“Governance & Resilience in wider Eurasia: are cooperative orders possible?”
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“Governance & Resilience in wider Eurasia: Are cooperative orders possible?”

GCRF COMPASS *Signature* Conference Proceedings 2019

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Evidence from the EEU-BRI engagement
Foreword

The year of 2019 celebrated ten years since the establishment of the Eastern Partnership (EaP) initiative by the European Union (EU) to foster closer relations with its Eastern neighbours. The same year also featured a fifth anniversary of the Russia-led Eurasian Economic Union (EEU) as well as of China’s Belt and Road Initiative (BRI). All three projects target the same former Soviet space – wider Eurasia – aiming to translate their good governance intentions into sustainable and prosperous development opportunities for the region and its peoples. And yet, each initiative comes with differing normative visions, premised on the fundamentals of a socially sanctioned idea of what constitutes ‘the good life’ for each governing domain, and involving differing notions of authority, collective identity and formal/informal institutions to underpin it.

In light of the growing complexity, connectivity and contestation across the world, the 2016 EU Global Security Strategy (EEAS) posited an urgent need to reform the post-WWII global governing architecture by way of empowering ‘the local’, and facilitating cooperative orders across the globe. The key tenet of the strategy was resilience setting up a new way for external engagement that envisages decentring power to local communities to enable them to be more responsive and adaptive to the challenges of the VUCA-world – of increasing vulnerability, uncertainty, complexity and ambiguity (Gnad and Burrows, 2017). Resilience with an emphasis on self-governance (Korosteleva and Flockhart, 2020), and inherent strength/capacities of local communities instigates a new way of thinking and governing, potentially opening up new opportunities for developing more adaptive and sustainable forms of governance – internal and external. These vision and intentions, presently, do not easily apply to the wider Eurasia, currently under confluence of several regional orders, and often exclusive dialogical platforms.

It is therefore, timely and opportune to take stock of the celebrated governance initiatives and their practices in building resilience, to examine their success/challenges in reforming the region for the benefit of its peoples. Given their often-incompatible strategies and exclusive platforms for negotiation, it is crucial to understand if cooperation between them is feasible, and how more resilient communities could be fostered accounting for their unique historical and cultural heritage, strength and ambitions.

This volume is the result of the GCRF COMPASS signature conference on ‘Governance and Resilience in wider Eurasia’, which was launched in July 2019 at the University of Kent, to address the above challenges and discuss new ways forward. The conference brought together project’s partners from the Universities of Kent, Cambridge, ADA University (Azerbaijan), BSU (Belarus), TNU (Tajikistan) and UWED (Uzbekistan), as well as many international contributors – from the Renmin University of China, MGIMO and HSE (Russia), DOC Research Institute (Berlin), many UK and EU HEIs, and EU and UK policy-making bodies, totalling to over 70 participants altogether. This volume presents the rich diversity of the conference discussions positing some new ways of thinking, which will continue developing at other forums of the COMPASS project, and through policy impact of the governing institutions in the UK, the EU and the region itself.
Have an enjoyable reading, and we look forward to continuing this discussion in the future!

Professor Elena Korosteleva
PI, GCRF COMPASS project

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The ‘Governance and Resilience in wider Eurasia’ signature conference was part of the wider GCRF Conference ‘Building Resilience’, organised by the University of Kent on 30 June-2 July 2019. The conference was organised under the aegis of the GCRF COMPASS project (ES/P010849/1, 2017-21), an ambitious UK government capacity-building funding initiative, aiming to extend UK research globally, to address the challenges of growth and sustainability in the developing countries. Notably, the COMPASS project at the University of Kent, together with Cambridge University as research partner, seeks to establish ‘the hubs of excellence’ at the top-level HEIs in Belarus, Azerbaijan, Uzbekistan and Tajikistan, to enable them to become the centres of knowledge sharing and transfer for research integration, impact governance, and sustainable communities.

Herewith we wish to acknowledge the GCRF UKRI funding (ES/P010849/1), and the support of the University of Kent, without which neither the project, nor the signature conference would have been possible.

***Contributions are presented in an alphabetical order***
MARK ENTIN – Centred discourse, decentred practice: The relational production of Russian and Chinese rising power in Central Asia

Introduction

A few years ago, globalisation was the main trend of world development. Now the situation has changed. The point is not that the negative effects of globalisation are felt in much more painful way, but rather there are other things making the case obvious. Strengthening intraregional ties has gone ahead. The European Union used to be a pioneer in this regard. After several decades, countries from all over the world followed its example.

In addition, almost all major powers are now convinced that regionalisation meets their interests. It gives additional economic incentives. It allows an increase in the competitive advantages they posses. It strengthens their authority and influence on international arena. It transposes them into the category of authentic poles of a multipolar world. Transformation of regionalisation into one of the most important determinants of the internal and external development of states sharply raised the question of the organisation of interregional cooperation and competition. Finding suitable algorithms and their formalisation became the imperative of time. It happened regardless of whether major world players decided to contribute to this or resist, because “even players like the United States or China cannot be such completely individual poles”.

For the space of Greater Eurasia, the correct answer will have a special meaning. Let us analyse why, in order to justify the preferred solution – the choice in favour of the formation of a cooperative interregional order.

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Basic concepts and perceptions: defining Eurasia

The spatial outlines of Greater Eurasia are blurred. One of the possible approaches is to focus on a purely geographical criterion. It is preferable, however, to use an inclusive approach, implying that all countries belonging politically, economically and existentially to this endless super-region are invited to cooperate in the framework of Greater Eurasia. From this point of view, Greater Eurasia is a space that connects the following regions: Northeast and Southeast Asia, Greater Central Asia, Greater Middle East, the whole of Europe, North Africa and maybe even Oceania. Such an understanding of Greater Eurasia is proper to Moscow and Beijing, as well as the countries of the Eurasian Economic Union.

Wider versus Greater Eurasia

For the designation of Greater Eurasia in Western international documents and political science literature, the term Wider Eurasia is most often used. This term is a Western-style political construct that is dedicated to cancel, replace and to marginalise the concept of Greater Eurasia. Wider Eurasia suggests the expansion of political and normative cultures and traditions of the EU towards third countries. Greater Eurasia, on the contrary, insists on such an organisation of political, economic, legal, humanitarian and cultural space, which is based on equal cooperation and the contribution of each participant to the common project.

The Greater Eurasia approach has another advantage. It provides an opportunity for each state to integrate into Greater Eurasia simultaneously both individually and through regional instruments, which gives the whole structure much greater flexibility and democracy, while the concept of Wider Eurasia comes from the fact that there is only one grouping of states that acts as a single unit, and all the rest must agree with its rules of the game.

The idea that only the EU is moving along the path of integration, and only its institutions are legitimate is no longer valid. In recent years other regional projects have rapidly developed. Their driving force has been Russia, China, and other world and regional players.

The multiplicity of projects of intraregional cooperation in Greater Eurasia
The Eurasian Economic Union continues to move forward with its integration project. It has already built the Customs Union and outgrown it. Now it is striving to achieve the goals of ensuring four common market freedoms – freedom of movement of goods, labour, services and capital, relying, among other things, on the activities of such a supranational regulatory and legislative body, as the Eurasian Economic Commission (EEC), and the expanding practice of the EAEU Court. Recently, in the first half of the summer of 2019, the EAEU took another significant step in this direction: a draft document defining the strategic directions of economic integration until 2025 was sent to Member States for consideration.

It basically proposes to remove step by step, within a specified time frame and on the basis of road maps updated every two years, 71 major obstacles hindering the proper functioning of the internal market which were identified by the Eurasian Economic Commission in cooperation with businesses. The rest of the document deals mainly with the implementation of a principled course towards deeper harmonisation of law enforcement and legislation of Member States. Road maps are being prepared in other areas of the EAEU activities as well. Institutional construction continues too – in July 2019 the Eurasian Economic Commission Board approved the draft Agreement on the Advisory Council on the exchange rate policy of the EAEU states.5

In addition, the EAEU confidently includes surrounding nations. In 2015 the EAEU signed the first external agreement on free trade with Vietnam. Later it signed an agreement with China, primarily to do with the elimination of administrative and other barriers and harmonisation of custom procedures. In 2018 a little bit more specific agreement was concluded with Iran. The EAEU continues negotiations and consultations on free trade with India, Egypt, Serbia and a number of other countries. It has memorandums of understanding with associations of countries that are somewhat slower moving along the path of integration, such as ASEAN, MERCOSUR, the Andean Community, the Latin American Economic System, and the Community of Independent States. Such developments makes the EAEU, as Tatyana Valovaya, former Minister for Integration and Macroeconomics of the EEC, puts it, a “full participant in the global geo-economic architecture”.6

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6 Portyakova Natalia (2019).
In practice, the EAEU does much more than is known. Its misfortune is that it lacks necessary media support. The EAEU is poorly represented and therefore enjoys insufficient social support. There are a lot of speculations about it. In 2017-2018 the EAEU experienced a mini-crisis. The Russian currency had weakened, and Russian-made goods and services poured into the market of other Members of the Union, which caused discontent. However, as the Russian economy and currency strengthened, despite the restrictions imposed by the EU and the USA, the interest of other Members of the EAEU towards the continuation and improvement of the effectiveness of the Eurasian integration process has increased again.

In contrast to the EU and the EAEU, China, Japan, India, Uzbekistan, Australia, ASEAN countries carry out their integration projects by other methods, which received the generic name "new regionalism". The essence of these methods consist of solving the problems of reducing and eliminating barriers in trade and other areas, bringing countries together and creating compatible legal regimes and economic spaces without assigning national sovereignty and establishing cumbersome, costly and self-sufficient supranational bodies. China forms free trade zones with any countries willing to go along with it. The attractiveness for the partners of China of the relevant agreements is due to several factors. The main thing is that these countries get preferential legal treatment and access to loans issued by Beijing on favourable terms and without political demands; large-scale industrial and infrastructure facilities appear in their territory, erected by China in exchange for opening up the market for Chinese goods and services that are more competitive. Intraregional trade and exchanges are growing at a faster pace. The economy of the region easily attracts much-needed investments for all, and develops steadily and dynamically.

**Multiplicity of institutions of intraregional organisation in Greater Eurasia**

The mosaic and multi-vector development of Greater Eurasia is enhanced by the abundance of separate regional and trans-regional structures and organisations arising in the super-region. So far the EU is not part of the competition in this respect, with a powerful system of supranational and intergovernmental multi-level governance.

However, as far as global governance systems are concerned, the EU and its Member States have until recently relied entirely on the United States and international structures they

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7 Afontsev (2016); Dergachev (2016)
created, comprising WTO and universal financial organisations of the Bretton-Woods system, which they believed also serve their interests. Together with the USA, they prevented their timely reform and democratisation in favour of the developing world. Therefore, China, Russia and the leading regional powers of the planet had to look for palliatives.

China, relying on its rapidly growing economic and financial strength, has established several world banks, including the Asian Infrastructure Investment Bank. Russia and China, together with the countries of Central Asia, created the Shanghai Cooperation Organisation. Together with India and Brazil, joined later by South Africa, Russia and China created BRICS – an exceptionally representative international structure capable of speaking on behalf of all continents.

Previously, such a state of Greater Eurasia was easily explained. In the context of the processes of growing regionalisation and the strengthening of interregional ties which have entered into competition with the stalled globalisation, it becomes an anachronism. It does not correspond to the needs of further development of interregional trade. It infringes large interregional projects. It conflicts with the interests of the largest players in the super-region. Naturally, the answer to these challenges is to follow.

**Competition between 5 geopolitical projects of arrangement of Greater Eurasia**

The first initiative to tackle the challenge of interregional trade was the appearance of the Asia-Europe Forum in 1996 at the initiative of France and Singapore. Initially, it was conceived as a link between the EU and East Asia. Now it has outgrown this framework. It includes the EU and its member states, Norway and Switzerland, on the one hand, the ASEAN countries, the ASEAN secretariat, Japan, India, China, Pakistan, Bangladesh, Russia, Australia, New Zealand, Kazakhstan and Mongolia on the other. Since its inception, the credo of the Forum has been the concepts of interconnectedness and interdependence. Gradually, the idea of connected development (connectivity) became the core of all its activities. However, the Forum could not offer something more specific than a dialogue about issues.
The situation is completely different with the Chinese project of the Silk Road (Belt and Road initiative). During the phase of implementation it evolved strongly conceptually. At the beginning, it was about purely infrastructural plans for the construction of trans-regional highways and railways and the improvement of sea routes for the transport of Chinese goods to Central and Western Europe. Now it is presented as a financially viable instrumental opportunity for the spread of the Chinese economic miracle to transit and receiving countries.

In this context, the formation of a new trans-regional infrastructure is seen as generating the emergence of new industrial centres, new growth points, a new economy, and investment objects, in which transit countries are really interested. In this case, infrastructure projects in the Chinese version turn into a much more important and advantageous thing – connecting the lagging regions with the Chinese locomotive of economic modernisation. In fact, as it tries to present BRI, Beijing seeks to engage them in economic co-development. At the same time, as far as practical politics and economics are concerned, the Silk Road remains, first of all, what it always was – “an initiative pushed by internal factors” and “a project to spread Chinese influence”.8

Authorship of another, this time fully geopolitical project, which can also be attributed to the number of projects linking together the separate parts of a huge super-region, belongs to Russia.9 Its distinguishing feature is that it is in order of magnitude more comprehensive than all others.10 To emphasise this, Russia called it the project of forming the Comprehensive Greater Eurasia Partnership (spaces, community – CGEP). The CGEP project was put forward by the leadership of Russia after an agreement was reached with China on the conjunction of the Economic Belt of Silk Road and the activities of the EAEU, which was later

repeatedly confirmed. The Joint Statement on the Development of Comprehensive Partnership Relations and Strategic Interaction, for example, stated: “the parties believe that the One Belt - One Road Initiative and the idea of the Greater Eurasian Partnership can develop in parallel and in coordination, will contribute to the development of regional associations, bilateral and multilateral integration processes for the benefit of the peoples of the Eurasian continent”. Therefore, at some point, Chinese experts even suggested that “in geo-economic terms, Russian Greater Eurasia and Chinese One Belt and One Road are one and the same”, which, of course, is not so.

