importance of maintaining regional hegemony and great power status for the identity of Russia's elites and public. While these explanations do offer key insights, they do not explain the timing of Russia's choice to push for

integration. To understand why this phenomenon is happening at this time, one must consider the geopolitical context in which it is taking place. Russia's renewed efforts at regional integration are occurring at a time when the economic and political supremacy of the West is being challenged by new regional powers emerging in Asia and the rest of the developing world. At the same time, processes of globalization are giving rise to new problems that erode the authority of even the most powerful nation states. In the future, the traditional powers of the West may no longer be able to provide the global public goods that they have in the past, and regional powers may be forced to shoulder a greater share of the burden.

I begin by looking at recent developments in regional integration in the post-Soviet region, focusing on Russia's efforts to reanimate the process and inject it with a new pragmatism. I will then look at some of the explanations that have been advanced by analysts for why Russia has chosen to pursue integration with increased vigor at this time. I argue that, although these do help us understand some of the main forces pushing integration forward, they do not explain why Russia is pushing for integration now, over 20 years after the Soviet Union's collapse. I argue that the current push for Eurasian integration is a direct response by Russia's leadership to a rapidly changing geopolitical situation. I describe this geopolitical context and present some arguments for how Russia's integration efforts help to meet certain challenges presented by this context. I conclude by comparing Russia's integration efforts to those of other regional powers, focusing on similarities across cases. In South America, Brazil promotes regional integration through Mercosur and Unasur. China is also broadening its relations with the states of Southeast Asia through regional initiatives such as ASEAN + 1, which has succeeded in establishing a free trade zone between China and the ASEAN states. These regional integration efforts all exhibit some striking similarities, suggesting that leaders in Moscow, Beijing, and Brasilia see regional integration as a strategy for preparing for a more uncertain and volatile future.

This analysis of post-Soviet integration will focus on Russia – the post-Soviet region's most powerful state. This is not to argue that the region's smaller and weaker states are simply an object of Russia's power. These states will undoubtedly play an important role in the integration process and Russia will have to appeal to their interests and concerns. The project's ability to reconcile growing economic integration with smaller states' concerns about loss of sovereignty and Russian dominance will be of critical importance to its success or failure. Nevertheless, the purpose of this study is to evaluate the impact that larger geopolitical processes, such as the changing distribution of power in the international system and the benefits and challenges brought on by globalization, are having on the behavior of great powers. All post-Soviet states are influenced by these changes, but Russia is influenced by them in a qualitatively different way. It is a large and powerful state that has both the ambition and the capability to emerge as one of the most important states in any post-Western world order. Russia is not only an object of these geopolitical processes. It also has the power to shape them in ways that can have a significant impact on world politics.

## Reinvigorating post-Soviet integration

### *The CIS – a failed attempt at integration*

At the time the CIS was established in the early 1990s, leaders and experts in Russia and other post-Soviet states had high hopes that the project would also help reintegrate the former Soviet space, such that it would become a kind of “EU of the East.” The top-down political centralization imposed by the Soviet state could be replaced by voluntary integration based on economic complementarities, shared historical and cultural experience, and continued personal and professional ties. These hopes have only met with disappointment. Despite over 20 years of existence and countless declarations and meetings of government representatives at all levels, the CIS has made very little progress toward integrating the post-Soviet space or in coordinating policies among its member countries. According to one study, less than 10% of the thousands of documents and resolutions adopted by CIS bodies have actually been ratified by member states (Moskvin 2007).

While it was unable to meet the lofty expectations of many of its proponents, the CIS did play an instrumental role in managing the post-Soviet divorce, most notably in helping to negotiate the peaceful transfer of nuclear weapons to Russia. The CIS failed in other areas because there was little genuine interest in political and economic integration on the part of its members. The smaller successor states concentrated on state-building and were reluctant to cede any sovereignty to supranational bodies that would re-establish Moscow’s control over them. Despite the enthusiastic rhetoric of Russian leaders, there was also reluctance on the part of Russia to make the kind of sacrifices that integration would entail. This was apparent early on when Russia withdrew its support for maintaining the CIS as a ruble zone in 1992. Many Russian leaders believed that the Russian nation (and not the “subject” nations of the Soviet Union) had been most exploited by the Soviet system. They were reluctant to take on new “imperial” burdens, fearing they would detract from the main goal of domestic reform (Olcott, Åslund, and Garnett 1999, 28).

Russia has largely given up on the CIS as a mechanism for regional integration, and is instead pursuing a pragmatic and multi-layered approach that includes bilateral relations with post-Soviet states as well as smaller multilateral groupings such as the CU and EurAsEc. These relationships exclude states such as Georgia and Azerbaijan, which are more interested in integration with outside powers. Russia is looking to build relations with countries such as Belarus, Kazakhstan, and the Central Asian states, which have been more enthusiastic about integration. Moscow also concentrates less on institution-building and more on preparing the legal basis and framework for trade liberalization and economic expansion (Vinokurov 2007). This approach eschews the pooled sovereignty model promoted by the CIS in favor of less institutionalized and looser relationships and collective decision-making. A CIS “Free Trade Zone” was also established in 2011, which consolidated the various preferential trade agreements previously signed by CIS countries on a bilateral and multilateral level into a unified institutional framework. The agreement falls well short of establishing a

comprehensive free trade regime, and several signees to the CIS FTA have yet to ratify it. Russian leaders see the CIS FTA as a kind of transitional institution that will preserve existing preferential trade regimes until a more comprehensive level of integration can be achieved through institutions such as the CU, Common Economic Space (CES), and EurAsEc. The CIS is also important in that it provides the institutional framework for regular meetings and summits of top national leaders, thus serving as a “talking shop” where bilateral deals can be brokered – or as Nazarbayev describes it, “A place where presidents meet” (Vinokurov 2007).<sup>2</sup>

### *The CU and EurAsEc*

The centerpiece of Russia’s new pragmatic approach to integration efforts centers on the CU of Russia, Belarus, and Kazakhstan. The three countries signed the agreement to form the union in 2009. A common tariff policy was adopted and border controls on the movement of goods were removed between the three countries on 1 January 2012. The CU brings together a market of 167 million people, a combined GDP of \$2 trillion, and an annual trade turnover of over \$900 billion. Work has begun on expanding the CU into a CES by harmonizing

Table 1. Levels of Eurasian economic integration (from less to more integration).

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#### *CIS “Free Trade Zone”*

Existing system of limited preferential trade agreements between post-Soviet states. To be incorporated into more comprehensive integration projects listed in boxes below.

