

Reintegration vs. Regional Cooperation?

Some Puzzles in Post-Soviet Eurasia, in the context of Comparative Regionalism

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ABSTRACT

The numerous and unsuccessful attempts at regional integration in post-Soviet Eurasia provide an opportunity to analyze factors unfavorable to integration and to identify impediments to this process. The issue motivating this study is that unsuccessful attempts should be analyzed not less than successful ones, thus providing new material and contributing substantially to the development of the theory of regional integration. Apart from theoretical interest, an area-related puzzle is also involved in the study: how come the former Soviet republics, so well interconnected during at least a century, disintegrated in a few months with little hope of re-establishing any functional cooperation in the region? The theoretical analysis is built on neofunctionalism; however, it also considers alternative theoretical explanations. Empirical analysis provides evidence on the impediment to integration in post-Soviet Eurasia and ultimately indicates the importance of factors such as regime disparities and the correlation between (successful) regional integration and democratization. Another conclusion is that the “shadows of the past” and the “shadows of the future,” seen as prospects for the former USSR's integration within a new supra-national organization (CIS), present a major obstacle to the development of regional cooperation. On a theoretical level, the paper is meant to contribute to the theoretical discussion on the phenomenon of regional integration as a process. It also has implications for the literature on comparative regionalism world-wide, beyond the European experience.

I. INTRODUCTION

Given that post-Soviet regionalism is a new phenomenon, of no more than sixteen years, it requires a theory that addresses the very beginning of regional integration.¹ Both neofunctionalism and (liberal) intergovernmentalism conceptualize the very outset of European integration, and thus present the most adequate theoretical framework for understanding post-Soviet cases of regionalism.

So far, the EU is the most significant and far-reaching of all attempts at regionalism. It is therefore likely to provide some successful background for a comparative analysis with other, less successful, attempts elsewhere (e.g., the Northeast Asian Region (NEAR); Post-Soviet Eurasia; Latin America). This study seeks to contribute to a better understanding of the impediments to regional integration and also of conditions under which integration might succeed in Post-Soviet Eurasia. Although a world-wide comparative analysis is not this study's purpose, it is still useful for illuminating some comparative aspects of successful integration with unsuccessful one. The study's theoretical framework, based mainly on neofunctionalism, helps to set out the criteria for such a comparison.

The numerous and unsuccessful attempts at regional integration in post-Soviet Eurasia provide an opportunity for analyzing factors unfavorable to integration and identifying impediments to this process. The issue motivating this study is that unsuccessful attempts should be analyzed not less than successful ones. Apart from theoretical interest, an area-related puzzle is also involved in the study: how did it happen that the former Soviet republics, so strongly interconnected over at least a century, disintegrated in a few months, leaving little hope to re-establish any functional cooperation in the region?

The Eurasian case differs from European integration due to different historical legacies, institutional choices, structural-developmental contexts and ongoing state- and regime-building problems. The theories built on the EU's experience can be re-conceptualized and modified to take into account the peculiarities, structural differences, and historical legacies of post-Soviet countries. Theoretical re-conceptualization may help to sustain the democratization of PSSs through regionalization and thus may be usefully applied in explaining the phenomenon of Eurasian integration, and contribute positively to its success.

Very little has been written so far on the *numerous* attempts at regional integration and cooperation taking place in post-Soviet Eurasia: the Commonwealth of Independent States (CIS); the Economic Cooperation Organization (ECO); the Eurasian Economic Community (EURASEC or EEC); the Single Economic Space (SES); the Central Asia Regional Economic Cooperation Initiative (CAREC); the Central Asian Cooperation Organization (CACO); The Special Programme for the Economies of Central Asia (SPECA); The Shanghai Cooperation Organization (SCO), etc. Nevertheless, regionalism and democratic development are salient features of recent developments in Russia and the other republics of the former Soviet Union. This study focuses on the CIS as a case-study; it was chosen as a case-study because it was the first and most long-lasting attempt at institutionalizing integration in the region. The working premise is that through various regional arrangements operating across Eurasia, countries will be able to find new cooperative solutions to existing problems.

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A few clarifications are important in this context. The first is concerned with our definition of “integration,” “regional cooperation,” and “regionalism.” One of the classical and accepted definitions of regional integration was offered by Lindberg who defined political integration as “(1) the process whereby nations forgo the desire and ability to conduct foreign and key domestic policies independently of each other, seeking instead to make *joint decisions* or to *delegate* the decision-making process to new central organs; and (2) the process whereby political actors in several distinct settings are persuaded to shift their expectations and political activities to a new center.”² Haas offered a similar definition of regional integration as “the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states.”³ Thus, “integration” implies well-developed cooperation that has led to the creation of a new polity bringing together a number of different constituent units - “member states.” In our attempts to conceptualize regionalism in Eurasia, none of the definitions permit us to describe it as “integration” *per se*. In this paper, “integration” is understood as a *process*, and “cooperation” as the initial stage of that process. The paper employs the notion of “regionalism” as the development of institutionalized cooperation among states and other actors on the basis of regional contiguity.

Background: The Cost of Disintegration

Following the collapse of the USSR, the post-Soviet states proclaimed two major tasks: establishing democracy and a market economy. It also launched a set of disintegration and (re-) integration processes.

When the USSR disintegrated, there were several favorable conditions for assuming future close and intensive cooperation among the former Soviet republics. The post-Soviet countries were interconnected by a well-developed transport infrastructure, by the same energy-supply system, by a communications system with the same technical standards of production, the same education standards and a common language. It was to be only expected if the created and well established connections between the states would maintain.