The agreement received the support of the supreme body of the EAEU, which promptly gave the Eurasian Economic Commission a mandate to negotiate with China on behalf of the “five”. The concluded agreement, in essence, on reducing administrative and other barriers is the first in a series of planned treaties. In addition, during the state visit to Beijing in 2018 of the President of the Russian Federation, the economic ministries of Russia and China approved the terms of reference for concluding a comprehensive treaty of a new generation.

The project of the formation of the CGEP has economic, military-political as well as politico-normative dimensions. It involves the construction of new transport corridors; the erection of obstacles to external interference in internal affairs of the countries involved; conflict prevention; and joint resistance against sanctions at an international level.

The CGEP proceeds from the assumption that supranational, unified, uniform integration in the super-region is impossible. Countries of the super-region can win only as a result of the mutual removal of barriers, a feasible combination of efforts to solve common problems, and the compatibility of the conditions for the activities of individuals and companies throughout its space. Accordingly, the project for the formation of CGEP proposes a model of the most

gentle, flexible, different-speed integration, which aims to protect the identity and independence of each participant, ensure political stability and accelerate economic development and modernisation.

The latest project concerning Greater Eurasia, understood as Wider Eurasia, is the policy of connectivity between Europe and Asia of the European Union. It was made public quite recently – in mid-September 2018. Its appearance was a kind of response to the Chinese Belt and Road initiative, with the EU fearing its dominance might be threatened. In fact, this policy consists of two parts: negative and positive. The negative can be judged by the policy of containing China in the political, economic and media sphere, which Brussels has recently been trying to pursue, following Washington. It seeks to prove both to itself and to all transit countries – civil society, expert circles and the political establishment that the Silk Road is beneficial only to Beijing. Chinese companies are implementing the “Belt and Road” in an opaque manner, using grey, black and other corruption schemes. The positive component is expressed less clearly. The main components of the policy are about improving infrastructure, and in addition, investments in human capital, energy security, digitalisation, and technical standards convergence.

However, none of the independent players would agree with such a type of approach to building cooperation in Greater Eurasia, and not Wider, as Brussels insists. The same is true for the region of Central Asia. Even research centres operating in Brussels warn of this. Moreover, the EU is ready to spend not hundreds of billions of dollars, but a modest or even several orders of magnitude more modest amount on investments in Wider Eurasia. Take Central Asia: the formally accumulated investments of the EU reached 62 billion euros, but, after all, the lion’s share (at 75%) was invested exclusively in the oil and gas industry of Kazakhstan.

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Another good reason why the new EU policy, like the one adopted for its development (in fact, not such a new)\textsuperscript{19} strategy for Central Asia was met with coolness in Moscow, is because it was perceived by politicians, business and the expert community as having a second agenda. The impression is that: “The EU is interested in solving the problems of security and energy in cooperation with these states, and at the same time it automatically opposes the deepening of integration processes in the post-Soviet space”. Yet the EU would still insist on unrealizable Europeanisation of these states and their transit towards European standards; the EU “does not take into account the positions of China and Russia, and does not suggest joint approaches”.\textsuperscript{20}

It does not add optimism that approximately six months after the publication of its connectivity policy, Brussels, following in the wake of the warlike rhetoric of Donald Trump, whom it seems to be trying to distance, sharply tightened the declared line with regard to Beijing. In March 2019, the European Commission and the European External Action Service submitted to the EU political institutions a Communication with its outline, in which China was called an “economic competitor” and a “systemic rival”.\textsuperscript{21}

In this document, and at a meeting of the European Council that supported it, held on March 21-22, 2019, Beijing was accused of imposing an alternative illiberal development model. It was presented with a standard set of claims that it puts Western companies in unequal conditions, in illegitimate ways supports the national producers, and violates intellectual property rights. It was sharply criticised for absolutely everything: the Silk Road, investment in strategic objects of the European economy, and the damage that Chinese state-owned companies, according to EU institutions, cause to European business and the region’s international competitiveness.\textsuperscript{22}

\textsuperscript{19} Putz Catherine (2019). The European Union's (Not So) New Central Asia Strategy. Two years in the making, the EU’s new Central Asia strategy doesn’t offer many new positions. The Diplomat. 16.05. \url{https://thediplomat.com/2019/05/the-european-unions-not-so-new-central-asia-strategy/}


Like Moscow, Beijing was blamed for violating the rules on which the world order is based. And this time it was mainly about violations of the rules of international trade, reciprocity, openness, intellectual property. With this, according to a part of the European expert community, the EU began to exaggerate in a biased manner – it needs to be very careful in blocking with the United States, because the methods used by the USA not less and maybe even more undermine the rule-based order.  

Instead of a conclusion: the prospects for matching geopolitical projects of ASEAN, China, Russia, and the EU

In the case of the normalisation of relations between Russia and the EU and the refusal of Brussels from claims of exclusivity and normative messianism, an interface between all the geopolitical projects that have been analysed above will become quite possible. The countries of the super-region are interested in peaceful creative development, not confrontation. Creative cooperation is beneficial to all. It can give a lot. This is or should be the essence of a cooperative multiregional order, in which there will be a place for everyone.

For its part, Russia will be ready to support it. When creating the EAEU, Moscow proceeded from the fact that integration in the former Soviet Union would become a brick for common building with the EU, serve to form a common economic, legal and humanitarian space, will lead to the establishment of a union of unions. And now Russia, together with the other members of the “five”, continues to build up the internal law of the EAEU in such a way that it does not contradict EU law to the maximum possible extent.

The Russian initiative to form the CGEP suggests equal participation of all countries and all regions, including the EU. Its anti-Western sound, which permitted the rejection of the EU and the formation of a common space from St. Petersburg to Shanghai, has long been eradicated. It is important that Brussels follow this recipe in understanding and implementing its course of external action; that it does not hinder integration processes in the post-Soviet

23 Casarini (2019).
space; ceases to assume that the EAEU will collapse in the near future, and that the Silk Road and the activities of the EAEU are extremely difficult to integrate.

If and when this happens, the following concrete proposals could be translated into practical terms:

1. **In institutional terms**
   - To establish a multi-level dialogue between the EU and the EAEU, between NATO and the CSTO, then or in parallel – between the SCO and the EU, BRICS countries and the EU.

2. **In legal terms**
   - Take steps aimed at achieving compatibility between external free trade agreements and negative integration agreements, concluded by the EAEU and the EU with third countries and associations;
   - Launch, at an expert level, the elaboration of various aspects of the future basic agreement between Russia and the EU or the basic agreement between the EAEU and the EU replacing it, taking into account the newest international practices – innovations included in the EU agreements with Canada, Japan, as well as with Ukraine, Armenia and Kazakhstan and promising rules included in the agreements of the EAEU with Vietnam, China, Serbia, etc., without prejudging the decision on the date of official negotiations;
   - Test tripartite negotiations with the participation of Russia, the EU and third countries (going beyond the negotiations on the transit of energy supply) to check how much this format is needed, how it works, what results can be achieved with it, to expand the palette of means of cooperation and interaction across the Greater Eurasia;
   - Agree on how Serbia could remain in the free trade zone of the EAEU and the CIS, first at the time of accession negotiations and then on an ongoing basis (regardless of when and under what conditions Belgrade may be accepted in the EU) to get the invaluable experience of pairing the two integrations, which could be further extended to other countries.

3. **In terms of restoring non-alternative law-abiding behaviour of states**
   - Create a permanent open platform for dialogue on international law issues;
   - Arrange regular bilateral meetings of national associations of international law, then add a multilateral dimension to them, leading to the creation of the Greater Eurasian Society of International Law;
Clarify the meaningful content of the notion of “order based on rules”, recently promoted by Brussels and Tokyo, and its relationship with classical ideas about international law and the global legal system order in order to remove misunderstanding between Brussels, Moscow and Beijing and between Tokyo, Beijing and Moscow;

Concentrate the efforts of all countries of the super-region on the harmonisation of that part of the national legal regulation that serves implementation of large infrastructure interregional projects and interregional production chains and value chains creation;

To raise the status of the ongoing work of various international research teams and public structures over the content of the projects for building common spaces and, in particular, the common economic space from the Atlantic to the Pacific Ocean;

To carry out the changeover of the activities of the Council of Europe as the bearer of the invaluable experience of international rulemaking and after that give it an opportunity to work on the development of international agreements of a new generation that would form the basis for the formation of the CGEP;

When renewing cooperation between the Federal Assembly and the European Parliament, focus it on solving problems of harmonisation of legislation and law enforcement.

4. **Normalisation of the situation in the information space**

- Reduce the degree of misinformation that has swept over the media sphere;
- Return to the practice of respectful attitude to each other and an objective presentation of the facts, events, positions, initiatives;
- To focus on points of common interests, and not on what divides, contrasts and spurs confrontation.

5. **Revision of previously proposed foreign policy and geopolitical concepts**

- Remove the inherent plaque of one-sidedness in the course of their processing and renewal;
- Focus on harmonisation;
- See how to achieve synergy.

6. **Streamline decision-making procedures**

- Try to reach an agreement on reducing step by step the level of politicisation of problems in the preparation and implementation of important economic decisions in the international environment;
• Be guided not so much by foreign policy considerations but by commercial interests when working on preparation and implementation of economic decisions;
• To return to market laws a priority in the regulation of free trade and international interaction and to interfere in their operation only in a coordinated manner or taking into account a preliminary exchange of views.

7. Return to the principles of multilateralism

• To reach a political agreement, which will then receive a regulatory expression, on a phased rejection of the policy of resorting to unilateral measures;
• Similarly, on inadmissibility of the use of sanctions mechanisms in circumvention of the powers of the UN Security Council;
• Likewise on the unlawfulness of the extraterritorial effect of the norms of national law.

8. Joint implementation of large infrastructure, energy and other projects

• To pave the way towards their internationalisation (so that the spirit of deterrence, which representatives of the Western establishment and expert circles [Spanger 2019] can feel and reproduce in everything now, is replaced by a spirit of cooperation and interaction in solving common problems).

It seems that the implementation of the above proposals could avoid fierce competition between various projects of the organisation of Greater Eurasia and lead to the establishment of a cooperative order in the super-region.

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BEHROOZ GHRLEGHI¹ – Prospects for a common monetary policy in Eurasia?

Introduction

President Putin has previously (2015) instructed the Central Bank of Russia and the Russian government to determine further areas of monetary and financial integration in the framework of the Eurasian Economic Union. The ultimate goal would be to elaborate on the "feasibility of creating a monetary union in the future" in cooperation with the central banks of the EAEU member states (REGNUM 2015). This report discusses one of the pre-requisites of monetary cooperation among these economies: the symmetry of underlying macroeconomic shocks.

The Optimum currency area (OCA) theory of Mundell (1961), McKinnon (1963), and Kenen (1969) indicates that the optimal currency area is a geographical region that would maximise efficiency which could eventually lead to a common monetary policy for the entire region. This article tries to identify the feasibility of such monetary cooperation using the same theory and employing the structural vector autoregressive technique. In order to assess this objective, the data for the GDP of the economies of Eurasia is collected and examined for the period of 2000-2017. The reason for choosing this period is that these economies had an initial decline (due to the collapse of Soviet Union) in their GDP (1991-1995) and a period of recovery after 1995. The pattern of the recovery became different across these economies only after 2000 (Figure 1).

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Based on the OCA theory, for countries to be able to coordinate their monetary policy, there are some pre-requisites in order to coordinate the monetary policies among the countries such as: labour and capital mobility, price and wage flexibility, and symmetry of macroeconomic shocks. This report puts emphasis on whether the macroeconomic shocks are symmetric or asymmetric. In order to examine the feasibility, it is necessary to identify how these economies respond to the external shocks. Two types of shocks are considered in this analysis: global shocks, and regional shocks.

The structural vector autoregressive model allows for imposing the theoretical restriction in the model to achieve the highest accurate results. The model is developed using three variables that are the GDP of the home country, the GDP of the regional influential economy, and the GDP of the global economy. In this paper, Russia is treated as the regional economy, and the United States is treated as Global Economy. These arguments are consistent with the relevant literature.

So far there has not been any effort (to the best of author’s knowledge) to analyse the degree of symmetry among the economies of Eurasia. There have been some analytical reports on the monetary policy of EAEU members, but not on that of Eurasia. Even those efforts have not been done using the theoretical models. Perhaps this paper could serve as a basis for identifying the asymmetric shocks.
Domestic output is subject to three types of shocks: global, regional, and country specific shocks. The technique suggests the order of the model to be GDP\textsuperscript{g}, GDP\textsuperscript{r}, GDP\textsuperscript{d}, that represent the GDP of global economy, regional economy, and the domestic (home) economy respectively. In this note, the restrictions are based on the long-run effects of structural shocks. The restrictions in this paper follow the model of Chow & Kim (2003) that argues that (i) regional shocks have no contemporaneous effects on global output and (ii) domestic shocks have no contemporaneous effects on global or regional output. There are some arguments in defence of such restrictions. The Russian economy is too small to affect the global economy, and a similar argument goes to the effect of domestic economy on regional output. These restrictions then will be implemented via a standard VAR model in first differences where structural shocks are recovered using the Choleski decomposition method.

Regional shocks are important in the economy as the economic structure of neighbouring countries (or trading partners) are similar to each other. The costs of the loss of monetary independence could be substantial if dominant shocks are country-specific shocks and hence uncorrelated across the region. If Global shocks affect the economies in the region in the same direction, a global arrangement would be a better course of action than regional arrangements (USD vs RUB). Bayoumi and Eichengreen (1993) argued that supply shocks are considered to be more structural and less sensitive to the choice of exchange rate arrangement. If supply shocks are highly correlated or symmetric within a region, then the region would be a good candidate for a currency union and vice versa.

Frankel and Rose (1998) argue that once trade increases (among the countries in the region), the correlation of supply shocks will increase. In other words, shocks become more correlated as economic integration develops. Therefore, the level of intra-regional trade and the level of correlation of supply shocks should be studied to understand the nature of interdependence of these economies.

After estimating the model, variance decomposition results are obtained. The 1 and 5 years responses are taken as short term and medium term effects of such shocks. For all the economies, the SVAR model is estimated using one lag for convenience because there are
several countries to be estimated. The model is found to be free from serial correlation among the residuals.