Full members: Armenia, Belarus, Kazakhstan, Moldova, Russia, Ukraine

Signed but not ratified: Kyrgyzstan, Tajikistan, Uzbekistan

Have not signed or membership under negotiation: Azerbaijan, Turkmenistan

#### *Customs Union*

First stage of integration. Adoption of common tariff policies and customs procedures at international borders.

Members: Belarus, Kazakhstan, Russia

Applied for membership or announced intentions to join: Armenia, Kyrgyzstan, Tajikistan

#### *Common Economic Space*

Next stage after CU. Includes harmonizing legislation and regulations on finance, labor, and health and safety standards to further stimulate free movement of goods, capital, and labor.

Members: Belarus, Kazakhstan, Russia

Applied for membership or announced intentions to join: Armenia, Kyrgyzstan, Tajikistan

#### *Eurasian Economic Community*

Ultimate stage of Eurasian economic integration. The organization is currently in the process of deepening the level of integration among states. These details are yet to be worked out, but will include a governing body, the Eurasian Commission (modeled on the European Commission), that will have the authority to make decisions not only with regard to customs and trade policies, but also in areas such as macroeconomic policy, regulation of economic competition, energy, finance, and migration.

Members: Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan

Observer states: Armenia, Moldova, Ukraine

States that have suspended their membership: Uzbekistan

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legislation and regulations so that companies will be free to move to any of the member countries and enjoy the same business and trade conditions (Aris 2012a).

The CU/CES project is registering some strong initial successes. Trade among member states increased by nearly 70% between 2009 and 2011 and by an additional 8.7% in 2012 (EBRD 2012, 63; ITAR-TASS 2013). Admittedly these figures may be inflated by the resumption of trade flows interrupted by the 2007–2008 financial crisis. They may also underestimate the union's long-term trade-creating effects, as it typically takes years to establish new trade links and cross-border production networks (Vinokurov 2012). The CU is also gaining strong popular support in most potential member countries. A recent survey by the Eurasian Development Bank found that overwhelming majorities in Uzbekistan, Tajikistan, Kyrgyzstan, and Armenia supported their country's membership in the CU. More surprisingly, 59% of Georgians supported membership in the union, as did 50% in Ukraine and 54% in Moldova – although respondents in all three countries preferred integration with the EU when forced to choose between the CU and EU (EDB 2013; see also Table 2).

The CU/CES is designed to serve as an engine for wider regional integration and the eventual formation of a CES under the auspices of the EurAsEc. EurAsEc brings together Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan. Uzbekistan suspended its membership in the organization in 2008, and Ukraine, Armenia, and Moldova have observer status in the organization. The five current member states have pledged to create a CES (free trade zone and CU) by 2015 (Table 3). EurAsEc is organized according to the principle of collective decision-making. The internal voting structure is weighted so that financial contributions and the number of votes each state has in decision-making bodies are proportioned according to each country's economic potential, an arrangement that insures Russia's preeminence. EurAsEc has created an official court of arbitration in order to adjudicate disputes between private and public interests and between member states. This court handed down its first two decisions in late 2012 – rulings that upheld the claims of private enterprises against EurAsEc policies (Coalson 2013). EurAsEc also established a \$10 billion crisis fund in 2009 to help its members cope with the global financial crisis. As a result of these policies, EurAsEc and the

Table 2. Do you support your country's membership in the CU?<sup>a</sup>

Country	Yes	No	No opinion	Difficult to say
Uzbekistan	77	5	7	11
Tajikistan	75	3	14	9
Kirgizstan	72	14	12	3
Armenia	67	5	19	10
Georgia	59	16	9	16
Moldova	54	24	11	11
Ukraine	50	28	12	9

Source: EDB (2013).

<sup>a</sup> Survey of over 14,000 people in CIS countries.

Table 3. A chronology of Eurasian integration.

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October 2000: Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan sign roadmap for formation of EurAsEc, which also lays out plans for the CU and CES.
1 January 2010: CU between Russia, Kazakhstan, and Belarus comes into existence.
October 2011: Agreement to establish CIS “Free Trade Zone” signed. It replaces over 100 existing multilateral and bilateral agreements on free trade among CIS countries.
Kyrgyzstan announces it will seek membership in the CU.
1 January 2012: CES comes into effect between members of the CU.
September 2012: Tajikistan announces it will seek membership in the CU and CES.
September–November 2013: Armenia begins negotiations to join the CU, turning its back on an association agreement with the EU.
November–December 2013: Ukrainian Government backs away from signing an Association agreement with the EU, amid growing pressure by Russia to join the CU/CES. The move sparks massive anti-government and pro-EU protests in Kiev and other Ukrainian cities.
2015: CU/CES to be transformed into a EurAsEc.

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CU/CES are now the leading institutions in Russia’s efforts to reintegrate the post-Soviet space, displacing the CIS “pooled sovereignty approach” with economic and political pragmatism and gradual, multi-level integration.

### Explaining Russia’s renewed efforts at regional integration

How can we explain this flurry of activity after such a long period of stagnation? The simplest explanation would view Russia’s renewed integration efforts as a product of its rising power. Russia was simply too weak in the 1990s to effectively promote integration. With Russia’s rise under Putin, it now finally has the power and capabilities to push regional integration forward (e.g., Mankoff 2009). A closer look at the timing of Russia’s policies, however, does not fully support this explanation. Russia was much less willing to make the necessary investments in integration in the early 2000s, when its power trajectory seemed more secure than it does now. As Russia gathered its strength during this period, it primarily relied on its energy resources to build up its global economic and political clout. The 2008 financial crisis exposed the limits of this strategy and severely curtailed Russia’s rise. In response, Russia’s leadership began to push harder for regional integration (Libman and Vinokurov 2012). This push for integration is happening at a time when Russia’s position seems much more precarious than it did just a few years ago, and when many analysts (e.g., Nye 2011) are even arguing that Russia has reached the limits of its resurgence and that its power will begin to decline.