Socially and economically, the collapse of the Soviet Union was painful, but overall it was peaceful. The transition had two dimensions. The first was political – the change of the system from dictatorship towards democracy, and from a centrally planned to a market economy. The second was spatial, involving the disintegration of political and economic space. The process of economic transition was to start with achieving macroeconomic stabilization, price liberalization, privatization, the building of market institutions. Common economic space with integrated economic and social infrastructures disintegrated. The disintegration occurred in several stages and caused immense economic loss and social distraction. Those stages were:⁴

1. The integrated payments system and the non-cash inter-enterprise settlement system collapsed.
2. Budgetary and investment subsidies from Moscow were eliminated.
3. Implicit price subsidies from Moscow, including those for energy, were reduced or eliminated.⁵
4. Formal customs and trade barriers were introduced.
5. Transport prices were raised, and transport services reoriented and significantly reduced,
6. Integrated power grids (in the South Caucasus and Central Asia) and integrated water systems (particularly in Central Asia) gradually deteriorated. It affected the quantity and

² Lindberg, 1963 :6

³ Haas (1961).

⁴ UNDP: Central Asia Human Development Report. 2005. Bratislava, Slovak Republic. Pp. 37-38

⁵ According to UNDP (2005), Russia’s price subsidies to other Soviet republics in 1990 amounted to \$58 billion.

quality of essential energy and water services for industry, irrigation, and human consumption.

7. There was an exodus of minorities, among them about three million Russians, many highly skilled, who returned to Russia from other CIS republics,
8. The central Soviet administration collapsed, and new republican administration was yet to be created.
9. The system of internal security disappeared causing civil wars and conflicts on the territory of the former union, border closings, and millions of refugees and internally displaced persons.⁶

Between 1990 and 1992, the decline in trade was dramatic. Exports between the CIS republics dropped from \$320 billion to \$20 billion.⁷ Over time and to varying degrees the CIS countries were able to redirect their trade flows to the rest of the world. However, this did not offset the trade losses from the collapse of the intra-CIS commodity exchange. With the disruptions in the supply and demand chain, problems with transit and payments arose. There were similar examples in industrial and agricultural enterprises across the former Soviet Union.

Another cost was the increase in cross-border conflicts. New borders, especially those in the smaller countries that were highly dependent on their bigger neighbors, were cut off from the major vital resources, such as water and energy (particularly the Central Asian republics). The problems originated after the Soviet Union's break-up, and resulted from the fact that the new borders divided communities, impeded trade, and also redistributed water and land resources.⁸

The political disintegration resulted in civil war and disturbances in a number of FSSs. The fear of losing political control and perceived security threats contributed to the establishment of authoritarianism, control of mass media, and unification of powers in the presidents' hands.

The Benefits of Regional Cooperation

The post-Soviet states share a number of problems which can be resolved only in the framework of close cooperation, if not integration. They are environmental problems and natural threats, the need to rebuild weakened social systems, re-structuring cross-border communication links, trade, recovering transport communication, combating drug- and human-trafficking, terrorist incursions from neighboring Muslim countries, improving water and energy distribution system, etc.

Given that most of the PSSs are landlocked, some of them are heavily dependent on their immediate neighbors for access to the rest of the world. Water, energy, and other resources are asymmetrically distributed across these countries, often with one country supplying them to another one. So integration issues have special, almost vital, importance for PSSs in general and for Central Asian countries in particular. Through integration, they can overcome their geographic isolation in the middle of Eurasia. Close cooperation may help to overcome the legacy of disintegration and their reciprocal mistrust (as a potential for inter-ethnic, inter-state, cross-border conflicts). It also forges closer economic, natural resources, social and institutional links with each other and with their neighbors.

Experts of the UNDP⁹ have calculated that in terms of gains from cooperation or losses from non-cooperation, the largest measured aggregate economic gains come from reduced trade costs, and the

⁶ UNDP: Central Asia Human Development Report. 2005. Bratislava, Slovak Republic. Pp. 37-38

⁷ *Ibid.*

⁸ A World Bank study reports that out of 66 cases of community-level conflict in Central Asia revealed a high prevalence of cross-border conflicts in communities situated close to borders. Of 25 cases of such conflicts, six involved disputes over shared water resources, two concerned land, ten related to the difficulties of traders and ordinary citizens within to cross borders, while seven involved conflicts with migrants from outside the country. (Reported by Kathleen Kuehnast, World Bank, 2005 and cited in UNDP, 2005:39).

⁹ UNDP, 2005:206

largest losses from civil war. For some countries, additional benefits from migrants' remittances can be highly significant. The economic costs of risks such as HIV/AIDS, TB, and natural disasters that the region faces are also high. On all issues, regional cooperation can help limit costs and increase benefits.

“Hard” borders with trade and transit restrictions, complicated and tangled visa requirements, non-recognition of educational diplomas, disappearance of personnel connections, networks of professionals, and barriers to mobility and networking are all challenges to the development of any form of integration in the region. The benefits would stem from creating a better regional investment climate, developing the region's energy resources, better managing regional environmental assets and risks, and, last but not least, cooperating in education and knowledge sharing.¹⁰

The benefits of cooperation in the region are apparent. Given the historical legacies and experience of former networks, some “channels” of integration would be preserved or re-created. A new “union” based on democratic and market-economic principles, and the rule of law, could be an engine for regime transition and economic transition in the PSSs. The main question is - given the undeniable advantages of integration, why has so little progress been achieved? How can regional integration theories contribute to our understanding of the puzzles of Eurasian regionalism?