A regional peg exchange rate regime in Eurasia would be desirable if the economy is heavily subject to common regional shocks. It means the pegging would be costly if the dominant shocks are country specific. The recent trade integration in the region so far did not create a homogenous group as compared to that of European Union. Table 1 reports the variance decomposition of the three shocks in all these economies. Variance decomposition helps to determine the proportion of variation of the domestic GDPs explained by each of the global shocks, regional shocks, and domestic shocks. The results reveal that although regional shocks are still important, and global shocks become more important, disturbances are still dominated by domestic shocks.

Table 1. Variance decomposition of domestic output (2000-2017)

<table>
<thead>
<tr>
<th>Country</th>
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<td>5</td>
<td>27.92</td>
<td>19.13</td>
<td>52.92</td>
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</table>

On average, the country-specific shocks are dominant over global and regional shocks. To be more specific, the regional shocks are much less important in Azerbaijan, Kyrgyzstan,
Turkmenistan, and Uzbekistan, i.e., regional shocks explain not more than 10% in the last 5 years. It is interesting to report that regional shocks are relatively more important than other shocks only in Belarus and Ukraine. While, regional shocks have the least impact in Azerbaijan, Kyrgyzstan, Turkmenistan, and Uzbekistan, and global shocks have the least impact on the economy of Turkmenistan.

Table 2 reports the variance decomposition for the EAEU members. The level of importance of regional shocks remain unchanged (around 20%) as compared in the pool of 13 countries. However the importance of global shocks has increased to ~38 percent, but still the main shocks are country-specific shocks.

Table 2, Variance decomposition of domestic output, EAEU (2000-2017)

<table>
<thead>
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<th>Period</th>
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<th>Regional</th>
<th>Domestic</th>
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<td>5</td>
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</tbody>
</table>

Table 3 reports the same for the EEC members. In this case regional shocks play an equal role to global shocks, i.e., the importance of regional shocks have increased, but the importance of country specific shocks remains dominant.

Table 3, Variance decomposition of domestic output, EEC (2000-2017)

<table>
<thead>
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</tbody>
</table>

Discussion

Given the size and trade openness of the economies of Eurasia and the anecdotal evidence of dependency on the Russian economy, the low impact of regional shocks is surprising. The
results further reveal that global shocks are also less important in this region even though they have a slightly higher impact than regional shocks. This is another surprise as the US dollar plays a dominant role in this region. This could be due to the fact that the dynamic of industrial production for each of these economies differs from that of Russia and USA. Another reason could be that Industrial Production is not synchronised with Russia and the U.S.

These economies have gone through a transition period after the collapse of the Soviet Union. Some of these economies have achieved their initial level of GDP (time of collapse) and significantly increased their output (such as Azerbaijan, Turkmenistan, Uzbekistan) while some others hardly achieved their initial level of GDP such as Georgia and Ukraine which have not yet reached that level. Moreover, the Eurasian states have growth experiences that are sufficiently different from each other in terms of timing, resource dependence, and industrial structure (Kazakhstan is an oil rich country, while Uzbekistan had a peak period of industrial production).

The next interesting result is that in the Eurasian economies, on average global shocks become more important in the medium term than in the short term. Regional shocks impact remains almost at the same level in both the medium term and short term horizon. This indicates that the external shocks experienced by Eurasian economies are not temporary. However, the importance of domestic shocks has reduced, which suggests that a large portion of domestic shocks are transitory. The fact that the impact of global shocks is high in these countries indicate lower resilience of some of these economies. At the same time the low resilience of Armenia, Belarus, and Ukraine towards global shocks make them vulnerable to those shocks.

If the domestic shocks are uncorrelated, then some changes in the relative prices among the economies are required. Slow price adjustment and the absence of nominal exchange rate adjustment could mean slow recovery from shocks. Given different exchange rate regimes in these economies and their reluctance to float their currencies, a peg exchange rate regime would not be feasible and hence the search for a common monetary policy continues.

**Bibliography**


IGOR MERHEIM-EYRE¹ – The West-Russia confrontation and limits to a cooperative world order

Introduction

Despite beliefs that a cooperative world order could be established, trends on both the macro-level of international relations as well as micro-level of domestic politics show that cooperation based on a shared understanding of the good life is unlikely. Given the increasing competition among major powers as well as their unpredictability, western democracies must instead emphasise dialogue, confidence-building measures, clearer communication of policy to manage anarchy in the international system, and they must also focus on deterrence and domestic resilience-building to counter the corrosive ‘sharp power’² of authoritarian regimes. This paper seeks to analyse some of these factors, and provide recommendations for managing alienation and anarchy in today’s turbulent world, particularly in the context of continued confrontation between Russia and the West.

World Order: The State of Play

World order is among the most used terms in international relations. Often, it is used to characterise the existing balance of power, hierarchy, and the ‘rules of the game’ underpinning world politics. However, what is and what constitutes this order is often contested. For example, Chalmers argues that this order is composed of three systems: a Universal Security System (embodied by the UN charter, and includes the right to self-determination, inviolability of borders and thus the prohibition of aggression between states), Universal Economic System (a set of agreements and institutions such as IMF and WTO, and regimes to address climate change or diseases, and whose membership has grown overtime to reach almost a point of universality), and Western System (a more exclusive community of shared political, economic and security interests in North America, Europe and Asia-Pacific).³

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According to Chalmers, Major Power Relations and Bargains have both an independent existence but also the ability to shape the three systems, such as the bloc system and mutually agreed spheres of influence during the Cold War. For the English School, and Hedley Bull in particular, order presupposes at least some degree of social relations, and acceptance of (however minimal) set of shared rules and practices, such as the common acceptance of inviolability of borders between states. Moreover, Bull sees institutions such as the balance of power, international law, diplomacy, war and major powers (but also secondary institutions and regimes) as essential to producing order in the international system (which includes the Universal Security System and, to some extent, the Universal Economic System described by Chalmers) which, as Flockhart argues, ‘is likely to have some social attributes that are likely to be similar to those in an international society’.

International society, or a society of states, is more like the Western System, which ‘exists when a group of states, conscious of certain common interests and common values, form a society in the sense that they conceive themselves to be bound by a common set of rules in their relations with one another, and share in the working of common institutions.’

Despite the confusion of terms, one can presuppose that there is indeed something like an overall international order, composed of several systems which can include integrated international societies, such as that in the West.

The proliferation of international institutions and regimes on the systemic level have ‘reduced the Hobbesian fear and uncertainty’. At the same time, as this paper intends to show, tensions exist not only between the various systems, but also within each system. Internally, for example, the Western System is challenged by social-economic tensions caused by globalisation, which in turn are resulting in political discontent with the status quo. This in turn is being exacerbated by a form of ‘hyper-liberalism’ which claims universality and forces conformity with its catechism, populist forces which seek to challenge it, as well as Russian

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5 Flockhart, Trine (2016) p12
7 Goodhart, David (2017). The Road to Somewhere: The Populist Revolt and the Future of Politics; C Hurst & Co London
information warfare that is seeking to take ‘advantage of the failures, broken promises and stress points’ in the Western System.\textsuperscript{10}

Furthermore, there is tension between the Western System and the Universal Security System, namely in the context of humanitarian interventions which saves lives but questions international law, as in the case of Western interventions and regime changes in Iraq and Libya. Also, ‘attempts to make the Western rules-based system the dominant element’\textsuperscript{11} have been challenged by non-Western powers but who, like Russia and China, continue to engage in the Universal Economic System and even reap economic benefits from the Western System. More seriously, Russia’s 2014 annexation of Crimea shattered the Universal Security System, being only the second time since 1945 that a territory of a UN member (Ukraine) was forcibly transferred to that of another\textsuperscript{12}, highlighting that social interaction reduces anarchy, but does not guarantee it.

These represent merely some of the stress points between and within the various systems. Combined with increasing great power rivalry, the reality today, therefore, is that, just as attempts to build a whole and free Europe from Lisbon to Vladivostok, building a cooperative world order on a shared idea of the good life is today increasingly unlikely. As the Centre for Historical Analysis and Conflict Research concluded:

‘At a national level, and without being overly alarmist, we should also start the process of preparing society for an era of confrontation that perhaps presents the greatest risk to our security and prosperity since the end of the Cold War’.\textsuperscript{13}

\textbf{Major Power Rivalry and its Impact}

At the 2019 St Petersburg Dialogue, Heiko Maas, the German Foreign Minister, emphasised the need for German-Russian cooperation, claiming that ‘hardly any of the urgent questions

\textsuperscript{10} Galeotti, Mark (2019). \textit{We Need to talk About Putin: How the West Get Him Wrong}; Penguin Books Longon p26
\textsuperscript{12} Chalmers, Malcolm (2019) p3
\textsuperscript{13} ‘Is it time to wake up and smell the vodka?’ (2016). \textit{Centre for Historical Analysis and Conflict Research}; ARES & ATHENA 3 London p3
of world politics today can be solved without Russia\textsuperscript{14}. In today’s world, in particular one marked by increased competition between Russia and the West, such pronouncements have their limits. Such statements also assume that there is appetite and willingness for such cooperation, and fail to take into account the instability of the world order.

Admittedly, today’s confrontation between Russia and the West has deep roots. For example, Russia’s frustration with being treated as a mere regional rather than a great power is a constant in Russian discourse of the past two decades. At the same time, both the European Union (EU) and Russia engaged in separate projects to shape their common neighbourhood in their own respective images through political and economic cooperation. While the EU failed to see the geopolitical impact of its Eastern Partnership (EaP) initiative, which has become a region-building initiative through political and economic cooperation, Russia increasingly came to see the competition as a zero-sum game and a challenge to its own dominant role in the post-Soviet space\textsuperscript{15}.

Yet, a matter of fact is that Russia has in turn become a spoiler of the international and regional order. As well as the fore-mentioned annexation of Crimea, Russia invaded Georgia in 2008, and supported separatism in the East of Ukraine in 2014. It is also sustaining a number of frozen conflicts and break-away regions in the post-Soviet space, while using the confrontation with the West domestically, including the presence of NATO troops in the Baltic states on rotational basis, to paint a picture of ‘Russia as some sort of besieged castle’.\textsuperscript{16}

Engaging with Russia has also become increasingly difficult. As Mark Galeotti notes about President Putin’s style of leadership, ‘in geopolitics as in judo, Putin is an opportunist. He has a sense of what constitutes a win, but no predetermined path towards it’.\textsuperscript{17} Thus, for example, while Russia has challenged the Western System, and, in particular, the EU’s normative power\textsuperscript{18}, it is questionable to what extent it seeks (or is, indeed, capable) to create an alternative paradigm, or a Eurasian System to challenge that of the West. Since the


\textsuperscript{15} Casier, Tom (2016). ‘From logic of competition to conflict: Understanding the dynamics of EU-Russia relations’; Contemporary Politics 22:3 376-394

\textsuperscript{16} Volkov in Casier, Tom (2016) p387

\textsuperscript{17} Galeotti, Mark (2019). We Need to talk About Putin: How the West Get Him Wrong; Penguin Books Longon p15

\textsuperscript{18} Romanova, Tatiana (2016). ‘Russian Challenge to the EU’s Normative Power: Change and Continuity’; Europe-Asia Studies 68:3 371-390 p372
annexation of Crimea and the conflict in the Donbas, Russia has been playing the role of an unpredictable and reactionary power playing on adversaries’ weaknesses, even corrupting the Western System\textsuperscript{19}, and engaging in adventurist escapades, while expecting the recognition of a great power status which Russia feels has been denied to it by the West.

Russian analysts\textsuperscript{20}, too, realise that not only is the current confrontation not benefitting Russia, but it also isn’t helping it to achieve the status of a great power. For example, the economic sanctions against Russia are unlikely to be lifted any time soon, while Russia and NATO military activity in the Baltic and Black sea regions and failure to find a settlement to the war in eastern Ukraine will likely contribute to an increased arms race\textsuperscript{21}. Furthermore, according to Timofeev, the ushering of the digital age has created ‘a new kind of anarchy in international relations’. Russia, waging an information war and employing offensive cyber security against the West as well as its neighbours has fuelled this anarchy, rather than contributing to a more ordered and predictable international order. As Timofeev warns, ‘it is a bitter paradox for veterans of the Cold War, with its clear rules, ideologies and norms, that provoking a crisis today requires nothing more than trolling or creating fake social media accounts as opposed to redeploying weapons to friendly countries close to a potential adversary’s borders or undertaking significant ideological efforts there. Virtual crises can now set in motion quite real military machinery. To use the language of stock brokers, digital technology has created truly limitless potential for a decline in relations between great powers.’\textsuperscript{22}

To this end, it is quite unclear what the Russian bull-in-a-china-shop behaviour will achieve. On one hand, vis-à-vis the West, the Kremlin is ‘digging in for the long haul, feeling that they face neither victory nor defeat, but a long and miserable geopolitical winter’\textsuperscript{23}. At the same time, despite official rhetoric, relations between China and Russia are increasingly asymmetrical. Russia is increasingly losing its role as a hegemon in Central Asia and, while it has attempted to connect the Eurasian Economic Union (EEAU) and the Belt and Road Initiative (BRI), China is in fact engaging in bilateral relations with the countries and side-

\begin{footnotes}
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lining Russia. Moreover, according in Timofeev, in the growing confrontation between the US and China, Russia may soon become a ‘well-armed Canada’, that is a big and sufficiently developed country that is much more important militarily, though dependent on a senior partner.

Finally, the question must also be posed as to what extent a cooperative order with Russia (and, to the same end, also with China), ought to be desirable for the West. Both China and Russia exploit the Universal Economic System and the Western System. China (among other examples) buys Western companies and steals intellectual property, while Russian oligarchs and those friendly to the Kremlin launder dirty money through the City of London and other financial centres. While the West has no doubts tensions to address within its own System, these tensions as well as the System’s openness are increasingly being exploited by Russia, China and other authoritarian regimes’ ‘sharp power’. This exploitation has highlighted that, rather than the positive socialisation which Western pundits hoped will transfer the Western rules-based order to Russia, China and beyond, instead we witness the corruption of the Universal Economic System and the Western System. Moreover, building a cooperative world order with states that regularly arrest, torture, shut in camps, or even exhibit bodies of dead political prisoners goes against the very values the Western System is built on.