Adherents of the so-called “liberal” international relations theories see international cooperation, including regionalism, as a product of interdependence. Interdependence creates a need for institutions and regimes to manage common problems by pooling resources, reducing transaction costs, providing information, and creating the expectation of further cooperation (Keohane and Nye 1977). Although these problems can also be addressed at the global level through international institutions, they may be particularly acute at the regional level, due



to states' geographic proximity and shared historical and cultural legacies (Hurrell 1995a, 56). This explanation seems to fit the post-Soviet region as well. The successor states of the USSR have inherited a wide range of interdependencies (military, economic, cultural) due to the breakup of what was once a common state. However, explanations that rest on interdependence cannot account for why regional integration is only picking up speed now, 20 years after the end of the Soviet period, and not in earlier periods when interdependence was much stronger than it is today. Even in the immediate aftermath of the breakup, when interdependence between republics was greatest, many of them deliberately chose to pursue painful economic reforms that severed inter-republican ties in order to establish sovereignty and independence (Abdelal 2001). Interdependence has significantly eroded over time. Intraregional trade as a percentage of total trade of the CIS region, for instance, has fallen from 29.8% in 1994 to 19.3% in 2008 (Gurova and Yefremova 2010, 110). Moreover, many of the relationally specific resources of the Soviet period (such as Soviet-era cross-national production networks) were not built according to market logic. Trying to revive these ties thus makes very little economic sense today (Kubicek 2009).

Perhaps the most common approach to explaining Russia's revived post-Soviet integration effort is one that sees it as a product of "imperial hangover" and "Soviet nostalgia" on the part of Russia's elites and public. Many critics argue that Putin's call to reanimate Eurasian integration is nothing but a cynical PR ploy designed to rally support among Russian nationalists and voters who are nostalgic for Russia's former imperial glory (Inozemtsev 2011). Yet there are problems with this explanation. On the whole, Russia's public does support integration. But like many other foreign policy issues, this one takes a back seat to bread and butter economic and social issues. Opinion polls consistently show that most Russians would prefer that their government concentrate on improving social welfare, even if this comes at the expense of Russia's international standing (Mankoff 2009, 28). Moreover, not all Russian nationalists support a return to empire. A growing segment of the nationalist camp advocates a turn towards a more exclusive ethnic conception of Russian nationhood. They vehemently oppose immigration from the less developed republics of the Caucasus and Central Asia and even advocate Russia abandoning its possessions in the North Caucasus. Post-Soviet integration has little appeal to them and only further serves to weaken the legitimacy of a government that many of them see as having sold out the interests of ethnic Russians (see Popescu 2013).

More nuanced versions of the "imperial nostalgia" explanation, such as the work of Trenin (2011), argue that Russia's push for Eurasian integration reflects a deep psychological need on the part of Russia's elites to come to grips with the country's loss of empire and its degraded international status. Trenin believes that these efforts are ultimately doomed to failure. Like many former empires before it, Russia is embarking on the transition to becoming a "normal" nation state and there is little enthusiasm, either among Russia's elites or masses, for paying the price or bearing the burdens of empire. According to Trenin, Western-led globalization has permanently eroded Russia's dominant position in the region. If Russia is to remain

a relevant actor on the world stage, it needs to give up its imperial and great power ambitions and turn inward and focus on economic and political modernization. It has more to gain from forming economic partnerships with advanced Western and Asian states that will help Russia modernize its economy, than from looking to re-establish influence in its former empire. Regional projects may move forward, but they will lack real substance, and will essentially serve to placate Russia's bruised imperial ego and soften the blow of loss of empire (Trenin 2011, 36).

Tsygankov (2003, 114) notes that Trenin and other critics of Eurasian integration restrict future governance structures in Eurasia to two forms: fully independent nation states or Russian-led empire. This view ignores the plurality of forms that regional integration takes in the modern world. The EU combines regional integration with pooled sovereignty. Regional groupings such as Mercosur and ASEAN mix pooled sovereignty with other forms of association that preserve the sovereignty of its member states on different levels. According to Tsygankov, Russia is not pursuing classic forms of empire or hegemony. Rather, it is looking to develop new forms of political and economic integration that are more in tune with current geopolitical realities and Russia's capabilities and interests (Tsygankov 2003).

Trenin's work is consistent with the larger literature on Russian foreign policy, which typically views Russia's quest for international power and status as a product of its elites' peculiar identity and self-perception (e.g., Clunan 2009; Mankoff 2009). Identity is certainly an important factor in any country's foreign policy and a worthy object of study. Yet, explanations that focus on identity fail to account for the timing of Russia's regional integration efforts. If Russia's imperial identity is such a powerful force, why are we only seeing serious efforts at integration now, over 20 years after the fall of the Soviet Union, and not in earlier periods when the strength of this imperial identity was much stronger? Mankoff (2009, 51–53, 258) combines ideational and power explanations, arguing that Russia finally has the power now to realize the regional ambitions that stem from the “great power” identity of its elites. Yet, as the above discussion on power shows, the decision to refocus on regional integration is occurring at a time when Russia's rise seems much less certain and when Russia faces the prospect of economic stagnation and long-term economic decline.<sup>3</sup>

Moreover, focusing on the uniqueness of Russia's identity may also obscure other, more objective, reasons for why Russia pursues the policies and national objectives that it does. Historical identity has undoubtedly shaped the Russian elite's geopolitical ambitions. However, choosing to pursue “great power status” is not just a reflection of the Russian elites' bruised ego. It also reflects the potential, as well as the actual, power resources that Russia has at its disposal as well as the external opportunities and constraints it faces. Measuring power is never an exact science, and is complicated by the fact that power is fluid and a country's position in the international hierarchy is not static but changes over time. For this reason, a country's potential matters and is taken into account by elites when they try to conceptualize the country's place in the world. Russia experienced an unprecedented geopolitical reversal of fortune in the 1990s. But because of the

resources it has at its disposal – its geography, its natural resource wealth, and its educated and talented population – it is not unreasonable for Russian elites to believe that Russia's decline can be reversed and that the country could again become a significant player in world politics.

Russia's decision to promote regional integration is also heavily influenced by the changing international environment. Most experts agree that we are entering a period of increasing flux and uncertainty in international relations, as new centers of power challenge established global hierarchies, and the forces of globalization and technological change are eroding the authority of nation states (National Intelligence Council 2012). In response, states must seek to build up their own power and capabilities so that they can defend themselves from new threats and challenges and shape the changing international environment in a way that fits their interests. Under these circumstances, the pursuit of regional power is an understandable and sensible choice for Russia.

### **Regional integration from a geopolitical perspective**

By examining the larger geopolitical context in which Russia's renewed push for regional integration is taking place, we can develop a better understanding of the timing of these policies as well as the motives behind them. Russian leaders' foreign policy thinking is not only shaped by their judgments about Russia's own level of power, but is also influenced by larger changes in the international system. The large economies of the developing world are breaking the West's dominance over global economic and political processes. As a result, the model of export-led growth for the developing world that was pioneered by the Asian Newly Industrialized Countries in the 1970s and 1980s is fading into irrelevance, as it is eclipsed by intra-emerging market trade. According to a recent report by Citigroup, intra-emerging market trade will overtake trade among the advanced economies by 2015, and will exceed trade between advanced economies and emerging markets by 2030 (Aris 2012b). These shifts in the balance of global economic power have been keenly felt in Russia, with China surpassing Germany as Russia's leading trade partner (Xinhua 2012).