The paper proceeds as follows. The second section focuses on some theories of regional integration that are applied to an empirical analysis of post-Soviet Eurasia. While the main focus is on neofunctionalism, the study also considers the alternative explanation provided by (liberal) intergovernmentalism. The third section focuses on the historical legacies and the attempts by PSSs at regional integration, while the fourth provides theoretical explanations for the outcome of these attempts. The fourth section evaluates the outcome of post-Soviet Eurasian regionalism and tests the main theoretical assumptions. Finally, the conclusion summarizes the theoretical implications for post-Soviet Eurasia and their efforts in developing regional cooperation.

II. THEORETICAL DEBATES

Since the Second World War, global politics have witnessed the emergence of a new political phenomenon: the cooperation of nation-states on “regional,” i.e. continental, scale. Although interactions between globalization processes and efforts at economic integration are not limited to Europe, regional alliances in other parts of the world are mainly about cooperation rather than integration. The phenomenon of regionally based institutionalized cooperation among states was defined as “new regionalism.”¹¹

One of the major debates within theories of regional integration was that between neofunctionalism and intergovernmentalism, followed by liberal intergovernmentalism. Neofunctionalism is chosen for two main reasons. First, it reflects the very outset of European integration. Later theories about more developed stages of the EU would be inapplicable to the studies of post-Soviet regionalism, which is indeed in its very early stages. Second, neofunctionalism was meant to explain similar process *beyond* Europe and was meant to provide explanations to regional integration world-wide. It created a set of criteria that are helpful for explaining the success and failure of these processes outside Europe.¹² To account for possible alternative explanations for post-Soviet regionalism, we also consider its main theoretical opponent – intergovernmentalism.

¹⁰ UNDP, 2005:207

¹¹ Hettne, Inotai, and Sunkel (1999); Finn Laursen (2003); Obydenkova (2006 (a)); Obydenkova (2006 (b)) .

¹² See, for example, Haas and Schmitter (1964); Moravcsik (1998).

Neofunctionalism

Both neofunctionalism and intergovernmentalism were built on functionalism. The main idea of functionalism was that disparity between the territorial scale of human problems and of political authority generates pressures for jurisdictional reform. In other words, the welfare benefits of supranationalism would impel reform. The clear welfare benefits of “supranationalism” in terms of efficient delivery goods and service across PSSs were in place. As recent history demonstrates, though, it was not sufficient to create, or even to maintain, those cross-national functions that had been in place.

Neofunctionalism identified several background conditions and political processes that intervened between functionality and the structure of authority.¹³ Jurisdictional reform had to be initiated and driven to reap economic benefits. This is a self-reinforcing process: progress in one area would give rise to pressures for integration in others.

Thus, the main idea of neofunctionalism is that regional integration is a process developing through the gradual integration of sector-specific areas and “spillover” from integrated functions (or areas) into new areas.¹⁴ In brief, its main aspects are: a) functional spillover; b) political spillover; c) the importance of supranational organizations. Functional spillover implies that integration within certain functional areas will push actors to further integration in other areas. For example, in the case of European integration, cooperation began with the coal sector, which created a push towards cooperation in other sectors (energy). Similarly, political spillover implies that integration within some areas will lead to further support for the new political arena, strengthening the new centre and potentially providing support from the public, and eventually the forming of a new community. Another element of neofunctionalism is trust in the importance of supranational organizations.

In his works on neo-functionalism, Haas also refers to geographic spillover. He distinguishes three background conditions for regional integration: social structure; economic and industrial development; and ideological patterns. The European states were quite homogenous along these parameters.¹⁵ According to Haas (1961), “countries dominated by a non-pluralistic social structure are poor candidates for participation in the integration process. Later, in a study of Latin American integration, Philippe Schmitter added more conditions such as “the size and power of the units joining in the economic union,” “the rate of transactions,” and elite complementarity. Haas and Schmitter then included two conditions at the time of union (governmental purposes and powers of the union) and three “process conditions” (decision-making style, rate of transaction and adaptability of governments).¹⁶

¹³ Ph. C. Schmitter (1961); L.N. Lindberg and St. A. Scheingold (1970).

¹⁴ Among the scholars who developed this idea are Ernst B. Haas, Philippe C. Schmitter, Leon Lindberg, Stuart Scheingold and J. S. Nye. The main ideas of neofunctionalism are summarized in Kelstrup (1998:28-31).

¹⁵ Haas (1961).

¹⁶ Haas and Schmitter (1964).

Table 1: The Haas-Schmitter predictions about economic unions (EEC, CACM, LAFTA)

	EEC	Central American Common Market	LAFTA
BACKGROUND CONDITIONS			
1. Size of Units	Mixed	High	Mixed
2. Rate of transactions	High	Low	Mixed
3. Pluralism	High	Mixed	Mixed
4. Elite complementarity	High	Mixed	Mixed
Total Judgment	High	Mixed	Mixed
CONDITIONS AT THE TIME OF ECONOMIC UNION			
5. Governmental Purposes	High	Mixed	Low
6. Powers of union	High	Low	Low
Total Judgment	High	Mixed-	Low
PROCESS CONDITIONS			
7. Decision-making style	Mixed	Low	Mixed
8. Rate of transaction	High	Mixed	Mixed
9. Adaptability of governments	High	?	Mixed
Total judgment	High	Mixed?	Mixed
CHANCES OF AUTOMATIC POLITICIZATION	Good	Possible	Possible- doubtful

Sources: Haas and Schmitter, 1964; Reprinted in Finn Laursen (2003:10). I have left out other examples of regional integration that were analyzed in this study (EFTA, OECD, East African Common Market, West African Federation, and the *Organisation Africaine et Malagache de Cooperation Economique*, OAMCE)

As the table shows, the EEC scored high on most variables, while the Latin American Free Trade Association (LAFTA) scored mixed to low. This criteria of conditions for regional integration can also be applied to PSSs to explain the present outcome of integration process and predict its development. We therefore analyze the PSSs as member-states of the CIS according to this criteria.