**World Order: Quo Vadis?**

In today’s turbulent world, building a cooperative world order especially one built on a common understanding of the good life, is increasing unlikely. Instead, with increasing rivalry

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24 Herzog, Fabian (2019). ‘Russia’s Interests in Central Asia and China’s Belt and Road: A Strategic Partnership or One-Man Show?’. *Latvian Institute of International Affairs* [https://jzc.lai.lv/en/analysis/russias-interests-in-central-asia-and-chinas-belt-and-road-initiative-a-strategic-partner-ship-or-one-man-show/?fbclid=IwAR3rVu45i5xFs8A9UT7S9Y1-BP_FPdv4oBkIm53idoLPe0WLg9EviC3YYfo](https://jzc.lai.lv/en/analysis/russias-interests-in-central-asia-and-chinas-belt-and-road-initiative-a-strategic-partner-ship-or-one-man-show/?fbclid=IwAR3rVu45i5xFs8A9UT7S9Y1-BP_FPdv4oBkIm53idoLPe0WLg9EviC3YYfo)


between major powers, more emphasis must be put in managing alienation and international anarchy. From a Western Perspective, this must have three dimensions:

Firstly, the West must address the tensions within its own system, namely the socio-economic impact of globalisation and the consequent political discontent, the rise of populism, as well as the increasingly dangerous form of hyper-liberalism that shuts down political discussion about the direction of the liberal Western System. By addressing these, the West will be able to build resilience against Russia’s information warfare, and other corrosive forms of ‘sharp power’ employed by authoritarian regimes, such as money laundering.

Secondly, the West must combine deterrence with clear and predictable policy. This means avoiding situations as in the case of the Eastern Partnership, where the EU engaged in geopolitical region-building through economic and political cooperation, while failing to see (or not wanting to see) its geopolitical impact. The Western world must be both prepared to communicate its willingness and defend its interests, but also communicate when it is not willing to contest them. At the same time, it also means communicating and ‘shaping a new relationship paradigm…that puts more onus on Russia to comply with international norms’, setting clear ‘boundaries and expectations’ for major powers to follow.

Thirdly, mechanisms for dialogue and conflict resolution among major powers are needed, and refraining from the use of proxy wars, information warfare and cyber attacks to provoke adversaries. Such fora, such as the OSCE and and the NATO-Russia Council already exist, however they are used more for the presentation of positions than in engaging in dialogue, highlighting that such mechanisms will only be useful if there’s genuine content and willingness to solve issues (be it the Minsk Accords, or aligning rules between the EU and the EEAU) on both sides. The same principle must also be extended to the management of

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31 Frear, Thomas & Kearns, Ian (2017). ‘Defusing future crises in the shared neighbourhood: Can a clash between the West and Russia be Prevented?‘; *European Leadership Network* Policy Brief London p20
34 Frear, Thomas & Kearns, Ian (2017). ‘Defusing future crises in the shared neighbourhood: Can a clash between the West and Russia be Prevented?‘; *European Leadership Network* Policy Brief London p18
nuclear weapons by major powers (including China), to ensure that mutual transparency is maintained, and anarchy in the international order managed.

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Defuse future crises in the shared neighbourhood: Can a clash between the West and Russia be Prevented?; *European Leadership Network* Policy Brief London


Maas bekraeftigt dialog mit russland’; *Ostexperte.de* (Accessed 19/07/2019) [https://ostexperte.de/maas-bekraeftigt-dialog-mit-russland/?fbclid=IwAR2NkbT_dEvT-eNnPXAwbJhQuFL1rf23Nl0HQ55FDPWharkwrtAMX5ZoY18](https://ostexperte.de/maas-bekraeftigt-dialog-mit-russland/?fbclid=IwAR2NkbT_dEvT-eNnPXAwbJhQuFL1rf23Nl0HQ55FDPWharkwrtAMX5ZoY18)

**Notes**


INTRODUCTION

Since its inception, the GCRF COMPASS initiative has organised a series of workshops and conferences to probe key questions related to the future of the contemporary international order. The foreign policies of Russia and China were probed in two separate gatherings and a further conference was held to explore the concept of resilience in theory and in practice. The extent to which we are witnessing change, contestation and elements of resilience in the international order has thus been a core research interest of the COMPASS network. This research focus was visible during the initiative’s Signature Conference that took place in Canterbury in July 2019. In this piece I would like to reflect on some of the concepts discussed during the conference.

INTERNATIONAL ORDERS

To start, even if one puts aside the fact that different theoretical perspectives in the discipline of International Relations feature different assumptions – and therefore different conclusions – about global events, one is still left with more questions than answers. The notion that change is the norm rather than the exception on the international scene is an idea that has currency in many IR theories. Yet the point was made by Professor Kerry Brown that orders are legitimate because they provide a modicum of predictability. These two principles appear to be in marked tension with each other. International orders will always have difficulty getting real-world state behaviour to conform perfectly to the principles that they nominally uphold.

In line with recent English School and other scholarship, one could therefore expect contestation to be a feature of any international order. Yet the alternative to the status quo – the so-called “liberal”, “rules-based” or “Western-led” international order – remains unclear as well. Despite occasionally (if not often) adopting elements of protectionism into their economic strategies, Russia and China are certainly not proposing to rewrite the current international order rooted in neoliberal globalisation. Moscow has been eager to stress that its Eurasian Economic Union (EAEU) is compatible with the tenets of the World Trade Organisation and is modelled to an extent on the supranationalism of the European Union. And while international frustration with Beijing is growing, it has nonetheless benefitted tremendously from the existing global economic system and has decided to make connectivity the central focus of its signature Belt and Road Initiative.

NORM CONTESTATION

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Despite this, one could contend that multilateralism should have difficulty adjusting to the realities of renewed great power rivalry. The question of which norms – and whose norms – should be considered legitimate in any given circumstance remains at the core of contemporary disputes. This came across particularly strongly in the panel that I moderated on contestation in the wider European space, which featured not only scholars and analysts from Eastern Partnership countries but also a Russian diplomat and a representative of the European External Action Service.

More than five years after the onset of the Ukraine crisis, normative contestation remains alive and well in Europe. Brussels remains wed to the principle that states have the right to choose their geopolitical orientation – the degree of closeness of Eastern Partnership countries to the EU’s regulatory orbit is for those very countries to decide. There appears to be a growing realisation in political circles that the EU has become a geopolitical actor but there is less awareness of what the implications of that realisation are for its status as a normative actor. Russia, on the other hand, insists on an “equal” relationship with the EU – a vision for which it has advocated in one form or another since Gorbachev. If in practice this implies that Moscow should have a veto over Ukraine’s decision to pursue a Western path of development, then this is fundamentally incompatible with the tenets of EU foreign policy.

Although a more meaningful dialogue aimed at gradually rendering the EU and EAEU regulatory orders more compatible would be useful, Russia’s position on Ukraine ultimately has little to do with economics. Rather, Moscow’s concerns are geopolitical as well as identity-related, born out of the challenge to Russia’s conception of itself as a multi-national community that came with the Soviet Union’s collapse. For the European Union, whose awareness of its own geopolitical qualities is only in its initial stages and whose member states possess a range of differing historical memories, responding adequately and purposefully to Russia’s grievances is an exceedingly difficult task. And seeing as Willy Brandt’s Ostpolitik proved controversial a full quarter-century after Germany’s occupation and partition, it is unlikely that Russlandversteher in peninsular Europe should prevail a mere five years after Russia’s annexation of Crimea.

Moreover, although the more limited scope of Yerevan’s westward tilt suggests a modus vivendi of sorts between the EU and Russia emerging in the Eastern Neighbourhood, the fact that Russian allies and EAEU members such as Armenia and Belarus are beginning to position themselves as “in-between” states gives Brussels few reasons to compromise on its normative vision for how the wider European space should be organised. This ironically undermines the strategic viability of these countries to pursue an “in-between” status as a means of helping to stabilise the region. In any event, a qualified modus vivendi does not equal the end of normative rivalry, which continues to drive instability and uncertainty in EU-Russia relations.

**Conclusion**

Even though a hybrid relationship may be the best that can be hoped for after a quarter-century of failed attempts at constructing a Greater Europe from Lisbon to Vladivostok, a
European policy of selective engagement is unlikely to transform EU-Russia ties in any fundamental fashion for the foreseeable future. Moscow, for its part, is unlikely to budge on core issues until the shape of its strategic partnership with Beijing and its vision of a “Greater Eurasia” become more manifest. We may now be faced with an instance in which the EU’s internal political order is growing more robust at the expense of the stability of the wider European space. As such, although a stronger EU may increase the resilience of the “liberal” characteristics of the global order, the “rules-based” elements are undermined by the continuation of great power rivalry. This calls for further evaluation of the concept of resilience, both at the regional and global levels of analysis.
Introduction

Are cooperative orders possible? Discussing this question, academic and policy communities largely focus on great powers. In the context of Wider Eurasia, the debates centre around the policies of the EU, Russia, China and sometimes the US. At the same time, references to the “in-between” states are usually made in the context of their compliance with the policies of the great powers. Yet, the answer to the question of whether cooperative orders are possible may equally lie in these “in-between” states and their ability to develop various strategies of combining and adjusting to different regional orders, hence, cultivating models of regional orders’ integration.

A happy development in this regard is the EU’s turn to resilience, which is understood as the ability to withstand crises, but which also presupposes greater reliance on the local structures, interests, preferences and resources. Resilience as adaptive governance\(^2\) is intrinsically linked with the local and implies the shift of responsibility from the EU to the Eastern Partnership (EaP) states. By shifting the attention to local structures, interests and resources, resilience as adaptive governance has the promise of making cooperative orders possible. Nevertheless, given that the concept is rather new and utterly ambiguous, with multiple different – often mutually contradicting – interpretations, let me first briefly trace the concepts of resilience and local ownership. The paper will then outline the main theoretical approaches on these concepts and look into the EaP policy development for some empirical insights.

The notions of resilience and local ownership have been developed in peacebuilding and development practice and research since the 1990s. However, up until now they remain highly problematic both in practice and in academic literature. In practice, the principle of

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local ownership has been “abundant in policy but absent in practice”\(^3\) implying that it tends to be used widely as a policy principle and objective, yet it is much more difficult to translate it into actual policies. Similarly, and somewhat ironically, the academic literature dealing with resilience and local ownership tends to focus on external actors and donors, rather than domestic structures of policy receivers and policy implementation. Thus, despite the fact that this local turn has been in place for at least two decades, most literature is concerned with investigating how to make policies more effective taking into account local conditions, rather than going beyond and exploring how real equal partnership can be established.

The trends discussed above are typical of the EU foreign policy. The EU included the principle of local ownership into the European Neighbourhood Policy (ENP) strategy already in 2004. It was reconfirmed once again in 2009 when the EaP policy was established. However, it is only with the 2015 ENP review that “differentiation and greater mutual ownership” were proclaimed as “the hallmark of the new ENP”. Together with the resilience turn outlined in the 2016 EU Global Strategy, these principles marked a narrative turn in the EU foreign policy towards the Eastern Partnership states. However, to grasp the precise EU understanding of these concepts, it is important to first review the main theoretical approaches existing in academic literature.

**Theoretical approaches to resilience**

1) The transition paradigm and modernisation theory\(^4\) presuppose the universality of norms and development trajectories. Resilience in this framework implies the reform of domestic institutions based on the Western/European model in order to enhance the viability of these institutions, while local ownership would merely imply a greater responsibility of domestic elites for the implementation of Western-developed policies.

2) The communitarian perspective\(^5\) instead focuses on the peculiarities of local structures and “rather than relying on a universal template...stress that any viable solution to the

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problems of order and good governance must ‘derive from and resonate with the habits and traditions of actual people living in specific times and places’

In this framework, resilience-building must be based on domestic structures even if they do not fit the Western vocabulary, and local ownership entails the primacy of local actors in the development and implementation of joint projects.

3) One step further takes these perspectives to the extreme of the post-liberal view, which argues that open systems are characterised by the process of self-organisation. Therefore, any external interference or attempts of resilience-building ‘corrupt’ domestic structures and undermine the processes of societal self-organisation.

4) Lastly, practitioners in peacebuilding studies trying to find a middle ground between these approaches proposed the notion of hybridity. This perspective maintains that all joint projects need to be the subject of wide negotiation and contestation. Opening up the political process to the definition of objectives and means of cooperation is supposed to result in “a stable, long-term consensus” between internal and external stakeholders, which will contribute to sustainable local ownership and resilience-building resting on domestic structures.

Analysis of the EU official documents demonstrates a shift from the transition paradigm towards a more hybrid approach. Thus, in line with the hybrid approach, the EU policy review stresses differentiation, a “tailor-made” cooperation template and “different paths” to supporting resilience; broad societal involvement at all stages of policy-making complementing the executive level; as well as a broad and demand-driven approach to resilience, including resilience of state, society, institutions and various policies.

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9 Supra n. 5, p. 143.
However, analysis of the EU-EaP policy implementation between 2015 and today shows that the EU still relies on its own policy template and does not demonstrate substantial flexibility. The EU is largely perceived as an agenda-setter by the EaP states, and as a power that is willing to compromise in development of bilateral cooperation agendas only within a very strict corridor of possibilities. The knowledge and understanding of the EaP states by the EU and their domestic dynamics is seen as limited. Furthermore, the process of learning is perceived as developing in one way, i.e. the EU expects the EaP states to learn from its experience and best practices, but finds nothing to learn from the EaP states. As such, the practices and perceptions remain in the realm of a transition, rather than hybrid, paradigm.

**Conclusion**

Against this backdrop, it seems necessary to advance the EaP along the following directions. Firstly, the paradigm of learning from each other and about each other needs to be grown. The practice and mentality of learning from each other – however evident it might be – is largely absent for the moment. It needs a serious shift in attitude and the way of thinking. What is needed is the recognition of the locals’ expertise, knowledge, priorities and resources – and surprisingly this recognition is sometimes lacking not only in case of the EU, but also the locals themselves. Secondly, and connected to it, the EU should allow for genuine policy ownership at all stages of cooperation – starting from defining objectives to policy implementation and evaluation. A more open, transparent and open-ended process of cooperation is vital for genuine resilience. Thirdly, popular ownership is essential. It is important that cooperation objectives resonate within society at large, not only civil society organisations. Here the ideas of “good life” and “the everyday” are key avenues to explore.