Russian experts and policy makers are aware of these changes. According to the latest Foreign Policy Concept (Ministerstvo Inostranikh Del 2013), "Opportunities for the historical West to dominate the world economy and politics are decreasing. Decentralization of the world's potential strength and development is taking place. It is shifting to the East, especially the Asia-Pacific region." Consequently, integration into the Western community is losing its attraction for many Russian elites, who are also beginning to question the West's ability to lead.

Western policy is ineffective and short-sighted and fails to produce the desired effect . . . . The great paradox is that politicians in America and Western Europe, on whom the future of the world depends, have become the main obstacle to preserving the status quo and a smooth recovery from the crisis. (Lukyanov 2011)

Russian leaders are alarmed by growing unpredictability and chaos in international relations and the proliferation of unexpected "black swan" events,

such as the 2008 global financial crisis and the Arab Spring. Most Russian elites see the latter as the spread of chaos and instability, rather than the blossoming of democracy (BBC Monitoring 2012). The 2013 Russian Foreign Policy Concept captures this sense of uncertainty: “International relations are in a transition period characterized by increased economic and political turbulence at the global and regional levels. International relations continue to become more complex and their development is becoming increasingly difficult to predict” (Ministerstvo Inostranikh Del 2013). From Moscow’s point of view, the world is an increasingly dangerous and unpredictable place.

The world is getting more troublesome and increasingly challenging right before our eyes . . . . The age-old rules of international coexistence –respect for sovereignty and territorial integrity, non-interference in foreign countries’ internal affairs are collapsing, while there are no new rules to replace them (Karaganov 2011).

Regional integration is a good strategy for strong states, such as Russia, for dealing with this kind of complex and unpredictable international environment. Russia sees the post-Soviet region as the key to building up its economic capabilities, and thus preserving its status as a great power. It is understandably anxious about the activities of other powers in the region and sees regional integration as a tool for addressing this threat. Russia is particularly concerned about the EU’s European Neighborhood Policy (ENP). The ENP extends the policy of EU conditionality without directly offering eventual membership. The EU grants closer economic integration to post-Soviet countries in return for effective implementation of reforms – including aligning significant parts of national legislation with the EU’s *Acquis Communautaire*. Russian leaders view the ENP as an unwelcome intrusion into its traditional sphere of influence. They believe that the USA and EU are trying to transform the former Soviet Republics into a *cordon sanitaire* that will restrain Russia’s geopolitical ambitions. “[Russia] is being told, in a veiled fashion, to bid farewell to its geopolitical ambitions and stop viewing the post-Soviet space as a zone of its special interests” (Zhiltsov 2009).

Hegemons play a critical role in providing the collective goods necessary for global economic stability and the maintenance of an open liberal world economy, the creation of a liberal trade regime, the establishment of an international monetary system (a system and medium of exchange), and in playing the role of “lender of last resort” to prevent financial crises from spinning out of control. Over the last few decades, the developed economies of the West, led by the USA, have played this hegemonic role, while the rising power of the developing world has benefitted tremendously from their leadership. This has begun to change. The leading countries of the West have turned inward and are increasingly preoccupied with their own domestic and economic problems. As a result, regional powers are concerned that they will have to take on more of the burden of leadership. Russia and other regional powers can use regional integration to decrease their dependency on Western leadership and Western markets and to assure that “collective goods” will continue to be provided at the regional level. According to the 2013 Russian Foreign Policy concept:

The decentralization of global governance is strengthening the importance of political processes at the regional level . . . . The new centers of economic growth and political influence are increasingly confident and take responsibility for the affairs in their regions. Regional integration is an effective tool for improving the competitiveness of its members. Multilateral associations, trade pacts and other economic arrangements, and the growing role of regional reserve currencies strengthen global security and economic and financial stability. (Ministerstvo Inostranij Del 2013)

Many Western economists have criticized Russia's efforts to promote free trade within the post-Soviet space, arguing that it is a suboptimal alternative to free trade with the larger and more developed economies of the West. A World Bank study relying on economic equilibrium models predicts that the establishment of a CES between Russia, Kazakhstan, and Belarus would actually reduce the GDP of all three countries, as negative trade-diversion effects of the Union would surpass positive trade-creating effects (de Souza 2011).

Integration with the developed markets of the West may indeed be the most rational choice in the immediate term. But this kind of trade is losing its attractiveness, as many Western markets enter a period of economic stagnation and slow growth. Trade with the West mostly involves Russian energy and raw materials, perpetuating dangerous imbalances in the country's economy.<sup>4</sup> Strategic trade theories argue that states can pursue regional economic integration not only to expand markets (as is emphasized by liberal trade theory) but also to restructure their foreign trade relationships in a way that gives their firms access to protected markets and allows them to develop higher value added production (Grieco 1997). Developing states can use regional integration to wean themselves away from their current dependence on Western markets and on the production of lower value-added goods (commodities and natural resources, or cheap high labor value added manufacturing). Proponents of Eurasian integration, such as influential Russian economist Sergey Glazyev, have adopted the same logic.<sup>5</sup> They argue that integration with the former Soviet states will help Russia to modernize its economy and break its dependence on natural resource and commodity exports to the West (e.g., Zevin 2009, 142).

While intraregional trade for the CIS as a whole has steadily declined since the 1990s, the CIS is still a critical market for Russia's non-energy and raw material exports. CIS countries are the biggest market for Russian manufacturing exports, and their importance has actually risen over time (from 30% in 2000 to 55% in 2009) – even as overall trade among CIS countries has fallen. All told, the Russian surplus in merchandise and services trade with the CIS totaled \$137 billion between 2000 and 2009 (Chebanov 2010, 40). Initial data indicate that integration is already having a positive effect on Russia's manufacturing sector. Russian auto exports to Belarus expanded threefold and to Kazakhstan fourfold during in the first quarter of 2012 (Moscow Times 2012). Integration is also allowing CU countries to address trade imbalances with China. Trade between CU members and China has declined by 2–3% in the last two years, as member states begin to swap the import of Chinese goods for less expensive local equivalents (ITAR-TASS 2013).