Considering alternatives: Intergovernmentalism and Liberal Intergovernmentalism

To account for possible alternative explanations of Eurasian regionalism, the study considers the theory of (liberal) intergovernmentalism. Intergovernmentalism approached the phenomenon of regional integration from the perspective of nation-states. Based on realism, it argued that states are the major actors of international relations. States were considered as actors following only their own interests; their main priorities are survival, and accumulating power. The “first wave” of intergovernmentalism was initiated in the 1960's, with Stanley Hoffman as one of the main representatives. In his view, European integration could be relatively successful in the economic area, but not in politics (Hoffmann, 1966).

Intergovernmentalism provides some interesting theoretical background which may contribute to the understanding of the Eurasian regionalism: the importance of national politics (autocratic and / or democratic regimes, transitional regimes, etc.); the perception of states as “rational actors” pursuing only their own interests and survival as actors with a purely strategic attitude towards integration.

Similarly to intergovernmentalism, liberal intergovernmentalism argues that governments act as rational actors pursuing domestic goals and interests (Moravcsik, 1994, 53). Integration is formed through interstate bargaining. States negotiate “deals” on the basis of their preferences and power.

The most powerful states have the most power to decide, and the treaties concluded are to their advantage. This approach implies the presence of a leader in a region.

Moravcsik, in *The Choice for Europe*, suggests that his study could be used to analyze regional cooperation/integration in different parts of the world (1998). According to liberal intergovernmentalism, integration presents a “process of collective choice through which conflicting interests are reconciled.”¹⁷ Regional integration is thus interpreted as a process of intergovernmental “bargains.” According to Moravcsik, asymmetrical interdependence has more explanatory power.¹⁸

Another important observation made by Moravcsik is that *intra-regional trade* in relation to GDP should be relatively high among potential or actual member-states. He considers *regional trade dependency* is the factor indicating a “demand” for integration. This is much higher in Europe than in other parts of the world (he compares it with North America and East Asia). This study extends the comparative analysis to the post-Soviet Eurasian states.

The idea of the powerful leader-state was developed in both late neofunctionalism and liberal intergovernmentalism.¹⁹ However, neofunctionalism underlined the negative role of asymmetry between the states and, thus, of a “leader-state.” In contrast, (liberal) intergovernmentalism saw the presence of a “leader” as a lever for integration, a donor willing to cover the disproportional costs of integration.

This theoretical overview of two contrasting approaches - neofunctionalism and liberal intergovernmentalism - provides us with important tools for analyzing Eurasian regionalism.

III. HISTORICAL LEGACIES AND SUPRANATIONAL INSTITUTIONS OF THE CIS

After sixteen years of existence, the CIS seems to have achieved little in developing regional cooperation between the PSSs. On the contrary, it displays a growing divergence in the interests and strategies of its former and current member-states. Most of the agreements of the CIS remained “ink on paper” and have never been implemented. To understand this paradox of extensive promises and enthusiasm about regional cooperation in the post-Soviet Eurasia and that poor progress, this section briefly outlines the historical legacies, “shadow of the past,” and - as its continuation and development - the supranational institutions of the CIS as a USSR-successor.

The USSR at the beginning of “Perestroika:” From the USSR to the CIS

By the 1990's, the USSR was composed of over 100 ethnic groups. Around fifteen groups formed the titular nationalities of the union republics – the basis of Soviet federalism. According to the census of 1989, Russians constituted 51% of the USSR's population, followed by the second most significant ethnic minority: Ukrainians (15% of the population). Other groups were the Baltic peoples of Estonia (0.36%), Latvia (0.51), and Lithuania (1.07%).

Islamic groups in the USSR formed 16.5 % of the population (data for 1979) and inhabited the republics of Azerbaijan (Transcaucasia) and the republics of Central Asia – Uzbekistan, Tajikistan, Turkmenistan, Kurdistan, and Kazakhstan. These regions were colonized during the nineteenth-century Tsarist era, and were highly Russified.

¹⁷ Moravcsik (1994:53)

¹⁸ Moravcsik (1998:24); Laursen (2003:15)

¹⁹ In the most recent studies of comparative regionalism, Walter Mattli (1999 and 2003) underlines the importance of “supply factors,” the presence of a leader among the group of countries involved in regional cooperation: “Such a state serves as a focal point in the coordination of rules, regulations, and policies; it may also help to ease distributional tensions by acting as regional paymaster” Mattli (1999:14). However, the purpose here is not to go deep into recent theoretical discussion on this issue, but only to create a theoretical framework for earlier studies of integration.

The Constitution of 1977 conferred certain powers on the fifteen union republics as the most important federal units of the USSR (they subsequently became independent states during the transition period). Within the union republics were federal units: autonomous republics, autonomous regions, and autonomous districts (*okrug*). At the regional and local levels, various departments were concerned with implementing unified policy in education, culture, trade, health, and local industry. These bodies were subject to dual subordination: they were responsible both to the local soviet and to the higher organs of the state bureaucracy.

Thus, Article 76 of the Constitution of 1977 describes the union republic (SSR) as “a sovereign Soviet socialist state that has united with other Soviet Republics.” Under the Constitution, the SSRs were able to redefine the powers ceded to the central government, or even to secede from the Union. But no mechanism for secession was specified – neither in the Constitution nor in any other document. Officially, the SSRs were allowed to draft their own constitutions, economic plans, budgets, and could partially regulate cultural policy within their regions. Even these powers, however, were exercised to a certain extent under the control of the CPSU (Communist Party of the Soviet Union).