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European Commission/ High Representative of the Union for Foreign Affairs and


NILUFAR RAKHMATULLAEVA – A new wave of reform in Uzbekistan and prospects for regional cooperation

Introduction

Since 2016, a new wind of regionalism has swept across Central Asia, as Uzbekistan started to implement large-scale reforms and joined efforts with the other Central Asian states in the pursuit of mutually acceptable formats of regional cooperation. This encouraging development follows years in which regional cooperation among Central Asian states was minimal. Today Central Asian leaders are coordinating policies more frequently, in more areas than ever, and are currently seeking ways to structure more developed forms of regional cooperation.

It should be noted that this “new” (as some experts label it) regionalism in Central Asia is not new at all. The notion of Central Asian unity and the desire to form a purely regional union without outsiders was very much alive throughout the initial years of independence in the Central Asian states.

Established regionalism in Central Asia

A much-telling example is that of the Central Asian Union (CAU). The CAU was created in 1994 after Kyrgyzstan joined the previously signed treaty on single economic space between Kazakhstan and Uzbekistan. Tajikistan joined the Union in 1998, and Turkmenistan abstained referring to its self-declared neutrality. This institution was renamed as the Central Asian Economic Union in 1998 and in 2001 turned into the Central Asian Cooperation Organisation (CACO). The Union was an immediate success, fostering mutual engagement in many areas of cooperation. However, soon it fell victim to the growing geopolitical competition in the broader region and to the competing efforts by neighbouring great powers to draw the entire region into their respective orbit. Some members of the Union opted for a wider Eurasian integration, and in September 2005 the CACO merged with the Eurasian Economic Community (EurAsEC, a regional organisation that existed between 2000-2014, the predecessor to the Eurasian Economic Union).

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In this light, the International Fund for Saving the Aral Sea (IFAS) created in 1993, and the Central Asian Nuclear-Weapon-Free Zone (CANWFZ) established in 2006 stand as the only exceptions because they succeeded in creating viable regional frameworks of cooperation functioning till today and engaged all the five Central Asian States.

The next impetus to regional cooperation came with the adoption of the five-year (2017-2021) National Development Strategy in Uzbekistan in January 2017. The Strategy accorded high priority to foreign relations, and particularly to Uzbekistan’s Central Asian neighbours. Uzbekistan moved to resolve disputes with Kyrgyzstan and Tajikistan over water resources and border delimitation rapidly and adopted a more positive attitude to efforts at regional cooperation.

The most prominent result of such foreign political line was that Uzbekistan proposed to hold annual consultative meetings of the Central Asian leaders exclusively (the last time such meeting was held in April 2009 in Almaty and focused solely on the problems of the shrinking Aral Sea). After almost a decade of pause, the first Consultative meeting was hosted by Kazakhstan in March 2018 and the second is planned to be held in Tashkent later in 2019.

Moreover, Central Asian countries joined efforts in the development of a special United Nations resolution on "Strengthening regional and international cooperation to ensure peace, stability and sustainable development in the Central Asian Region". The United Nations passed the resolution on 22 June 2018. The document reaffirms the importance of closer and coordinated cooperation among the Central Asian States and calls upon the specialised agencies, funds and programmes of the United Nations system to harmonise their programs and activities in support of the priorities of regional cooperation, integration and sustainable development in Central Asia. The resolution was co-sponsored by 55 UN member states and gained unanimous support from countries representing all continents of the world, Australia, North and South America, Asia, Africa and Europe. Thus, the international community expressed its firm and unconditional support for the Central Asian countries' efforts to deepen regional cooperation, which is one of the essential preconditions for stability and development of the region.

The rapid changes in regional politics have inspired enthusiasm in some expert circles about the adherence of Uzbekistan to the Eurasian Economic Union. However, it may be possible
that Uzbekistan joins the Union in perspective, the current regional policy of President Shavkat Mirziyoyev is mainly focused on advancing purely regional cooperation first. Regarding the accession of Uzbekistan to the Eurasian Economic Union, President Mirziyoyev has recently commented that: “Our neighbours went far ahead. Soon they will move to labelling their products. We will lose with our products in this market. We should find the right way, analyse everything, think ten times and then make a decision. For big politics twenty-seven years is not a long term, but for Uzbekistan, it is an enormous period”2.

Models of regional cooperation

In order to keep a positive tendency in regional cooperation long-lasting, the Central Asian countries understand that sooner or later, they will need some institutional framework for regional cooperation. On 19-20 February 2019 Uzbekistan hosted an International Conference on “Central Asian Connectivity: challenges and new opportunities”. One of the aims of the Conference was to discover different models and formats for regional cooperation. Nearly 200 experts from 36 countries representing various regional organisations, regional cooperation entities attended the Conference (e.g. Visegrad Group, the Nordic Council, etc.).

To this day, among several regional cooperation formats discussed, two seem most relevant for Central Asia: the model of the Nordic Council and that of ASEAN. The experience of the Nordic Council is relevant because it shows that regional cooperation can succeed even in a situation where member states have different approaches to continent-wide integration structures (mainly the EU and NATO). The ASEAN emerged at a time of harsh geopolitical tensions in Southeast Asia and succeeded in developing mechanisms that secured unity among regional states. It helped them to promote their initiatives on the world stage as a unit rather than separately.

So why is Uzbekistan advocating for regional cooperation? Because there are still many issues and challenges that fall out of the scope of the existing regional cooperation formats in Eurasia and that can be more effectively resolved within the region itself. Central Asian cooperation if institutionalised will not contradict or compete with already existing initiatives in Eurasia, but complement them.

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Conclusion and future prospects

In conclusion, it should be noted that the Central Asian states have already had some experience in intra-regional cooperation, be it unsuccessful (in the case of CACO) or progressive (for example, IFAS and CANWFZ).

The current state of affairs in Central Asia and ongoing drastic changes in Uzbekistan prove to be favourable for the renewal of regional cooperation that was almost non-existent in the recent decade.

To secure positive changes in regional political dynamics, the Central Asian states should think of an institutional framework of regional cooperation and in doing so they should build on the achievements of such models of regional collaboration as the Nordic Council and ASEAN.

Bibliography

RICHARD SAKWA¹ – Models of Globalism

Introduction

International politics today is often characterised as chaotic and disorderly, but such a view implies that we have moved away from a more ordered system in an earlier period. This may well be the case, but to understand the general trend of international politics today we need to understand the character of the international system. An analytical exercise of this sort can take many different forms, including an overview of the various competing models of the system (realism, liberal internationalism, constructivism and others). This paper takes a rather different tack and instead examines what could be called the ‘software’ of international politics by identifying four models of globalism, analogous to alternative operating systems. By presenting this four-fold analytical model, we thereby introduce the grounds for a more pluralistic understanding of international affairs. Instead of the monism prevalent since the end of the Cold War in 1989, this approach suggests the need for compromise and dialogue between different models of world order. By providing an analytical framework, some of the analytical confusion that besets analysis of contemporary international politics can be obviated. This does not mean that the system thereby becomes any more ordered, but it does mean that observers have an analytical frame in which policy analysis can take place.

Models of globalism

Drawing on English School thinking, the international system can be envisaged as a three-level construct.² At the top, there are the secondary institutions of international society, with the United Nations at its apex and complemented by an increasingly ramified network of international governance institutions. Beneath the solidarity of international society we have the second level comprising competing states whose relations in English School thinking are governed by the primary institutions of international society. The third level of the international system encompasses a broad range of civil society organisations as well as the media and other forms of societal intervention. Hard-line realists typically dismiss the role

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² For analysis of this model, see Richard Sakwa, Russia against the Rest: The Post-Cold War Crisis of World Order (Cambridge, Cambridge University Press, 2017), pp. 38-68.
that international organisations play in international politics, and even more so sub-state movements and processes.

It is in this context that four types of globalism have shaped international politics in the post-1945 era. By globalism I mean ‘software’ systems that provide a consistent set of norms about the correct and most appropriate conduct of international affairs. Globalism is the claim that a particular set of norms and institutions have universal validity. It is not to be confused with globalisation, which is a particular process that cuts across the various models of world order, although populists and other critics tend to confuse the two. This definition of ‘order’ suggests that they are not tied to a specific space but to a way of doing international politics. States are typically not constrained by a single set but can choose elements from different models, although the character of a regime and its place in international affairs will predispose it to apply relatively consistently one operating system to the exclusion of others. These four models are ideal types, and the practice of international affairs typically draws from a range of repertoires that are tied to a single model. This examination of models is an attempt at systematic thinking that tries to make sense of the apparent chaos in international affairs today. It gives substance to a plural approach that contextualises the claims to pre-eminence of any single model of global order.

**Liberal international order**

The first is the US-led liberal international order, which was born in the early years of the twentieth century and then formulated by Woodrow Wilson in terms of a commitment to an Atlantic-based system of universal order. The liberal international order is based on an expansive dynamic of universal rules and economic interactions. This has been the most vigorous international order of the modern era, transforming much of the world in its image. The liberal international order combines military, economic and political (normative) sub-orders, each operating according to a specific dynamic but coalescing to create a polymorphic and energetic international order.³

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Contrary to much analysis, this order evolves with the changing character of international politics in any particular era. Thus the post-war liberal international order up to the end of the Cold War in 1989 was shaped by confrontation with the Soviet Union and its promotion of an alternative model of world order. In the second phase between 1989 and 2014, in the absence of a coherent alternative, the liberal international order became radicalised in at least five ways: the Hegelian, associated with the discourse of the ‘end of history’; the Kantian, with the extreme emphasis on human rights; the Hobbesian, with numerous ill-judged military interventions intended, among other things, to advance democracy in the world; the Hayekian, which represented the triumph of neo-liberal thinking and the disengagement of market from social relations; and the cultural victory of social liberalism accompanied by the social fragmentation associated with identity politics. Some of this radicalisation was the natural result of the absence of a viable competitor, allowing the inherent character of the liberal international order to be developed to its full extent; but some of it was hubristic, exposing a dark exclusivity and intolerance of other social orders and traditional life patterns.

In the third phase, the one in which we now find ourselves, the expansive liberal order met its limits both domestically (in the rise of national populism) and in international affairs, in the emergence of coherent alternative models of world order. In part this reflects the broader shift of economic power from the West to the East, but also from the larger failure of the expanding US-led liberal international order to find ways to incorporate the periphery without the former outsiders fearing for the loss of their identity. In the Russian case resistance in the end took the form of a New Cold War, while in the case of China long-term civilisational contradictions have re-emerged.

Kissinger argues that the vitality of an international order depends on the balance it strikes between legitimacy and power, with both subject to evolution and change. However, he warns “When that balance is destroyed, restraints disappear, and the field is open to the most expansive claims and most implacable actors; chaos follows until a new system of order is established”. The Versailles settlement in his view placed excessive emphasis on the

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legitimacy component and the appeal to shared values, and by ignoring the element of power effectively provoked German revisionism.\textsuperscript{7} The argument was made earlier by E. H. Carr in his \textit{The Twenty Years’ Crisis}, which in his view prepared the way for renewed conflict.\textsuperscript{8} A similar problem applies today. In the cold peace years between 1989 and 2014 the stick was bent too far towards the legitimacy (values) side, and then after 2014 the balance within the liberal international order is increasingly shifting towards the power component, as seen in various sanctions regimes.

This is a symptom of the larger shift in the post-Cold War era when the liberal international order effectively claimed to be synonymous with order itself. The international system as a whole from this perspective came to be seen as an extension of domestic politics into the international domain. In the post-communist era this gave rise to what can be called democratic internationalism.\textsuperscript{9} In other words, after 1989 both the power and the legitimacy components of liberal internationalism became radicalised and thereby undermined its claims to hegemony. In our three-storied model of the international system, the institutions of global governance are held effectively to be the property of one of the competing orders. It is this claim to universality that was challenged by proponents of alternative models of globalism.

\textit{Revolutionary internationalism}

The second type of globalism is the one represented until 1991 by the Soviet Union and its allies, which for a time in the 1950s included China. The Soviet Union from the beginning represented an unstable combination of socialist nationalism and revolutionary internationalism, but with the consolidation of Stalin’s rule the former predominated. With the disintegration of the Soviet bloc in 1991, the challenge of revolutionary internationalism largely disappeared, although there remain some echoes of the old model in the international system today. At the same time, new sources for the revolutionary renewal of the international system are emerging, notably the climate emergency. The meaning of revolution, of course, in this context has changed from the old Leninist idea of the forcible

\textsuperscript{7} Kissinger, \textit{World Order}, p. 83.
\textsuperscript{8} E. H. Carr, \textit{The Twenty Years’ Crisis, 1919-1939: An Introduction to the Study of International Relations}, Reissued with a New Introduction and additional material by Michael Cox (London, Palgrave, 2001 [1939]).
seizure of power towards the more Gramscian notion of the transformation of social relations, beginning above all in the lower level of our three-story edifice, the arena of civil society and cultural norms. The climate emergency demands new forms of social organisation and a thorough rethinking of growth-led models of economic development. Decarbonisation will change not only technological but also social relations. Emerging disruptive digital technologies and biotechnologies are already changing the way that people live and work, and we are only at the beginning of this new revolution. In the end, a new form of revolutionary internationalism may be the only answer to the survival of humanity on this planet.

This type of globalism returns to the aspirations voiced by Mikhail Gorbachev and others at the end of the Cold War for a qualitative transformation of international politics. Realists denounce this transformational aspiration as hopelessly idealistic and unrealistic, and they have powerful arguments to support their case. However, the absence of ideational and institutional innovation at the end of the Cold War only perpetuated Cold War practices, which after 2014 re-emerged in full force to divide Europe once again and to roil the world. The prospect of some sort of Greater European partnership was wholly realistic, and in the end probably essential to avoid a renewed bout of Cold War.