For many in Russia (and the developing world in general), the world financial crisis illustrated the dangers of being overly dependent on Western-led financial structures. Integration could help strengthen Russia's financial sector, leading to greater use of local currencies, including the ruble instead of the dollar or euro. This helps reduce Russia's dependence on the West for finance and markets, making it less vulnerable to international financial shocks and crises. Russian experts fear that crises will be more frequent in the coming years as the leading Western economic powers continue their current course of slow growth and high deficit spending (Bratersky 2010, 32). Regional powers such as Russia can prepare for these dangers by increasing regional financial autonomy and establishing regional institutions such as the EurAsEc Crisis Fund. Belarus has already drawn over \$3 billion from the Fund, helping the country to meet its international debt obligations and averting a default of its sovereign debt. By drawing on EurAsEc funds, Belarus also avoided having to go to the International Monetary Fund (IMF), which undoubtedly would have demanded that the country institute painful economic reforms in exchange for loans (RIA-Novosti 2012).

Regional integration is not necessarily incompatible with regional powers' efforts to integrate themselves into the larger global economy. Russian leaders accept that integration into the world economy is a good path towards their country's future prosperity and well-being. But they also believe that Russia needs to integrate into the world economy from a position of strength. Regional integration increases regional powers' bargaining leverage, helping them to negotiate better terms and defend their interests as they look to join broader processes of super-regional or global integration. Negotiations over EU-Russia economic integration have stalled in recent years, with the EU insisting that Russia must first adopt EU norms and values before the two sides can move forward – a position Russia is loath to accept. Russian leaders believe integration will give Russia more leverage by making it a more attractive potential partner for the union. With its larger markets and great wealth of natural resources, a common post-Soviet economic space is a much more attractive potential partner for Europe. According to Putin (2011):

Some of our neighbors explain their lack of interest in joining forward-looking integration projects in the post-Soviet space by saying these projects contradict their pro-European stance. I believe that this is false... apart from bringing direct economic benefits, accession to the Eurasian Union will also help countries integrate into Europe sooner and from a stronger position.

### **Efforts by other regional powers to promote regional integration**

Russia is not the only regional power to actively pursue regional integration. In the last decade, Brazil and China have also stepped up their efforts in their respective home regions. Although these three regional projects are being undertaken in different geographical, economic, and strategic contexts, they exhibit interesting similarities. All three use regional integration to pursue similar goals. And all three see regionalism as a key strategy for dealing with an increasingly volatile international environment.



***Brazil: Mercosur and Unasur***

Brazil is promoting several regional integration projects, including a South American Common Market (Mercosur), Union of South American Nations (Unasur), and South American Defense Council (CDS). Mercosur, the most widely known organization, was founded in 1991, at the joint initiative of Brazil and Argentina, to establish a CU and free trade zone between Argentina, Brazil, Paraguay, and Uruguay (Venezuela joined in 2012 and Bolivia has signed on but is waiting for its parliament to ratify membership). Geopolitical considerations initially took a back seat, and the organization focused on increasing intraregional trade. Domestic political considerations also played a role. Both Brazil and Argentina had recently emerged from decades of military rule. Their new civilian leaders believed that regional economic integration would ease the traditional military rivalry that existed between the two nations, so that it could not be used by the military as a pretext to meddle in domestic politics (Hurrell 1995b). Despite early successes in boosting intraregional trade, the Mercosur project stagnated through most of the mid-1990s and early 2000s, as Argentina and many of the other Mercosur economies experienced economic crisis. Brazil played a key role in keeping the organization together throughout this period, and did so in order to solidify its leadership in South America and to improve its global stature (Gomez Mera 2005, 131).

Brazil accelerated its integration efforts in the early 2000s, in response to the Bush administration's efforts to promote a Free Trade Agreement of the Americas (FTAA) that would include both North and South American states (Gomez Mera 2005). Though publicly involved in FTAA negotiations, Brazil fought against its adoption behind the scenes, and looked to promote an alternative scheme that would keep the USA out of South American integration processes. As Brazil's economy and international stature grew throughout the 2000s, its leadership began investing more heavily in regional integration. In 2008, Unasur was founded, and Mercosur's economic integration agenda was expanded to include issues such as security, foreign policy, the environment, and social and economic justice (issues that have been kept off of the FTAA agenda). In the same year, a military/security component was also established with the founding of the CDS. Brazil's decision to broaden the integration agenda to include security and development issues was partly a response to pressure from the government of Hugo Chavez in Venezuela and other South American leftists to establish an alternative "non-liberal" form of regional integration. But, it was also in tune with Brazil's growing regional assertiveness and its wider international ambitions (Sanahuja 2012).

Like many other regional powers, Brazil uses regional integration to prepare for what they see as an emerging future world order in which the USA and Western powers will no longer dominate the international system, and in which regional powers will have to bear a greater share of the economic and political responsibilities necessary to produce order and stability. According to former Argentinian Ambassador to the UN Emilio Cardenas (2010), Brazil and other regional powers are preparing for what they see as an inevitable post-Western

world order. "In this shared vision the decline of the West is the supposition on which [they] bet. Everyone, like gladiators boosted by revisionism, seeks a place and position in the new reality."

On the economic front, Brazil uses Mercosur as a tool for economic modernization and development, in much the same way that Russian leaders would like to use EurAsEc. Brazilian industries that matured as a result of its import substitution policies (such as the Brazilian automobile industry) and which still find it difficult to compete at the global level take advantage of protected regional markets. Export-oriented sectors, such as agribusiness, use regional integration to improve their access to Pacific ports and Asian markets (Motta Veiga 2006). Some observers view these efforts as a distinct departure from the "open regionalism" of the 1990s, which primarily focused on the liberalization of markets and trade. This is a "post-liberal" form of regionalism that favors a strong role for the state in determining questions of economic management and development. It sees regionalism as a tool for establishing protection against some of the negative effects of globalization and the spread of liberal market economics. This "defensive regional strategy" is based on a critical view of globalization that calls for the return of a strong and efficient state and strong regional groups that can rebalance relationships with the USA and international financial institutions (Sanahuja 2012, 17).

