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Putin's Eurasian Illusion Will Lead to Isolation

By Anders Aslund

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The strangest part of President Vladimir Putin's new policy is his promotion of the Eurasian Union. It is likely to be costly and unsuccessful.

Ever since its creation in December 1991, the Commonwealth of Independent States, or CIS, has been an ambiguous institution. Then-President Boris Yeltsin thought strategically and presented the union dissolution as a positive choice. "I was convinced that Russia needed to rid itself of its imperial mission," he wrote. "In signing this agreement, Russia was choosing a different path, a path of internal development rather than an imperial one."

In practice, however, Yeltsin had to give in to less rational constituencies. All along, the CIS has been a mixture of the powerless British Commonwealth and the ambitious European Union.

Putin, by contrast, has persistently expressed nostalgia for the Soviet Union. In his book

"First Person," Putin expressed sympathy for the putschists of August 1991: "In principle, their goal of preserving the Soviet Union from collapse was noble." In his first term as president, Putin pursued no real policy on the former Soviet republics. But in his annual address in April 2005, he said, "The collapse of the Soviet Union was the biggest geopolitical disaster of the century. ... Old ideals were destroyed." He presented himself as a neo-imperialist, while Russia is post-imperialist, as Dmitry Trenin, head of Moscow's Carnegie Center, emphasizes.

The attitudes of the other CIS members have been stable. Five countries want close relations with Russia, while six countries harbor great reservations. Globally ostracized Belarus has no friend apart from Russia. For geographical and ethnic reasons, Kazakhstan is greatly dependent on Russia, and Kazakh President Nursultan Nazarbayev prefers multilateral cooperation to being left alone with Russia. The organization's three small and poor nations — Kyrgyzstan, Tajikistan and Armenia — desire Russian protection and economic support. Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan formed the Eurasian Economic Community from the prior Customs Union in 2000, and the same five countries plus Armenia founded a military pact, the Collective Security Treaty Organization, in 2002.

The other six post-Soviet countries have maintained greater distance with Russia. Ukraine, Moldova, Georgia and Azerbaijan desire great independence, but they favor trade cooperation with Russia. Georgia waited to join the CIS until 1993 and formally departed from the organization in August 2008. Uzbekistan tends to keep a distance from Russia, but it joined both the Eurasian Economic Community and the Collective Security Treaty Organization briefly from 2006 to 2008. Turkmenistan has been outright isolationist. Ukraine and Turkmenistan never ratified the CIS statutes and consider themselves only "participants," not members.

On his first day in his third presidential term, Putin adopted a decree on foreign policy, which stated as a priority "to implement a coherent policy toward the further development of multifaceted cooperation between CIS member states in socio-economic, humanitarian, law enforcement and other sectors."

The decree underscores four means: the Agreement on a Free Trade Zone signed in October, the Union State with Belarus, the budding Eurasian Economic Union and the Collective Security Treaty Organization. Yet Putin seems to have lost interest in the CIS, as well as the Eurasian Economic Community. The Collective Security Treaty Organization does not seem to have any real chance to accomplish anything, and Putin appears to understand that. In his ensuing speeches, his emphasis lies on the Eurasian Union. The decree ignored the three main forces of Russian foreign policy in the region: Gazprom, the Russian Orthodox Church and cash.

The continued focus on the union state with Belarus is noteworthy. In November, Putin made a deal with Belarussian President Alexander Lukashenko for about $20 billion in Russian purchases, price concessions and credits over three years. This figure amounts to nearly half of Belarus' gross domestic product. Russia's absorption of Belarus has become a real possibility.

Russia's policy toward Ukraine and Moldova is aggressive. Gazprom is prepared to spend any

amount of money to avoid any transit through Ukraine, and it charges both countries far higher prices than Germany for its gas. Meanwhile, the Russian Orthodox Church, which enjoys great strength and legitimacy in both countries, is pursuing an increasingly aggressive national policy. But Russia cannot win them over to the Eurasian Union with such a policy. Georgia is very content with its anti-Russian policy choice. All three countries prefer a free-trade agreement with the European Union, which will bring real benefits of international economic integration to membership in the Eurasian Union.

In the Caucasus and Central Asia, energy producers Azerbaijan, Turkmenistan and Uzbekistan have turned their backs on Russia. Gazprom blew its last chance in Turkmenistan in April 1999, when it let the gas pipeline from Turkmenistan explode by suddenly stopping the gas flow from that country. Now, most Central Asian gas exports go to China instead of through Russia.

Kyrgyzstan and Tajikistan want a close relationship with Russia, but the Kremlin has left them in a quandary. Its Customs Union has imposed high tariffs on their vital exports to Kazakhstan, and they face the choice of isolation from China or from Russia and Kazakhstan. This leaves their governments, which desire maximum integration in both directions, at a loss. Like most post-Soviet states, they may conclude that Russia's hostility is easier to take than its purported friendship.

In fact, the Eurasian Union is unlikely to attract anybody beyond its current three members. It will cause considerable trade diversion as Belarus and Kazakhstan have been forced to adopt the higher Russian import tariffs. Both countries demand direct payments from Russia as compensation. Meanwhile, other post-Soviet countries restrain their trade with Russia.

A CIS multilateral free-trade agreement, by contrast, would make perfect sense. A third version was concluded last October. It can be based on World Trade Organization principles and combined with free-trade agreements with the European Union, which would maximize global integration for all. But given Russia's poor reputation in the CIS, only eight states have signed it, with Azerbaijan, Turkmenistan and Uzbekistan refusing. So far, only Russia and Belarus have ratified it, and it may never come into force. By persistently bullying the other CIS countries, Russia fails to achieve even minimum cooperation that would benefit all members.

Russia's promotion of the Eurasian Union does not lead to further political and economic integration but to Russia's isolation with Belarus and Kazakhstan at great cost to the Kremlin. The only possible neo-imperialist achievement is the long-proposed union state with Belarus. How long will Putin pursue this harmful policy?

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