More broadly, the Non-Aligned Movement (NAM), established in Bandung in 1955, has gained a new vitality to oppose the re-emergence of bloc politics and to give voice to countries overshadowed by the return to great power relations in international affairs. ‘Nonalignment 2.0’ has been advanced as the keystone of India’s foreign policy in the new era. At the same time, rampant militarism and unchecked arms spending, accompanied by the breakdown in the strategic arms control regime inherited from the Cold War, is provoking the return of an active peace movement. The long-term stagnation in middle class and worker incomes accompanied by the erosion of the physical and social infrastructure in the advanced capitalist democracies has prompted a new wave of leftist radicalism. The question of socialism is once again on the agenda. In short, this transformative model of globalism

has deep roots in civil society and is forcing change in states and the institutions of global
governance.

**Mercantilist nationalism**

The third type of globalism is gaining increasing traction today. This is the transactional and
mercantilist approach adopted by Donald J. Trump and the various national populist
movements of our time.\(^{12}\) For Trump the international sphere is simply the extension of the
market into the larger domain, where a zero-sum logic predominates and in which there is a
ruthless battle for market share. The strong become stronger, while the weak endure what
they must. There is no room for multilateral agencies or international alliances, which in
Trump’s view only constrains the US. Values are humbug, everything is transactional, and
there is no need for democracy promotion. This is a stark model of Westphalian
internationalism, harking back to an earlier era before 1914 when the first era of globalisation
came into contradiction with statist Social-Darwinism. The national interests of sovereign
states predominated, and in part the First World War represented a revolt against the erosion
of state sovereignty by market relations. Today, this logic is reprised in the arguments of
radical Brexiteers in the UK, and in the sovereigntist movements in continental Europe,
notably in Marine Le Pen’s National Rally in France, Thierry Baudet’s Forum for Democracy
in the Netherlands and Matteo Salvini’s Northern League (La Liga) in Italy.

There is extensive literature arguing that populism is the response to when issues of social
concern fail to be addressed by existing elites.\(^{13}\) This helps explain why Salvini, like Benito
Mussolini, moved from left to right. Salvini argues ‘Ironically, I see more leftist values in the
European right than in some left-wing parties; these parties and these movements are those
that today defend workers, those who lead right battles. Thus, I do not see anything strange
in looking for a dialogue with whoever today embodies the resistance to this wrong Europe’.\(^{14}\)
Russia was presented as the defender of a more conservative and traditional representation
of Europe, and thus a strange alignment of Moscow and neo-nativist European national-
populists was forged. Russia thus returned to its nineteenth century manifestation as the

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defender of conservative cultural values and legitimate government; anti-liberal and authoritarian. This representation is at most only partially accurate, but in conditions of a New Cold War, Russia was certainly looking for friends wherever it could find them, especially if it could help undermine the unity required for the biannual renewal of European Union (EU) sanctions.

The revolt against globalisation took place in the very countries who had taken the lead in outsourcing jobs and services. The benefits of globalisation had been spectacularly badly distributed, and while lifting millions out of poverty in China, destroyed the industrial heartlands of the advanced capitalist democracies while allocating increased wealth to the rich. This was accompanied by a cultural revulsion against not only globalisation but also the apparently heedless cosmopolitanism with which it became associated. This is why the policies advanced by elites in the Anglo-Saxon world were so readily dismissed, and instead the marginalised masses increasingly looked for meaning.\(^\text{15}\)

The putative defection of the US from the liberal international order that it had done so much to create was at first welcomed by the Russian elite as a vindication of its conservative stance, but it soon became clear that Trump’s mercantilist nationalism has no room for allies or even friends, and that it lacks the intellectual or political resources to challenge the US national security establishment. Because of the Russiagate collusion allegations Trump had a fraught relationship with some of the security agencies, but overall the Trumpian insurgency quickly made peace with what Michael Glennon calls the ‘Trumanite state’, the vast Cold War military and security apparatus.\(^\text{16}\) Russia was once again left out in the cold.

**Conservative (sovereign) internationalism**

The fourth type of globalism is the one now associated with Russia and China and its allies in the Shanghai Cooperation Organisation (SCO) and the BRICS (Brazil, Russia, India, China and South Africa). This model of conservative internationalism emphasises sovereign decision-making by nation states, but it also understands the importance of internationalism. As in the two-level EU, where the Commission and its agencies exercise elements of supra-

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\(^{15}\) This was supplied by the Trumpian slogan of ‘Make America great again’, and the Brexiteer slogan ‘Take back control’; they are meaningless but, paradoxically, offered meaning.

nationalism while the member states retain large areas of inter-governmental autonomy in decision-making, so the international system in this sovereign internationalism model operates on the three levels of the international system presented earlier. For conservative internationalists it is the middle floor that is the most important (for Trumpians it is the only one that matters), but this does not preclude a strong normative commitment to the secondary institutions of international society on the top floor, including as we noted earlier the UN and the whole ramified network of international legal, economic, environmental and social governance.

Although many of these bodies were sponsored by the liberal globalists, exponents of the conservative model of globalism insist that they do not, as it were, belong to them. As far as sovereign internationalists are concerned, drawing in part on the Yalta principles defended by the Soviet Union, they belong to all of humanity. In the middle floor there are the competing states, representing the type of globalism defended by Trump and his ilk, for whom the institutions of global governance are little more than a nuisance. Conservative internationalists tend to have not much time for independent civil society activism, since they emphasise the legitimacy of legally-constituted governments, and strongly reject democracy promotion activities sponsored by outside powers. Nevertheless, given the need to pre-empt popular uprisings and ‘colour revolutions’, they pay close attention to popular moods.

Sovereign internationalists recognise the importance of global governance institutions to manage economic and social processes, and increasingly to deal with the climate crisis and digital innovations, notably cyber-attacks and information management. Their internationalism is more than instrumental, although defenders of this position are certainly not willing to cede extensive supra-national powers to international society. We are still a long way from creating a world government, but there remains a constant dynamic (as in the EU) between the two levels. In recent years sovereign internationalism has been at the heart of the new regionalism. The Charter of the SCO adopted in June 2001, for example, declared its commitment to the principles of international law represented by the UN and stressed the ‘mutual respect of sovereignty, independence, territorial independence of states and inviolability of state borders, non-aggression, non-interference in internal affairs, non-use of force or threat of its use in international relations, seeking no unilateral military superiority in adjacent areas’. Similar principles are upheld by the BRICS states, and are the bedrock of

ASEAN and other regional organisations. The strongest manifestation of this conservative internationalism can be found in the revived RIC (Russia-India-China) triangle, first outlined by the Russian foreign minister of the time, Yevgeny Primakov, in 1996. It is the counterpart of the idea of multipolarity. Chinese commentators stress China’s partnership diplomacy, with a network of over 100 partners representing a new type of diplomacy and reflecting China’s version of non-alignment.

Sovereign internationalism is open to four main critiques. First, while the agenda of interventionism may have been used instrumentally and irresponsibly by the Western powers, the necessity of intervention when grave human rights and other abuses has now been formalised by the UN in the 2005 Responsibility to Protect protocol, to which Russia and other countries have signed up. Conservative internationalists are trapped between their commitment to sovereignty and internationalism and have no coherent answer about the balance to be drawn between the two in any particular situation.

Second, in a thoughtful defence of the liberal world order, Andrei Kortunov (the director of the Russian International Affairs Council) argued that it represented the principles of rationality, normativity and openness, and that no alternative could begin to match its dynamism. He insisted that ‘the crisis of political liberalism does not necessarily entail a parallel crisis of the liberal world order’. He proved mistaken in that prediction, and his survey of alternatives (the restoration of empires, the imposition of a single system of values like the communism of old or the global caliphate, or collapse into warring states) failed to examine the whole gamut of alternatives, as outlined in this paper. Nevertheless, the taint of cynicism and opportunism cannot be easily removed from the sovereign internationalist position. The right to break rules may well be an attribute of a great power, but liberal internationalism at least represented a serious attempt to constrain such behaviour.

The third critique is the most simple and yet perhaps the hardest to address, namely that behind the ostensibly attractive notion of a pluralism of systems and orders in the international system, there lurks the simple defence of authoritarian systems. This argument is advanced by the burgeoning literature on the emergence of some sort of ‘authoritarian

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18 For the Russian case, see Derek Averre and Lance Davies, ‘Russia, Humanitarian Intervention and the Responsibility to Protect: The Case of Syria’, International Affairs, Vol. 91, No. 4, 2015, pp. 813-34.
international’, in which states opposed to the liberal international order align to defend their abuse of power in what has been ‘authoritarian regionalism’. Many of the criticisms are pertinent, but the loose use of the concept of ‘autocracy’ and neglect of the power system at the heart of the US-led liberal international order weakens the force of their arguments. Conservative internationalism may well turn out to be more pacific and more developmental than most of its alternatives.

This brings us to the fourth critique, the question of ‘good governance’. The term certainly contains a host of normative assumptions, yet the idea of the rule of law, defensible property rights, informational openness and the adequate defence of human dignity from oppressive authority, are not just the concern of the liberal international order, but too often have been rejected as just another manifestation of Western imperialism. Revolutionary Marxists had earlier thrown out the baby of civil society with the bathwater of capitalist exploitation, so too some of the more particularist of the sovereign internationalists are too quick to reject standards of governance when in fact their commitment to internationalism would only be strengthened by recognition of governance problems. The rejection of the false universalism propounded by too many of the liberal internationalists does not mean that there are not universal values embedded in the top level of the international system. This is not the exclusive reserve of the liberal international order but part of the patrimony of humanity.

**Conclusion**

No model is sealed from the others, and there is a constant tension and interplay between the imperatives of the liberal, revolutionary, mercantilist and conservative forms of globalism. None is hermetically sealed from the others, yet four distinctive principles are in play, and each represents a unique perspective on the international system. Like operating systems, states can choose parts of the repertoire to suit their needs. Moreover, theoretical models act as political maps, and in our case this suggests the possibility of cross-cutting alliances. The disruptive challenge of national populism forces conservative internationalists towards greater solidarity with liberal internationalists, since both seek to defend multilateralism and the top floor international organisations. However, such an alliance is incapacitated by the radicalised power dimension of the US-led liberal international order, even if the US is

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beginning to defect. We are in danger of ending up with a mercantilist US that because of its earlier investment in the liberal international order seeks to use its power dimensions while neglecting the norms on which it is based. Nevertheless, recognition of four contesting models of globalism is not necessarily a recipe for conflict but provides a formula from which common platforms can be found.

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Charter of the Shanghai Cooperation Organisation, 15 June 2001


ROZA TURARBEKAVA¹ – Institutionalisation of the EAEU: Belarusian-Russian disputes

Introduction: Discussions about the EAEU mission by President Putin and President Lukashenko

The Eurasian integration project, which was initiated by Russia, was officially announced in 2011. From 1 January 2012, the Agreement on the creation of a Common Economic Space came into force, but in the fall of 2011 it became clear that another, ulterior, goal was more significant. This follows from a key article by Vladimir Putin, which was dedicated to the mission of the Eurasian Union.

On 3 October 2011 the newspaper Izvestia published an article by the President of Russia, Vladimir Putin, under the title “A New Integration Project for Eurasia - the Future”,² which is being born today. Integration was presented as a general trend from the Union State to the Customs Union. The definition of the functional purpose of the CIS as “a model that helped preserve the myriad of civilisational [and] spiritual threads that unite our peoples”³ attracts attention. Putin characterised the future of the region as a liberal market space intended for free enterprise and competition. But the main message that underlies the article is to create a full-fledged union of the state in the image and likeness of the European Union. The contours of the project, according to Putin, are as follows: (1) Tight integration on a new values, political, economic basis; (2) The model of a powerful supra-national association capable of becoming one of the poles of the modern world and, at the same time, playing the role of an effective “link” between Europe and the dynamic People’s Republic of China.⁴

In response to President Putin’s article, on 17 October 2011 an article by Belarusian President Aliaksandr Lukashenko “On the fate of our integration”⁵ was published in “Izvestia”. Generally agreeing with the proposed idea and even expressing a certain enthusiasm, President Lukashenko entered into a covert discussion, which marked all the concerns about the project.

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³ Putin (2011).
⁴ Putin (2011).
And unlike the thesis of President Putin, Lukashenko has a significant number of questions, mentioned in the piece:\(^6\)

1. Speaking on behalf of the Belarusian society, he notes: “... there is a part of the society that is sincerely concerned because the fate of the state is at stake. How in the conditions of a changing world ... live in young states, including ours, our brothers and neighbours?’
2. “How do we achieve together the respect and fulfillment of our legitimate interests?”
3. “Where is our place in the East-West, North-South axes?”

One of the most important theses of the publication is a great reliance on the experience of the Union State, the project of Lukashenko, which in his perception serves as a model. The interests of Belarus in the project can be captured in three points:\(^7\)

1. Any infringements of the rights of other states (partners of Russia) “may be seemingly small today, tomorrow they will create cracks, which will collapse first the trust, and then the structure created by joint efforts”.
2. "Only equality of partners, including equality of economic conditions with equal access to a unified energy and transport system, will allow us to create a reliable basis for our union."
3. “Integration is not against someone”, but instead there can be “integration of integrations”. There are a number of arguments made by the Belarusian side on why the Union State serves the country’s interests better. Firstly, the representation parity is actually institutionalised, as opposed to the EAEU. Secondly, a significant number of social issues ranging from the mutual recognition of diplomas to pension benefits have been resolved, which are important for Lukashenko’s welfare state model.

In recent years, these differing interests have led to a number of disputes. Three disputes will be discussed here: (i) Adoption of the Customs Code; (ii) Technical regulation and product certification; and (iii) ‘Union by the rules’.

**The first dispute: Adoption of the Customs Code**

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\(^6\) Lukashenko Alexander (2011)

\(^7\) Lukashenko Alexander (2011)
In January 2017, at the summit, where the signing of the Customs Code was to take place, the President of Belarus did not participate in the signing ceremony. On 3 February 2017 he explained his position at a meeting to the media: “I did not sign the Customs Code, because much that should work does not work. Moreover, I ordered to withdraw our main specialists from the customs authorities”.

The customs code raised sensitive issues for the Belarusian economy, such as conditions for trade in energy resources, rules for free economic zones and the distribution of customs duties. In the conditions of economic recession these conditions were perceived to be even more problematic. As President Lukashenko stated: “It is the case that we fell in the EAEU turnover by 40% in 2015, and in 2014 another 18% were added. Nearly 60% - is this normal?”.