In the past, Brazil was willing to defer to the USA on regional security issues. Yet, over time, it has grown disillusioned with America's regional leadership, particularly with Washington's punitive policies toward Cuba and Venezuela and its decision to establish a permanent military presence in Columbia. "Brazil often considers Washington to be a source of instability more than the opposite, and sees itself as much better placed to take on the role of mediator or arbitrator" (Sanahuja 2012, 18). Unasur played a key role in mediating the constitutional crisis in Bolivia in 2008, the police rebellion against the government of Ecuador in 2010, and in the Venezuela-Columbia diplomatic crisis of 2010. In each of these cases, Brazil spearheaded Unasur efforts that sidestepped the USA and the US-led Organization of American States (OAS; Weiffen 2012).

Brazil's promotion of the CDS also reflects its uncertainties about what a future multipolar order would look like. Brazil is keen to develop its own military capabilities in order to prevent others from poaching its rich Amazonian and offshore resources. According to Sanahuja (2012, 20):

The CDS seems to be adopting an updated version of a resource-based geopolitical approach to world affairs born in the Brazilian military establishment and shared by their Argentinian counterparts. This approach foresees a world of scarcity at the midcentury in which the main threat will be related with unidentified foreign attempts to control the oil, water, mineral and agricultural resources of South America.

Of more immediate concern, integration helps to strengthen Brazil and other Mercosur members' bargaining power in negotiations over debt, investment, and trade issues with international heavyweights such as the USA and EU (Gomez Mera 2005, 116). Brazil is frustrated with the limited progress that is being made

in multilateral trade negotiations, such as the Doha round, which have stalled because of divisions between developed and developing countries over such issues as non-tariff barriers and agricultural subsidies (an issue that is of particular importance to Brazil, one of the world's leading exporters of agricultural goods) (Economist 2008). Regional integration allows Brazil to develop alternative markets for these goods, while at the same time increasing its leverage in any future negotiations.

### *China and ASEAN*

China has also worked to promote the cause of regionalism in Southeast Asia by deepening its multilateral ties with the region's states. This represents a significant departure from China's past foreign policy in the region. Under Mao, China was extremely isolated and had hostile relations with most Southeast Asian countries and supported leftist insurgencies throughout the region. Though it ceased its efforts to undermine these countries in the post-Mao period, China attempted to avoid institutional ties that would impede its freedom of action or saddle it with external responsibilities that would detract from the priority goal of internal development. It looked to deal with the region's smaller and weaker states on a bilateral level, where China, the stronger power, would always have the advantage. This has now changed. Since the early 2000s, China has been active in a variety of regional organizations in Asia, including ASEAN + 1 (the ASEAN states and China), ASEAN + 3 (China, Japan, South Korea), and the Asia Pacific Economic Council, which brings together Asian states as well as other Pacific rim economies such as Australia, Canada, and the USA.

China's integration projects with ASEAN have made the most progress. ASEAN brings together Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Cambodia, Laos, and Myanmar (Burma). These states have a combined population of over 630 million and GDP of \$1.8 trillion (Kurlantzick 2012, 1). The region's states also have some of the most robust economic growth rates in the world. China engages ASEAN states at a variety of multilateral and bilateral levels and is also an enthusiastic participant in the ASEAN + 3 forum, which brings ASEAN together with the three largest Asian powers (China, Japan, and South Korea). ASEAN + 3 fosters cooperation on a broad range of issues, including trade, finance, development, the environment, and traditional and non-traditional security threats.

ASEAN + 3's biggest success to date is the Chiang Mai Initiative (CMI), a multilateral currency swap arrangement designed to make bailout funds available to member states in the event of liquidity crises. Member states are motivated by their negative experiences with the IMF during the 1997 Asian financial crisis. Many in the region feel that the IMF dealt with countries that sought financial assistance in a heavy-handed way that encroached on their sovereignty and forced them to adopt austerity measures that risked political instability (Henning 2006). Many experts (e.g., Chey 2009) believe the CMI can help to increase regional financial stability and ease the shock of any future crisis. In response to the ongoing

European debt crisis and anxieties about the current state of the global financial system, member states doubled the funds available to CMI countries to \$240 billion in 2012.

The centerpiece of China's Southeast Asia policy, however, has been the ASEAN–China Free Trade Area (ACFTA). ACFTA was launched in 2002 at the ASEAN summit in Phnom Penh and went into effect between China and the six original members of ASEAN on 1 January 2010 (it will be extended to the other four members by 2015). The agreement reduced average tariffs of Chinese goods sold in the original six ASEAN countries from 12.8% to 0.6% and of ASEAN-6 exports to China from 9.8% to 0.1% (China Post 2010). ACFTA has been a resounding success, exceeding the expectations of even its most enthusiastic proponents. China-ASEAN trade grew over sixfold, from \$59.6 billion in 2003 to \$362 billion in 2011 (National Bureau of Statistics 2012). As a result, China has become ASEAN's largest external trading partner, accounting for over 25% of all trade of the ASEAN nations. By comparison, ASEAN's plans for a regional free trade zone have moved forward at a much slower pace, and most observers are doubtful that the organization will be able to meet its goal of establishing an ASEAN free trade area by 2015.

Like EurAsEC and Mercosur/Unasur, ASEAN + 1 advances several important economic and geopolitical objectives for China. Economic integration with the booming ASEAN market helps China to diversify its exports, reducing its dependence on US and Western markets. This is of particular concern in the wake of the 2008 financial crisis. Many Western leaders blamed export-growth-oriented economies (first and foremost China) for the crisis, arguing that their pursuit of trade surpluses had created dangerous imbalances in the global economy. Chinese leaders fear that this kind of sentiment could eventually lead to the adoption of protectionist measures against Chinese exports (Wang and Tong 2010, 6). Moreover, the resultant slowdown in China's economic growth signaled that China cannot sustain smooth growth if it continues to be overly dependent on exports to Western markets. Like many non-Western powers, the Chinese also have doubts about the future of the West and are taking moves to rebalance their foreign policies to place greater emphasis on relations with other developing states. "The global economic crisis has led China to view ACFTA in a more positive light, which is beneficial to China's interest as it is important to diversify China's trade relations and counter its over-dependence on export to advanced economies" (Wang and Tong 2010, 11).