While maintaining ethnic identity, Soviet federalism denied minority regions any significant autonomy. By the beginning of the Gorbachev period, this arrangement had developed the basis for the rise of the so-called “new nationalism” among indigenous ethnic elites, as they saw that their power would increase upon gaining national independence.

Perestroika began in the mid-1980's (with Gorbachev) and lasted until the disintegration of the USSR. In its first stage (March 1985 – early 1986), *perestroika* was intended solely as an economic program aimed at reforming the centralized planning system. Gorbachev supported economic decentralization and increased autonomy for enterprises. The Soviet federalism system was also to be reformed. By the time of its demise, the USSR contained 53 national-state entities: fifteen unions and twenty autonomous republics, eight autonomous oblasts, and ten autonomous okrugs. The territory encompassed 128 ethnic groups, numbering from a few hundred to several million, some densely settled, others widely dispersed.

Gorbachev's policies promoted economic interests and development, for the first time in Soviet history. It led to reduced central planning and control, and more economic decentralization to grant the regions considerable responsibility for their own management, production, and policy. Over the next two years, new laws were ratified - governing the local economy, local self-management, and on the division of powers between the central and local (republic-level) governments. In many regions of the USSR, republic authorities demanded control over economic planning functions, the ownership of natural resources, and autonomy in linguistic and cultural policies. Popular movements for national self-determination emerged; first in the Baltic republics – Estonia, Latvia, and Lithuania, then soon followed in other regions. Each Baltic republic declared its own indigenous language to be the official state language, and restored its former national flag.

At the same time, ethnic tensions arose in Azerbaijan and Armenia over the Azerbaijani republic – Nagorno-Karabakh. Seventy-seven percent of the region's population is Armenian, but the region itself is surrounded by others inhabited predominantly by Azeris (the ethnic group of Azerbaijan). The local Soviet of Nagorno-Karabakh decided on 15 June 1988 to join with Armenia. The Azerbaijani government objected, and the Armenian demand was rejected by the central Soviet authority. Subsequent conflicts between other Soviet nationalities occurred in the following year (for example, between Georgians and the Abkhaz; the Moldavians and the Gagauz - a Turkish-speaking minority; and the Uzbeks and Kyrgyz in Central Asia).

In March 1991, Gorbachev called for a referendum of the Soviet population. The question was: “Do you consider it necessary to preserve the Union of Soviet Socialist Republics as a renewed federation of equal sovereign republics in which the rights and freedoms of people of all nationalities will be fully guaranteed?” Over three-quarters of voters (more than 60% of the total electorate, 76% of those voting) supported the “renewed federation.” Six republics - the Baltic republics, Georgia, Armenia, and Moldavia - boycotted the referendum, however.

Gorbachev declared the outcome an official mandate for a new Union Treaty. Significant changes to the state system were made during the so-called "The Novo-Ogarevo Process."²⁰ Nine of the fifteen union republics accepted the invitation (declined by three Baltic republics, Armenia, Georgia, and Moldova). Hence, the negotiations were called the "9 + 1 Talks." Nonetheless, there was no accepted clear idea about what kind of federal or confederal arrangement should be worked out as the result of this meeting.

The preamble to the final draft of the Union Treaty established the confederal nature of the new structure, stating that: "The states that have signed this Treaty, proceeding from the declaration of state sovereignty proclaimed by them and recognizing the right of nations to self-determination..."²¹ According to the Treaty, the republics retained the right "to the independent resolution of all questions of their development" (Sec. I, Art. 2), the right to secede (Sec. II, Art. I), and the right "to suspend a Union law on its territory and protest if it violates this Treaty or is at variance with the republic's Constitution, or with republic laws adopted within the bounds of the republic's powers."²²

On 23 April 1991, the negotiators agreed to revise the union treaty, adopt a new constitution, and to conduct elections for the presidency and central state institutions during the following year. The negotiations produced a draft treaty that recognized the sovereignty of the union republics, and guaranteed non-interference by the center in their internal affairs.

On 20 August 1991, the new union treaty was to be signed by Russia, Byelorussia, Kazakhstan, Tajikistan, Uzbekistan, most likely followed by Azerbaijan, Turkmenistan, Kyrgyzstan, and perhaps the Ukraine.

The attempted *coup d'état*, that began on 20 August and collapsed on 21 August, by orthodox members of Gorbachev's government (the Soviet Vice President, the Prime Minister, the heads of the KGB, the Interior Minister, and the Defense Department) prevented the treaty's signing. Gorbachev resigned his post as party leader, and also ordered the government to resign. At this point, one by one the republics declared their independence, and the draft union treaty that was to have been signed on 20 August was forgotten. The failure of the August 1991 *coup* was followed by a further wave of declarations of independence by Soviet republics.

In December 1991, the presidents of the republics of Byelorussia, Ukraine, and Yeltsin - later the president of Russia - negotiated the dissolution of the USSR and announced the formation of the Commonwealth of Independent States. On 21 December 1991, in Alma-Ata, eleven former Soviet Republics signed the founding documents of the Commonwealth of Independent States (CIS).

Thus, the dissolution of the Soviet Union, although unexpected and little planned, was a relatively peaceful event, since it was not the outcome of a revolution or war. However, it left many questions unanswered, and important problems and issues of former Soviet States (FSSs) unaddressed.