The second dispute: Technical regulations and product certification

The documents of the Eurasian Economic Commission (EEC) note that technical regulations are documents adopted by the Commission, establishing mandatory requirements for the application and use of technical regulation in the territory of the Union. The main instrument of technical regulation is the Standard - a document which specifies product characteristics, implementation rules and characteristics of design, production, construction, etc., up to marking. Conformity assessment, in turn, refers to direct or indirect determination of compliance with the requirements for the object of technical regulation.

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8 The Customs Code of the Eurasian Economic Union replaced the Customs Code of the Customs Union (2010). Its main difference is the introduction of electronic declaration, automatic customs clearance, the reduction of procedures before the release of goods to the market, and the tightening of access to the market of the Eurasian import space. Most of all, Belarusian economic interests suffered.


10 Belta (2017).


In July 2018, a dispute broke out regarding the adoption of technical regulations. In particular, the technical regulations regarding electrical appliances, set such low technical standards that it beat both Belarusian manufacturers of electrical equipment and raised questions about the safety of the population. The Belarusian authorities recalled the former Minister of Technical Regulation of the EEC Koreshkov, as well as a member of the Board Sidorsky, who was responsible for agricultural policy and industrial cooperation.

Technical regulations are now becoming the object of ever tougher discussions and lobbying, and this is the sphere of competence of EEC. In the Commission, the person in charge is a member of the Technical Regulatory Board - as a rule, a representative of Belarus. Previously this post was held by Valery Koreshkov; and since August 2018 by Viktor Nazarenko. Within this ministry there are two important departments, namely technical regulation and standardisation, as well as conformity assessment.

Today, there are more than 47 adopted technical regulations, including those for milk, dairy products, meat and meat products. That relates to the sphere of vital interests of the Belarusian economy, both in terms of the volume of exports and social employment in these sectors. Suffice it to recall that Belarus is among the top five global manufacturers of milk powder and butter. Nevertheless, in the fall of 2017, the Ministry of Agriculture of Russia acted as the main developer for amending the technical regulations of the Customs Union. This led to several questions being raised: How was it decided that Russia would become the main developer of the technical regulation on milk, when it is known that this topic is closer to Minsk? Moreover, considering that the technical regulations are adopted at the Commission level, how did it happen that such a document passed by Sidorsky and Koreshkov?

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15 TUT.BY (2018a) «Sidorsky and Koreshkov found a replacement in the EEC». TUT.BY. [https://news.tut.by/economics/602126.html](https://news.tut.by/economics/602126.html)
17 Eurasian Economic Commission (2019c) “Accepted technical regulations”. (1/07/2019) EEU. Available at: [http://www.eurasiancommission.org/ru/act/technreg/dep3technreg/Re/Pages/%D0%A2%D0%B5%D1%85%D0%BD%D0%B8%D1%87%D0%B5%D1%81%D0%BA%D0%B8%D0%B5%20%D1%80%D0%B5%D0%B3%D0%BB%D0%B0%20%BC%20%BD%20%D0%B4%20%D0%BE%20%D0%BE%20%D1%81%20%D0%BE%20%D0%B7%20%B0.aspx](http://www.eurasiancommission.org/ru/act/technreg/dep3technreg/Re/Pages/%D0%A2%D0%B5%D1%85%D0%BD%D0%B8%D1%87%D0%B5%D1%81%D0%BA%D0%B8%D0%B5%20%D1%80%D0%B5%D0%B3%D0%BB%D0%B0%20%BC%20%BD%20%D0%B4%20%D0%BE%20%D0%BE%20%D0%B7%20%B0.aspx)
One of the most serious critics of the new changes in the technical regulation was the Head of the Belarusian Committee for Standardisation, Nazarenko. In August he was appointed as Minister or Member of the EEC Technical Regulation Board instead of Koreshkov. The change of government in Belarus in August 2018 and the change of members of the Board is a sign of a serious review of the Belarusian leadership’s personnel potential for future bureaucratic battles in relations with its main ally and economic partner, Russia. On 11 October 2018, Nazarenko said in Mogilev that “A whole system of issuing documents has been created, which can be obtained in any place and in any form.” From 2018, therefore, the main position of Minsk is clearly marked. Certificates of conformity should be issued only by the responsible authorities.

**The third dispute: Union by the rules**

On 6 December 2018 a public dispute broke out between the presidents of Belarus and Russia at the summit in St. Petersburg. All the questions that were identified by the Belarusian side in 2011 were brought up again, and were concretised.\(^{19}\)

On 4 December Russia 24 channel published an interview with the President of Belarus during which the head of state announced the country’s position. The main problem President Lukashenko identified was not external factors, not sanctions, but internal problems: “… we can do everything, but we do not do everything”, “we create problems ourselves, create barriers to trade”. To the question, ‘what to do?’, he replied that he had to do what was signed.\(^{20}\) This is thus the main leitmotif of the Belarusian position: the Union by the rules.

By December 2018, the complex of controversial issues conditionally consisted of three main aspects. First, there was the issue of *customs tariffs*. Losses from the introduction of customs tariffs for the entire duration of their validity amount to between 150 and 200 million dollars, according to the President of Belarus. The essence of the dispute over them is that all parties want a single rate once and for all, but Belarus is against such a simplified approach, as transit duties are a serious resource for Minsk. According to the Belarusian side, tariffs and quotas

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\(^{19}\) TUT.BY (2018b) “No Equal Conditions - No Union”. TUT.BY. Available at: [https://news.tut.by/economics/618203.html](https://news.tut.by/economics/618203.html)

should be recalculated on the basis of statistical data of 3 years. Kazakhstan and Russia do not agree with this approach. Today it is already clear that the quota of the Belarusian side should be increased by 1%.21

Second, as for the creation of a single energy market, this vast set of issues will obviously be solved tactically, since 2019 should have been the year of preparing the documents for its operation, but it is obvious that there is nothing to say or announce.

The third set of issues is the institutional failure of the EAEU itself. This failure is due to barriers, exemptions and restrictions that have become the subject of sharp criticism of the Belarusian government. Russia continued in the framework of its chairmanship in the EAEU (2018) the “battle with windmills” of introducing or re-introducing barriers and exemptions, and did not come up with the necessary institutional strengthening initiative of the EEC in whose competence this should be included. This idea informs the current Belarusian stance.

Conclusion

The resilience of Belarus is growing with the accumulation of experience in disputes with Russia in the framework of the EAEU. This is expressed in such aspects as: the formulation of national interests through the use of the institutional capabilities of the Union; public disputes at the level of heads of state; discussions on technical regulations; and lobbying the interests of Belarusian business in the process of adopting new rules, such as the 2018 Customs Code.

From the beginning of the creation of the EAEU, it was clear that Belarus had concerns about the equal conditions of economic activity. The hope of accounting for these concerns is only partially justified. There is no wider public discussion yet in connection with the opaque process of both negotiation and decision-making. However, the President of Belarus is increasingly using the public space to institutionalise disputes. The disputes between Belarus and Russia within the framework of the EAEU are highly personalised, but thanks to the new institutional capabilities that form the basis of the EAEU, we can talk about the role of bureaucracy in disputes, namely to increase the degree of depersonalisation. On the other hand, the depersonalisation of Belarusian-Russian disputes contributes to the ever-increasing

21 Brilev (2019).
involvement of bureaucratic tools to resolve emerging disputes. In this regard, the strengthening of expert support is becoming increasingly popular.

Meanwhile, the central issues of the main economic interests of Belarus are not being resolved, namely the creation of a single energy market, an increase in the quota of customs disputes, and transport tariffs. Therefore, for the Belarusian side, the only interesting option is that of a ‘Union by the rules’.

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HUAWEI ZHENG – Can different approaches to institutionalisation contribute to cooperative orders? Evidence from the EEU-BRI engagement

Introduction: Multi-orders, Inter-order Relations, and Institutionalisation

There seems to be an increasing consensus that we need to get intellectually and practically prepared for a very complicated architecture of international order(s). This could be seen in both scholarly debates and the official discourse. Flockhart sees it as ‘the coming multi-order world’. Acharya describes it as a ‘multiplex world, a world of diversity and complexity, a decentred architecture of order management, featuring old and new powers, with a greater role for regional governance’. In a more detailed study of the post-Western world order, Acharya and Buzan term it as ‘deep pluralism: a diffuse distribution of power, wealth and cultural authority, set within a strongly integrated and interdependent system, in which there is a significant move towards a Global International Society (GIS) in which both states and non-state actors play substantial roles’. Similar narratives can also be seen in the official discourse, as the 2016 EU Global Strategy recognises that ‘complex webs of power, interaction and identity, regions represent critical spaces of governance in a de-centred world’. Furthermore, this strategy emphasises that ‘the EU promotes and supports cooperative regional orders worldwide’. Critically, Korosteleva points out that ‘the EU’s constructive vision for reciprocal cooperation stops short where it is needed the most - that is, vis-à-vis neighbouring Russia, still seen by the EU as a key strategic challenge’. To make an English School argument here, cooperative orders are not easy to achieve, particularly when the respective orders have clashing identities and institutions.

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1 GCRF-funded PhD researcher, School of Politics and International Relations, University of Kent. Email: hz99@kent.ac.uk
6 Ibid.
8 The focus of this paper is on institutions. The author acknowledges that identity is another key element of order. Identity is particularly relevant to the normative conception of order.
The emerging multi-order architecture has only shown the gap in the IR discipline to understand this phenomenon and this transition. Acharya and Buzan argue that ‘what is emerging will not be any form of back to the future, but something quite novel that stands substantially outside mainstream IR theories’. From this complicated picture of international order(s), we have increasingly seen Lebow’s depiction: ‘competing people and factions advanced, or tried to impose, different conceptions of order’. In this sense, IR scholars should seriously consider inter-order relations as a field of study. This involves but is not limited to questions such as: How are orders made, supported, and expanded? What are the actors that participate in this process? How do they participate? And finally, the question that is particularly relevant to this paper: Is there any potential for cooperative orders? If yes, what contributes to cooperative orders? This paper aims to narrow down the discussion of cooperative orders and situate it within the context of institution-building.

All of these lead to the puzzle that this paper seeks to explore. It has been acknowledged in the existing literature that institutionalisation is a key aspect of order. Tang makes a crucial argument that ‘an order almost always implies some degree of institutionalisation, which could be measured by coverage of issue areas and the degree of intrusiveness’. The English School sees (secondary) institutions as one of the important elements of order, as Flockhart vividly shows in her model of the multi-order world (figure 1). Furthermore, she claims that ‘secondary institutions are the part of a social ordering domain’.

Boehmer et al. have also recognised that ‘intergovernmental organisations (IGOs) are institutionally heterogeneous’. According to them, the degree of institutionalisation serves as an independent variable, ranging from minimal organisations (weak institutionalisation), to structured organisations (medium), and interventionist organisations (strong). However, IGOs are also institutionally heterogeneous in terms of their approaches to institutionalisation. Besides the degree of institutionalisation, the approach to institutionalisation is also a very important aspect of this heterogeneity. Different approaches to institutionalisation are generally understudied in the existing literature.

9 Acharya and Buzan, p. 278.
14 Ibid., p. 18.
An even more important question is whether or not different approaches to institutionalisation can contribute to cooperative orders. Flockhart’s model (figure 1) shows that if we look at inter-order relations, we cannot ignore how the secondary institution elements (of these orders) interact. Meanwhile, Tang observes that ‘institutions are the products of politics, thus power. Institutions solidify, legitimatize, sanitize, and soften power.’ By and large, the potential for cooperative orders relies on the extent to which different approaches of institutionalisation can reconcile the projections of power, cushion the clashing conceptions of order, and localise the inter-order cooperation.

The post-Soviet space has witnessed various projects sponsored by different powers. Although they more or less target the same region, these projects are based on different ideas, norms and institutional forms. Therefore, it is interesting to look at if/how they can work together and thus contribute to cooperative orders in this region. This paper explores this puzzle by looking at the evidence from the Eurasian (economic) order represented by the Eurasian Economic Union (EEU), and China’s Belt and Road Initiative (BRI). First, this research conceptualises their different approaches to institutionalisation. Next, empirical data from the EEU-BRI engagement will be examined, with a focus on the institution-building process. Finally, this paper comes up with a conclusion and further thoughts on institutionalisation and cooperative orders.

Different Approaches to Institutionalisation: Nesting and Pillaring

Scholars have already suggested the EEU and BRI’s different approaches to institutionalisation. For example, Sakwa observes that compared to the EEU, ‘China offers a rather different package of goods that eschews institution building and above all regulatory and normative transformation.’ Kaczmarski also points out that ‘the EEU is based on a set of legally binding international treaties that envision the creation of a number of institutions. The OBOR rests upon the political commitments of China and interested countries. It does not have any international legal basis and has not been institutionalised’. These observations summarise some of the differences, but the conceptualisation of their approaches to institutionalisation is not rigorous enough. Furthermore, although the BRI focuses on bilateral agreements/relations whereas the EEU develops multilateral ones, it is not fair to say that the BRI avoids institution-building or it is not institutionalised. The BRI is backed by (local) institutions, which are designed and developed following a different approach.

Willerton et al. develop a very interesting concept of ‘nesting’, although they mainly talk about treaty networks rather than institutionalisation. However, this concept is highly relevant and useful. They see treaty nesting as a situation in which treaties build upon and expand upon an initial pre-existing treaty, which sets out broader goals or basic policy parameters. In this case, the initial treaty serves as the nesting treaty, while those treaties that build upon it are termed as the nested treaties.

The institutionalisation of the Eurasian (economic) order could be conceptualised as following a nesting approach. The EEU serves as the overall institutional architecture, with subsequent institutions nested under it. These institutions include the sub-institutions that essentially form the structure of the Union (the Supreme Council, the Inter-governmental Council, and the

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17 The OBOR stands for One Belt One Road. This paper mainly adopts the term of the BRI. Here the OBOR is the original term from the cited author.
20 Ibid.
Commission), the Eurasian Fund for Stabilisation and Development (EFSD), and the more specific country-oriented ones such as the Russia-Kyrgyz Development Fund. This approach to institutionalisation entails a legally-binding and hierarchical institution-design, with highly regionalised members. Since the subsequent sub-institutions are nested under the initial institution, they are generally designed and integrated within the overall Union-wise framework (in this case the EEU). The Supreme Council, the Eurasian Economic Commission (EEC), and the Inter-governmental Council form a hierarchy of institutions, involving top-level decision-making and lower level of administration and enforcement. Meanwhile, the EEU was designed as a regional integration project. Sanghera even argues that ‘the EEU is primed to re-territorialize Central Asia, trying not to create a border-less world, but to create a border and a customs union.’ Therefore, another consequence of this nesting approach would be that membership is rather limited. Members of both the nesting and the nested institutions are generally from the targeted region.