China's efforts at regional integration are also designed to reassure ASEAN states about China's intentions and keep them from joining balancing coalitions and alliances (with the USA and Japan) that would work to isolate China and prevent its rise. Chinese leaders fear that a declining USA may choose to follow a policy of containment against China, much as it did against the USSR during the Cold War. This would draw China into isolation and ruinous arms races that could derail its efforts to modernize the country (Ott 2012). Beijing wants to assure its neighbors in Southeast Asia that they should not fear China's peaceful rise. ACFTA was launched by China in response to growing anxiety from ASEAN

members about the effects China's accession to the World Trade Organization (WTO) would have on their own trade with Western markets. China has been careful not to push its case too hard in ACFTA negotiations and is careful to accommodate the economic interests of ASEAN states. It has rapidly lowered tariffs on ASEAN goods, while allowing ASEAN countries to gradually lower their tariffs on Chinese goods. China has also given ASEAN's agricultural producers privileged access to China's markets. As a result, ASEAN enjoys a growing trade surplus with China. ASEAN's surplus rose from \$7.6 billion in 2002 to \$22.7 billion in 2011. In this way, China seeks to address the "China threat" not only in the context of security but also economic competition, where anxiety about China's rise may even be even more acute (Yuan 2006, 18). China is also fostering relationships of economic dependence that it can later use to influence ASEAN states' policies on regional issues that are of particular strategic importance to Beijing (such as the independence of Taiwan) (Ott 2012, 121).

China has been willing to compromise and offer generous terms on trade and economic issues. But it has adopted a hard line when it comes to territorial disputes in the South China Sea. Beijing lays claim to almost all disputed islands and territories – even those that are located in the territorial waters of other states. It has repeatedly refused to follow a multilateral approach to territorial mediation or accept any offers of outside mediation, and instead prefers to deal with territorial issues on a bilateral basis, where its stronger position is more likely to shape outcomes (Kurlantzick 2012, 19). Beijing has adopted an aggressive military posture toward the islands, which has produced numerous incidents between Chinese forces and those of ASEAN states with territorial claims. Beijing's militant stance has contributed to increased regional tension and concern about growing Chinese power. It has also improved the US position in the region, as fears of Beijing have prompted some ASEAN states to seek closer security ties with the USA (Kurlantzick 2012, 19). Despite mounting tensions, some prominent scholars of Asian security politics believe that these disputed islands are not significant enough to lead ASEAN states to try to balance China or support any potential US efforts to contain its rise (as some in Washington may hope). Natural resource deposits in and around these islands are still unproven, and because of their limited size, these islands cannot really be used as forward bases to project military power (Kang 2007, 136–138; 2012).

China not only uses ASEAN + 1 to balance against Western influence in the region and hedge against a future post-Western order. ASEAN + 1 also helps Beijing strengthen its bargaining position with established Western-led regional groupings such as the EU and the North American Free Trade Association. Concerns that Asia was lagging behind other regions in terms of economic integration was a major impetus behind the ACFTA. "Growing economic regionalism in the world economy since the 1980s seems to have created the single most important external imperative for East Asia to pursue a regional grouping for itself" (Cai 2003, 388). As the first free trade association in Asia, ASEAN + 1 positions China as the first mover in broader East Asian integration. This gives China an advantage over regional rival Japan, improving the former's leadership



clout. As such, Beijing may see ASEAN + 1 as the first step in developing a China-led East Asian regional economic bloc that would exclude other great powers, and especially the USA (Ott 2012, 122).

### *Summary*

There are significant differences in the strategies toward integration pursued by Russia, Brazil, and China. Russia's strategy is defensive and is more oriented toward arresting its decline and responding to the challenge posed by outside integration projects such as the ENP. China has adopted a more long-term strategy, centered on making China's rise more acceptable to smaller regional states. Brazil's regional strategy is the least developed of the three. It is a relative newcomer to great power politics, having deferred to the global and regional leadership of the US throughout most of its history.

These three projects also differ with respect to the degree to which economic integration promotes political integration. This question not only has implications for the eventual form integration will take, but is also critical to the very success or failure of these projects. The EU's experience shows that economic integration can be a catalyst for deeper political integration (Haas 1964). Yet, in situations where there is clearly one regional leader, this may raise fears of eroded sovereignty among smaller and weaker states. These fears and the resistance they may engender from smaller powers represent a significant challenge to Russia's Eurasian project. Kazakh and Belarusian leaders are concerned that Russian citizens are overrepresented in EurAsEc institutions, and that EurAsEc legislation is often based on Russian legislation and does not give smaller members sufficient input in its formulation. They have also complained that Russia is using EurAsEc as a tool of its own foreign policy and to increase Russia's global stature – detracting from bread and butter issues such as boosting intra-regional trade and economic development (e.g., Bohdan 2013). Kazakhstan's president Nursultan Nazarabayev has made it clear that he expects that the Eurasian Union will limit its activities to economic aspects of integration and will not develop political structures or institutions that infringe on the sovereignty of member countries (Kommersant 2013).

These kinds of sovereignty concerns play a much smaller role in China and Brazil's regional integration efforts. China's efforts in ASEAN have concentrated on economic issues such as trade and finance, and China has not sought to build comprehensive and binding regional institutions that would encroach on ASEAN governments' sovereignty. In this respect, China's approach is consistent with ASEAN's traditional approach to regionalism, the so-called "ASEAN way" – which rejects the model of strong institutionalization and pooled sovereignty exemplified by the EU in favor of a looser form of integration that emphasizes respect for the independence of members, non-interference in one another's internal affairs, informality and minimal institutionalization, and consensus in decision-making (Acharya 2009). Brazil has attempted to expand beyond regional economic integration, and is founding political and military institutions such as



UNASUR and the CDS. These institutions remain weak and also face competition from other regional institutions, such as the US-led OAS and Venezuela's Bolivarian Alliance (ALBA) initiative. This gives lesser regional powers options, allowing them to hedge against Brazil's growing regional power and avoid becoming overly dependent on Brazil (Soares de Lima and Hirst 2006).

In both the Asian and Latina American cases, the threat to sovereignty is also less pronounced because weaker states are able to hedge against the hegemony of the dominant regional state either by appealing to other powerful regional states (Japan and South Korea or Venezuela and Argentina) or an outside power (the USA). The distribution of power is less balanced in the post-Soviet space, where Russia is still politically and militarily dominant and where the memory of Russian imperialism is also very fresh in the minds of local elites. As the EurAsEc project moves forward, it will have to address these concerns. Paradoxically, the growing regional presence of outside powers (the USA, EU, and China) may alleviate some of the smaller countries' anxieties about Russian dominance – even as it increases Russia's worries about losing influence in its own backyard. China's increased regional economic presence may be particularly important in this regard. By opening up its markets to Central Asian energy and investing heavily in the region's energy markets, China has already played a large role in decreasing Kazakhstan and Turkmenistan's dependence on Russia in order to get its energy exports to market (Aris 2014).