Institutions of the CIS

The new Union, the CIS, was initially established by Russia, Belarus and the Ukraine in 1991. By 1993, all the PSSs except for the Baltic states had joined it. Formally the CIS possesses coordinating powers in the realms of trade, finance, lawmaking, and security.²³ The most significant issue for the CIS was the establishment of a full-fledged free trade zone and economic union between the member states. It has also promoted cooperation on political issues, such as democratization and cross-border crime prevention. The CIS can be described as an attempt at both economic and political integration.

²⁰ The name of this process came from the name of the state dacha in Novo-Ogarevo (Russia) where the negotiations over the future Union took place.

²¹ "Dogovor o souize suverennykh gosudarstv", *Izvestia*, 15 Aug. 1991, 1-2 (translated in Kahn 2002:99).

²² *Ibid*

²³ The CIS is headquartered in Minsk, Belarus. The chairman of the CIS is known as the Executive Secretary.

The main document of the CIS, the Charter of the Commonwealth, was adopted on 22 January 1993. The Charter outlines the “objectives” of the CIS which include both political and economic aspects of the integration. It stipulates, for example, that the CIS is “based on principles of sovereign equality of all its members” and aims at serving for “further development and strengthening of the relationships of friendship, good neighborhood, inter-ethnic harmony, trust, mutual understanding and mutually advantageous cooperation among the Member States.”²⁴

Another important document of the CIS is the Economic Union Treaty. It was established in 1993 to encourage economic integration within the member-states. It states that “The Treaty was based on the necessity of formation of the common economic space on the principles of free movement of goods, services, workers, capitals; elaboration of concerned money and credit, tax, price, customs and foreign economic policies, rapprochement of the methods of management of economic activities, creation of favorable conditions for development of direct production links.”²⁵

Finally, the Collective Security Treaty – a document outlining military and security aspects of the newly formed regional block. The Collective Security Treaty was signed in Tashkent on 15 May 1992, by Armenia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. Azerbaijan likewise signed the treaty on 24 September 1993, Georgia on 9 December 1993, and Belarus on 31 December 1993. The treaty came into effect on 20 April 1994: it reaffirmed the desire of all participating states to abstain from the use or threat of force. Signatories would be unable to join other military alliances or other groups of states, while an aggression against one signatory would be perceived as an aggression against all.

The Collective Security Treaty was set to last for a five-year period unless extended. On 2 April 1999, the Presidents of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan, signed a protocol renewing the treaty for another five-year period. However, Azerbaijan, Georgia and Uzbekistan refused to sign and withdrew from the treaty instead.

On 7 October 2002, the six members of the Collective Security Treaty signed a charter in Chisinau (Moldova), expanding it and renaming it the Collective Security Treaty Organization (CSTO). During 2005, the CSTO partners carried out joint military maneuvers. Uzbekistan is currently once again seeking closer ties with Russia, and may consider rejoining the Collective Security Treaty Organization. The Collective Security Treaty Organization is also an observer organization to the United Nations General Assembly

The CIS member states interact and coordinate through the following main bodies: the Council of Heads of States, Interstate Bank, Council of Foreign Ministers, Council of Defence Ministers, Inter-Parliamentary Assembly, Economic Court, Economic Council, Executive Committee, and the Council of Heads of Governments.²⁶

Economic Integration

With the demise of the ruble zone, the main potential mechanism for fostering economic integration has been the concept of a payment union. Progress was modest, however. With the financial crises of ruble in Russia in 1998, the previous plans and schemes failed. The difficulties of establishing an effective payments mechanism within the CIS have been the most significant impediment.

There have been discussions about creating a "common economic space" for Russia, Ukraine, Belarus, and Kazakhstan. Agreement in principle about the proposed space was announced after a meeting in the Moscow suburb of Novo-Ogarevo on 23 February 2003. The Common Economic Space would involve a supranational commission on trade and tariffs, to be based in Kiev, initially headed by a representative of Kazakhstan, and would not be subordinate to the governments of the four nations. The ultimate goal was for a regional organization that would be open for other countries to join, and might eventually lead to a single currency.

²⁴ Charter of the CIS: <http://www.cis.minsk.by/> Accessed in June 2005

²⁵ Economic Union Treaty: <http://www.cis.minsk.by/> Accessed in June 2005

²⁶ For details of the structure of the CIS, see Appendix 1.

On 22 May 2003, the Verkhovna Rada (the Ukrainian Parliament) voted on the joint economic space: the results were 266 favor and 51 against. However, Viktor Yushchenko's victory in the Ukrainian presidential election of 2004 was a significant move against the project: Yushchenko has shown renewed interest in Ukraine's membership in the EU, which would be incompatible with the envisioned Common Economic Space. With the revival of the Eurasian Economic Community in 2005 it again became possible for the "common economic space" agenda to be implemented in its framework - with or without the participation of Ukraine.²⁷

Political Integration

Unlike any other form of integration (economic or military), political integration is generally considered the most advanced and most difficult stage of the integration process. Economic integration generates material gains, but the benefits of political integration are less obvious.

Integration at the political level within the CIS framework has also been extremely weak. As republics of the highly centralized USSR, the newly independent states strongly resisted the transfer of any political and economic powers to the CIS. However, the political aspect of integration is very important in the area. It might be considered even essential, given that the CIS incorporates Western and Eastern, Christian, and Islamic civilizations and diverse national cultures.

There is a tendency to propose bilateral solutions for specific issues; however, multilateral cooperation was created on such issues as policing, criminal intelligence, and security. Among other important political issues are the problems of ethnic minorities and territorial borders.