China has neither the capability or the will to pursue this Union-wise nesting strategy. According to Chu and Gao, ‘by far bilateral relations serve as the basis of China’s engagement to BRI countries’. They also point out that ‘China’s partnership diplomacy is different from a bloc, in which members sign legally binding treaties and accept legal obligations. Conversely, a partner relationship is generally confirmed by joint declarations. China and its partners do not sign bloc-building treaties and thus enjoy considerable flexibility’. Further, the Shanghai Cooperation Organisation (SCO) would be the best institution if China had been determined to follow the nesting approach. The SCO has materialised into a mature organisation over decades. Plenty of its members overlap with the BRI targeted countries. However, Zhao argues that ‘the Silk Road Economic Belt (SREB) operates generally outside the SCO framework, not confined by the development by this organisation’. The SCO is just one of the supportive institutions rather than the nesting one of the BRI.

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21 For more detailed information about the institutional structure of the EEU, see Maksim Karliuk, ‘The Eurasian Economic Union: An EU-Like Legal Order in the Post-Soviet Space?’ WP BRP 53/Law/2015, p. 8.
22 At the 2019 GCRF COMPASS International Student Convention in Minsk, Natallia Shmyhaliova argues that the EFSD serves as part of the treaty network of the EEU from a legal perspective.
25 Ibid., p. 96.
In China’s official discourse, the BRI is supported by various institutions. The establishment of the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund serve the purposes of the BRI. President Xi points out that ‘the purpose of the AIIB is to provide financial support for the infrastructure-building in BRI countries, while the purpose of the Silk Road Fund is to use China’s financial capacity to fund the BRI project.’ Extensive mechanisms or organisations have also been mentioned, including the SCO, the Asia-Pacific Economic Cooperation (APEC), and the Central Asia Regional Economic Cooperation (CAREC). Furthermore, recently the second Belt and Road Forum for International Cooperation was held in Beijing in May, 2019. If this forum will be held regularly, it is likely to serve as a G20-like mechanism, where heads of states meet regularly and agreements are signed intensively.

Apparently this strategy of institutionalisation is different from the nesting approach. It could be considered as an approach of building pillar institutions. All the ‘pillars’ support the BRI in one way or another, but each pillar has its own structure, origin, members and purpose. In this way each pillar enjoys substantial flexibility. Grieger points out that one of the features of this approach is ‘context-dependent flexible shifts between multilateral venues for dialogues on the regional agenda, with multilateralism not seen as an aim, but rather as an instrumental tool’. Furthermore, If the nesting approach requires limited and highly regionalised membership, pillar institutions are much more flexible in terms of its members. For example, the AIIB managed to attract European countries (the UK, France, Germany and Italy) to be its founding members.

Another key difference is that following the nesting approach, it is more likely to build a more legally-binding, interventionist institution with stronger enforcement. Supra-national sub-institutions and dispute-resolving mechanisms could be nested under the Union-wise architecture. More importantly, the nesting approach entails signing treaties and agreements with a strong binding force, adding a more ‘interventionist element’ to this approach. Conversely, the ‘pillaring approach’ is based more on dialogues or shared understandings. Since there is not a Union-wise architecture, and each pillar institution is not dependent on each other, it would be hard to establish a strong enforcement mechanism to monitor all the practices. Commenting on

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the Chinese institutionalisation pattern, Grieger observes that this approach mainly involves ‘multi-level gatherings and sectoral coordination mechanisms’.\textsuperscript{30}

**Empirical Evidence: Is There a Pattern in Localising the EEU-BRI Inter-Order Cooperation?**

With the nesting and pillaring approach conceptualised above, this section will address the research question of this paper by looking at the empirical evidence from the EEU-BRI engagement. If there are different approaches to institutionalisation, then \textit{how has inter-order cooperation been localised by institution building}? In particular, is there a pattern in localising inter-order cooperation?

The conjugation of the EEU and BRI has been extensively discussed by scholars. Among the extensive studies, Xiang et al. give a very interesting depiction of four possible scenarios, including 1) direct docking (5+1); 2) selective and bilateral docking (1+1); 3) SCO-based docking; 4) Comprehensive docking.\textsuperscript{31} The past few years have witnessed considerable cooperation between these two projects, which enables us to explore the pattern in localising inter-order cooperation with empirical evidence. In fact, the reality is more complicated than the four scenarios given above.

My argument is that there is indeed a pattern in localising EEU-BRI cooperation by the institution-building process. This localisation follows a bottom-up pattern. It starts with pillaring, particularly at bilateral and sectoral level. The political union\textsuperscript{32} is reactive by engaging China multilaterally through its nested sub-institution. Furthermore, it should be noted that institution-building is a highly dynamic process. Evidence has shown that the EEU-BRI engagement is also institution-generating. As a result, inter-order cooperation is localised by reconciling bilateralism and multilateralism.

Kazakhstan is a very interesting case to start with. It is both a key founding member of the EEU, and a strategic partner of China in the BRI. After all, it was exactly in Kazakhstan that President

\textsuperscript{30} Ibid.


\textsuperscript{32} The author acknowledges that the EEU is a project with predominantly economic rationale. However, it is still a political union because the EEU is based on the Union Treaty.
Xi Jinping chose to announce the plan for the Silk Road Economic Belt (SREB) in the first place, which forms the land-based part of the BRI. Bitabarova observes that ‘Kazakhstan is Moscow’s closest partner in a given region and a co-founder of the Eurasian Economic Union, which is certainly taken into account in Beijing as well’.33 For these reasons, Kazakhstan is a noteworthy case to see how the EEU-BRI cooperation began, developed, and how has it been institutionalised.34

China has been following the pillaring approach at bilateral and particularly sectoral level. The Kazakh-Chinese Coordination committee on industrial and investment cooperation (CCIIC) was a mechanism officially established in August 2015. According to Bitabarova, ‘it is responsible for preparing a list of joint investment projects and organising overall coordination of the activities between the involved organisational structures’.35 This mechanism got its mandate from a meeting between Kazakhstan’s Prime Minister Karim Massimov and the Chinese Premier Li Keqiang in 2014, and is co-chaired by the National Development and Reform Commission of China and Kazakhstan’s Ministry for Investments and Development.

Another mechanism is the Kazakh-Chinese Business Council (KCBC). The KCBC was established in September 2013 following the instructions of President Xi and President Nazarbaev. Compared to the more official CCIIC, the KCBC serves as a dialogue platform for representatives of business circles from both countries, where business agreements are intensively signed. It is also a tool for promoting trade-economic cooperation, investment and the exchange of information.36 The year of 2018 witnessed the 5th meeting of the KCBC held in Beijing.

Furthermore, e-commerce is another good example of ‘pillaring’ at sectoral level. In June 2018, a Memorandum of E-Commerce Cooperation between China’s Ministry of Commerce and Kazakhstan’s Ministry of National Economy was signed. According to the Memorandum, a mechanism of e-commerce cooperation will be established, working towards the ‘Silk Road e-

34 The author recognises that other members of the EEU are also worth looking at. In particular, Belarus is another case that is quite similar to Kazakhstan.
commerce cooperation’. The sectoral cooperation of e-commerce is significant to the extent that its effects spill over to the multilateral level when the Union and its nested sub-institution are involved, as we shall see in the China-EEU engagement in the following section.

The Joint Declaration between China and Russia signed in May 2015 during President Xi’s visit to Moscow marks the political consensus of localising EEU-BRI cooperation. However, it is very interesting to note that even at that time when China started to engage with the EEU as a whole, at the very beginning the engagement was bilateral in practice. Wilson points out that ‘Russia unilaterally signed the EEU-Silk Road cooperation agreement with China in May 2015, despite the fact that the presidents of Kazakhstan and Belarus were also in Moscow at that time’. Indeed, it could be argued that Russia misrepresented the Union, because in theory China should have engaged with the Union’s nested sub-institutions, be it the Supreme Council or the EEC. Zhang notes that ‘this practice was even complained among some EEU members states and the EEC, because Russia made the decision on behalf of EEU members and the EEC’.

However, this ‘misrepresentation’ by the Russian side needs to be understood against the background that the EEU was a fairly new organisation at that time, and more importantly, it was at the very early stage of localising EEU-BRI cooperation. The EEU started to function only since 1 January 2015. Kyrgyzstan joined the Union and became a member in August 2015. At this early stage, it was a long learning curve for both China and the EEU to localise the cooperation. Furthermore, it shows the understanding from the Chinese side that Russia’s political willingness is key to the BRI-EEU engagement and China’s increasing influence in Central Asia.

After the Xi-Putin Joint Declaration in 2015, the EEU and its nested sub-institution became involved. In June 2016, China’s Ministry of Commerce and the EEC officially started the negotiations in order to materialise the Joint Declaration. During 2016-2017, there have been five rounds of negotiation. In September 2017, the text of the Trade and Economic Cooperation Agreement was finally confirmed. This whole process marks the responses of the political union.

The EEU and its nested sub-institution were reactive to China’s pillaring strategy by shaping and localising the EEU-BRI cooperation multilaterally.

The signing of the China-EEU Trade and Economic Cooperation Agreement (hereafter the Agreement) in May 2018 is a significant event. Zhang argues that it marks a new institution-driven (instead of project-driven) stage of China’s economic cooperation with the EEU and its members.40 This Agreement could also be considered as a solid result of localising the EEU-BRI cooperation, particularly given that the political union and its nested sub-institutions have been involved in the negotiation process. Therefore, it is worthwhile to examine the nature and content of this agreement.

First and foremost, this Agreement does not entail a China-EEU free trade zone (FTZ). In other words, this Agreement does not serve as a free trade agreement (FTA) between China and the EEU zone. The Chairman of the EEC Board Tigran Sargsyan specifically points out that this is a non-preferential agreement.41 By and large, it shows that the political union has recognised and respected the outcome of the ‘pillaring’ stage, which proceeded at bilateral and sectoral level. This is also enshrined in the text of the Agreement. According to Article 4.4 (Chapter 1), if an EEU member and China are parties of a bilateral agreement that offers more favourable treatment than this Agreement, the provisions of the more favourable bilateral agreement shall prevail.42 The non-preferential principle thus serves as the fundamental nature of this Agreement.

Second, this Agreement is significant to the extent that it is institution-generating. Chapter 12 of this Agreement stipulates that a Joint Commission shall be established, co-chaired by one representative from the EEC Board and one ministerial representative from the Chinese side.43 The Joint Commission can also consider establishing sub-committees or special working groups when necessary, which is mentioned in Article 4 Chapter 10 as well. The establishment of the Joint Commission and the sub-committees could actually be considered as a combination of pillaring and nesting, which aims to reconcile bilateralism and multilateralism.

40 Ibid., p. 30.
42 ‘O ya jing ji lian meng yu Zhonghua Renmin Gongheguo jing mao he zuo xie ding’ [The EEU-China Trade and Economic Cooperation Agreement], p. 3. Text is in Chinese.
43 Ibid., p. 64.
Finally, sectoral cooperation, which forms an important part of ‘pillaring’ and the bilateral relations between China and EEU members states, has also been enshrined in the Agreement. Shilina observes that ‘it is significant that the Parties (of the Agreement) shall consider the possibility to establish the sub-Committee on e-commerce’.\textsuperscript{44} In fact, cooperation in the sphere of e-commerce is a particular concern for the Chinese side. Shilina also points out that ‘the Parties develop sectoral cooperation taking into account their strategies and development programs of various sectors of economy \textit{without prejudice} to the existing or planned bilateral cooperation initiatives of the EEU members states and China’.\textsuperscript{45} This is a clear example that sectoral cooperation during the ‘pillaring’ stage has spill-over effects on the Agreement.

**Conclusion**

China’s approach to institutionalisation is different from building a treaty-based political union. This paper conceptualised two different approaches, pillaring and nesting, represented by the BRI and EEU respectively. Understanding and differentiating these two approaches are crucial in order to explore the potentials for cooperative orders or the pattern in localising inter-order cooperation.

Evidence has shown that there has been a pattern in localising the BRI-EEU cooperation by institution building. It started with pillaring at bilateral and sectoral level. Thereafter, the EEU as a political union took reactive steps and its nested sub-institutions became involved in the engagement with China. The final Agreement between China and the EEU respects the results of the pillaring process, and generates further institutions. This could be seen as a balance between pillaring and nesting, bilateralism and multilateralism. Different approaches to institutionalisation contribute to cooperative orders to the extent that institution building helps localise inter-order cooperation. Although the EEU and BRI are based on different perceptions of order, they turned out to reach a common ground, at least from the perspective of co-institutionalisation.

\textsuperscript{44} Maria Shilina, ‘Analysis of EAEU-China Agreement on Economic and Trade Cooperation,’ \textit{Analytical media Eurasian Studies}, posted on January 26\textsuperscript{th} 2019. See http://greater-europe.org/archives/6439. Last accessed on June 4\textsuperscript{th} 2019.

\textsuperscript{45} Ibid. Italics are added by the author.
Besides the BRI-EEU engagement, the development of the BRI in Europe will be another interesting case to explore. China has been following the pillaring strategy in Europe, whereas the EU is a highly developed nesting political union, with a considerable number of nested sub-institutions. The 16+1 mechanism (of which 11 countries are members of the EU) is a platform where bilateral and sectoral cooperation are privileged. It is also interesting that the EU itself is an observer within the 16+1 framework. Therefore, the 16+1 mechanism is worth looking at to see if localising the BRI-EU cooperation is possible, and how.

Overall, the main takeaway of this paper is the two approaches to institutionalisation (pillaring and nesting), and the pattern in localising the EEU-BRI cooperation evidenced by the practice in recent years. Inter-order relations could thus be studied with more rigorous concepts and solid empirical evidence.

**Bibliography**