Instead of pursuing hierarchical integration along imperial lines, all three regional powers are pursuing a pragmatic and flexible approach to integration that allows subordinate states to choose among a variety of regional institutions and select the level of integration with which they are most comfortable. This helps reduce the sovereignty concerns of smaller states. It is also seen as a much more effective approach than the pooled sovereignty model adopted by the EU. Although the EU is viewed as worthy of emulation on many levels, many Russian observers (e.g., Shestakov 2011) now believe that it overextended itself by pushing for monetary union and by giving too much power to the EU bureaucracy in Brussels. Supporters of Eurasian and other integration projects are determined to avoid these “mistakes” by adopting looser and more voluntary forms of integration that focus on economic issues (Kosachev 2012).

Despite the differences in the approaches that Russia, China, and Brazil have taken to integration, the similarities in terms of the motives behind these projects, the goals that they are designed to attain, and the means that are being employed are striking. All use regional integration to build up their power and increase their ability to provide collective goods at the regional level. They also are attempting to use integration to promote the diversification and modernization of their economies and lessen their dependence on Western finance and markets. All three are using regionalism to increase their clout in international institutions, which have traditionally been dominated by Western countries. In this way, they hope to join larger global integration processes from a position of strength and on terms that are more favorable to them. Finally, they all look to push integration forward by adopting loose and voluntary forms of institutional organization that are

sensitive to the sovereignty concerns of smaller states. These similarities attest to the significance of constraints and opportunities that manifest themselves on the level of the international system, and the effects they can have in shaping the behavior of large and powerful states.

## Conclusion

Imperial Russian and Soviet legacies undoubtedly play a key role in shaping the process of post-Soviet regional integration. Centuries of living under a common state has produced interdependencies (political, economic, and cultural) that create incentives for all post-Soviet states to pursue regional integration. Historical legacies of empire (Tsarist and Soviet) also shape Russian leaders' thinking about their country's proper place in the world and favor a foreign policy that looks to preserve the country's great power status by pursuing regional hegemony. Nevertheless, explanations that portray Russia's current drive toward regional integration as simply a product of these legacies alone are incomplete insofar as they do not consider the larger geopolitical context in which this policy is being adopted. It is happening at a time when the distribution of power in the international system is rapidly changing, and when the ability of the USA and other traditional Western powers to provide the global "collective goods" needed to guarantee peace and economic stability is increasingly being called into question. In response to these changes, Russia and other regional powers are adopting regional integration in order to prepare themselves for what they believe will be a more chaotic and unpredictable future (Saran and Sharan 2012).

Even in the most stable of times, the complexity and uncertainty of international relations bedevils policymakers. Events are seldom what they seem to be, and actions can have unintended consequences that undermine the original intentions of decision makers (Jervis 1997). The problem of uncertainty is even more acute in today's world. Contemporary statesmen must operate in an international environment that is in constant flux and undergoing profound changes. The rise of China and other large developing states challenges the dominance that the Western powers have held over international relations for the last few centuries. At the same time, globalization and the rise of new technologies of communication and violence are creating a range of problems that confound the traditional nation state-based international order. These changes frustrate great powers' efforts to coordinate their efforts and address pressing international problems, and, at times, make the practice of foreign policy seem like a futile endeavor (Bremmer and Roubini 2011).

Russian statesmen surveying the international arena cast their eyes on a dynamic and dangerous landscape. Of all the great powers, Russia is in the most precarious position. Russia has been able to reverse the dramatic decline it experienced in the 1990s. In large part, thanks to the difficulties encountered by the USA in the Middle East and the EU's continued economic stagnation, it has been able to re-establish itself as an influential global player. Yet its power trajectory is much less dynamic than the trajectory of the other giants of the

developing world, as it faces a host of problems (its demographic crisis, dependency on natural resources, and the weakness of its institutions) that threaten to derail its rise.

Given these obstacles and constraints, Russia's leaders face difficult choices when it comes to finding a grand strategy for their country. Integration with the West seemed like the logical choice two decades ago. But the process proved to be a painful one, demanding much sacrifice and causing tremendous economic and social dislocation. Today, with the West facing economic stagnation and many Western-led international institutions mired in crisis, it is reasonable for Russian leaders to ask whether integration with the West is worth the trouble and sacrifice. The rise of Asia and the developing world present new opportunities. But the obstacles to integration with the rising East are also formidable – as are the dangers of becoming a natural resource appendage to Asia's more dynamic economies. Traditionally, states have responded to times of uncertainty by adopting a policy of retrenchment – looking inward and concentrating on internal development. But in the modern globalized world retrenchment is not viable, for it runs the risk of cutting Russia off from the benefits to be gained from international cooperation and trade.

The choice to pursue regional integration also has its flaws. From the perspective of classical economic theory, it is a suboptimal option because of trade diversion (compared to integration in the larger world economy).<sup>6</sup> It is also an open question whether the Russian state, under its current leadership and with its current political institutions, has the capacity to successfully implement this strategy. Nevertheless, regional integration does offer a logical strategy for building power and capabilities at a time when larger geopolitical changes may force regional powers to assume larger burdens and responsibilities. Other regional powers recognize the potential benefits of integration and are choosing to pursue their own regional integration projects. Moreover, regional integration can be pursued in a manner that is not exclusive to Russia's larger integration into the world economy. It helps Russia position itself as a bridge between the wealthy West and dynamic East. In the end, the choice to pursue regional integration may not be an ideal one. But, given the circumstances, it may be the most prudent choice among a menu of flawed options.

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### Notes

1. These protests eventually led to a violent change of government in Kiev. Russia has responded by sending troops to the Crimea and preparing for its eventual annexation – precipitating the worst crisis in East-West relations since the end of the Cold war.

2. See Table 1, which lists the various organizations and levels of integration and organizations promoting integration.
3. Even the top Russian leadership is beginning to acknowledge the depths of these economic problems. According to the Economic Development Ministry's latest economic growth forecast to 2030, Russia's GDP growth will lag behind world economic growth. By 2030, Russia's share in global GDP will decline to 3.4%, down from 4% in 2012 (see Vedemosti 2013b).
4. The idea that dependence on national resources is a dire threat to the country's national security figures prominently in official pronouncements and policy documents (see Strategiya 2009).
5. Glazyev is one of Putin's most trusted economic advisers and an ardent proponent of Eurasian integration. For an analysis of his economic thought, see Åslund (2013).
6. This view ignores the crucial role that state power plays in international economic relations. In an ideal world, everyone would be better off practicing free trade. Yet, in practice, even states that espouse liberal principles work to tilt the balance of trade in their favor (see Krugman and Smith 1994).

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