After the collapse of the USSR, the issue of ethnic minorities dispersed all around the PSSs became one of the most important problems on the agenda. The majority of conflicts in the post-Soviet territory emerged from ethnic separatist movements: Nagorno-Karabakh in Azerbaijan, Chechnya in Russia, Abkhazia in Georgia. The CIS made no contribution to conflict resolution or conflict prevention – lacking as it does the necessary mechanisms of conflict resolution or preventive diplomacy. Common CIS citizenship was not established either. Russia did however manage to conclude a few bilateral treaties addressing this problem, and dual-citizenship agreements were signed with Tajikistan and Turkmenistan.²⁸

Another important issue for the CIS-members was the borders between former Soviet states. Most of the “internal” Soviet borders were contested, including Kazakhstan and its borders with Russia, and Kyrgyzstan which borders with Tajikistan, Uzbekistan and Kazakhstan. A number of the CIS documents (the CIS Founding Agreement and the Alma-Ata Declaration) addressed this problem calling for territorial borders to be respected, and the inviolability of borders that existed at the time independence was acquired.²⁹ Article 3 of the CIS Charter rules out “any actions aimed at dismembering another state’s territory.”³⁰

Other documents, for example, Declaration on the Observance of Sovereignty, Territorial Integrity and Inviolability of Border and bilateral Treaties of Friendship and Cooperation, refer to mutual respect of territory as a matter of course.

Among the issues of political integration is that of a common language. So far Russian is an official language in four of those states: Russia, Belarus, Kazakhstan, and Kyrgyzstan. Russian is also considered an official language in the separatist regions of Abkhazia and Transnistria, as well as the semi-autonomous region of Gagauzia in Moldova.

In other regional integration schemes (the EU, NAFTA, MERCOSUR, etc.) economic integration is likely to be the first stage of regional integration, possibly to be followed by more complicated political integration. As it is the case with other integration blocs, their member-states’ departure-point is sovereignty, and independence from each other. For the CIS, the starting-point of

²⁷ UNIAN: Information Agency: <http://www.unian.net/eng/news/news-163819.html> Accessed in December 2005.

²⁸ Mark Webber (1997:63)

²⁹ The CIS Alma-Ata Declaration. Article 5. It is also referred to in: Mark Webber (1997:62).

³⁰ *Founding Agreements*, pp. 2, 9. Can be found at <http://www.cis.minsk.by/>

integration was critically different. Both the economic and political stages of the CIS-integration have been influenced by historical legacies – being formerly a part of a country that was politically and economically highly centralized. This is the major feature that has determined the peculiarities of the continuing process of CIS-integration.

In estimating the results of sixteen years of the CIS's existence, it is impossible to ignore that progress has been less than modest. Despite the wide range of bureaucratic structures and numerous treaties, little remains of them but “attempts” and unrealized plans.

All in all, the experience of regional integration within the CIS can be described as unsuccessful. Yet the theoretical puzzle remains: how can theories of regional integration explain the fruitlessness of those sixteen years? The following attempts to provide an answer to this question, referring to neofunctionalism and its main alternative theory - (liberal) intergovernmentalism.

IV. EVALUATING THE OUTCOME OF “INTEGRATION:” TESTING THE THEORY

Applying the criteria set out in neofunctionalism to explain Eurasian regionalism, we divide it into three parts, presented in tables: “Background Conditions;” “Conditions at the time of economic union;” and “Process Condition.” Along with the alternative explanation - intergovernmentalism - this section also focuses on the importance of “asymmetries” between potential member-states, the importance of national politics (democracy vs. autocracy), and geopolitical versus economic-benefits motivations for entering into an integration agreement.

One of the important features of PSSs determining the development of integration within the CIS is the great diversity of its members, or, using the vocabulary of intergovernmentalism, “asymmetries.”

A number of scholars and experts of post-Soviet Eurasia have underlined this diversity.³¹ As Ofer (2004) points out, “Despite the common historical background in the Soviet era, initial conditions in the CIS countries in 1991 varied substantially due to geography, resource endowment, the economic impact of the break-up of the Soviet Union, initial income levels and industrial structure.”³² In this section, we analyze some of the most important of these asymmetries. It is also important to outline the main problems of economic and political development, and the issues of regime transition as the most important problem in national politics of these states.

Background Conditions or “Contextual” Asymmetries

Geopolitical Disparities

Neofunctionalism underlined the “unusual” homogeneity of the six original member-states of European integration. Their common conservative and Catholic background and high degree of mutual trust might have spurred them to initiate the cooperation.³³ Schmitter recalls that back in the 1950's, when regional cooperation in Europe was just beginning, Protestant Britain was governed by the Labour Party. In contrast, the prospective member-states of post-Soviet regionalism not only belonged to different confessions within Christianity but also included two different, often juxtaposed, religions – Christianity and Islam. In addition, the CIS-members differ widely across such factors as territory and population, economic and social development, political regimes, and history. The following table demonstrates some of these disparities. Conditionally, we divide the variety of diversities of the FSSs into “contextual,” “economic development,” and “political indicators.” The “contextual” conditions are those that are considered unchangeable in the short-run: population, area, predominant religion, and geographic location.

³¹ See for example: Ofer (2004), Webber (1998), and Libman (2006).

³² Gur Ofer (2004:268).

³³ See, for example, Schmitter (2005: 269).

Table 2: “Contextual” Asymmetries among the CIS-member states

Country	Population (1993) (in 1000)	Area (1997) in (1000 sq. km.)	Predominant Religion	Location
Azerbaijan	7368	86.600	Islam	Transcaucasia
Armenia	3722	29.800	Christianity	Transcaucasia
Belarus	10346	207.600	Christianity	Europe
Georgia	5447	69.700	Christianity	Transcaucasia
Kazakhstan	16986	2724.900	Islam	Central Asia
Kyrgyzstan	4502	199.900	Islam	Central Asia
Moldova	4348	33.800	Christianity	Europe
Russia	148673	17075.400	Christianity	Europe <i>and</i> Asia
Tajikistan	5571	143.100	Islam	Central Asia
Turkmenistan	4254	491.200	Islam	Central Asia
Uzbekistan	21703	447.400	Islam	Central Asia
Ukraine	52244	603.700	Christianity	Europe
CIS	285164	22113.100	-	Eurasia

Sources: These data are available in a number of internet datasets. See, for example: <http://www.cis.minsk.by/>

The CIS incorporates over 100 nations and nationalities, including 50 traditionally Christian and almost 40 Islamic ones. When analyzing the CIS, it is also helpful to draw a geopolitical distinction between “European,” “Central Asian,” and Transcaucasian Former Soviet States. Thus far, the most successful attempts at regional integration have taken place within the EU with members that are “Europeans.” In other words, all “old” and “new” members of the EU – Western European states and Eastern (or Central) European ones - belong to the same continent, Europe. The literature on regionalism often asserts the ideas of “common heritage,” “historical and cultural legacies,” and continental belonging as important factors that contributed to the success of European integration. In contrast, the post-Soviet states present a *cross*-continental and religious mosaic (e.g., the post-Soviet territory can be subdivided into European, Asian, and Caucasian states). However, there is great diversity even among the states of each particular geographic group, as the following tables demonstrate (Tables 3 and 4, and Appendix 3). The “European” group consists of Ukraine, Moldova, and Belarus. The second group is composed of five Central Asian republics: Turkmenistan, Uzbekistan, Kyrgyzstan, Kyrgyzstan, and Kazakhstan, while the three Caucasian states are Armenia, Georgia, and Azerbaijan.

The support of newly independent former Soviet States for the CIS was also different. Tajikistan joined the CIS in 1991. One former, or associate, member - Turkmenistan - joined the CIS in 1991 and withdrew in 2005. Azerbaijan ratified its CIS membership only in September 1993. Georgia joined the CIS even later, in March 1994. There are two possible explanations for this disparity among the PSSs in support for the CIS. The first stems from the idea of “open regionalism,” regional integration where members can “jump on” and “jump-off” whenever they want to. Thus, the CIS presents an example of “open regionalism.” Another explanation is the desire of new states to keep their options open in foreign policy. Membership in the CIS does not allow for double membership, for example in both NATO and the EU. Thus, the actual and prospective members of the CIS had to decide on their “loyalties” in foreign policy choices, which led to above-mentioned changes in membership of the CIS.

Meanwhile, a number of PSSs have expressed their doubts on the effectiveness and future of the CIS. The Ukraine’s Minister of Economics said at a news conference that “there is no hope for CIS

development” and that the Ukrainian government was considering halting its financial contribution to the CIS bodies (8 April 2005).³⁴ In August 2005, Turkmenistan downgraded its CIS status to that of associate member. Georgia has repeatedly exhibited its skepticism on its future participation in the CIS; as early as 2004, Georgia's Defense Minister, Giorgi Baramidze, described the CIS as “yesterday’s history.” In February 2006, Georgia officially withdrew from the Council of Defense Ministers. On 2 May 2006, the President of Georgia, Mikheil Saakashvili said that the government would review whether the country was benefiting from its CIS membership.³⁵ Among the FSSs, only the Baltic states remained firmly outside.

Geopolitical location seems to be an important factor in post-Soviet regionalism. The experience of the PSSs contradicts the assumption of intergovernmentalism on the insignificance of geopolitics. Indeed, the states located in “European” part of the former USSR (e.g., Moldova and Ukraine) were less inclined to post-Soviet (re-)integration, with Belarus being an exception. In contrast, states isolated in Central Asia supported the initiative of regional integration.

Economic disparities

The following table summarizes the disparity of CIS-member states across the main indices of economic development in 1995.

Table 3: Asymmetries in the Economic Development of the PSSs (for 1995)

Country	GDP	Industrial Input	Investment	Foreign Debt as a % of GDP
Azerbaijan	83	83	57	46
Armenia	107	102	...	93
Belarus	90	88	59	18
Georgia	102	91	103	69
Kazakhstan	91	92	63	20
Kyrgyzstan	94	82	182	35
Moldova	97	94	83	65
Russia	96	97	90	34
Tajikistan	88	95	75	216
Turkmenistan	90	93	100	212
Uzbekistan	99	100	104	21
Ukraine	88	83	65	29

Note: The data are given in percentages, in relation to a mean.

Sources: These data are available in a number of internet datasets. See, for example: <http://www.cis.minsk.by/>

Table 4: Volume Indices of Gross Domestic Product (constant prices)

	2001	2003	2004	2005	2006	2007

³⁴ http://www.interfax.ru/e/B/politics/28.html?id_issue=11267754 Accessed in April, 2005 (Speech on April 9, 2005).

³⁵ ^ International Relations and Security Network, “Georgia considers withdrawing from CIS” (<http://www.isn.ethz.ch/news/sw/details.cfm?id=15687>), Accessed in May 2006

	As percentage of the previous year					
Azerbaijan	109.9	111.2	110.2	126.41	134.51	125.01
Armenia	109.6	114.0	110.5	113.9	113.3	113.7
Belarus	104.7	107.0	111.4	109.4	110.0	108.2
Georgia	104.8	111.1	105.9	109.6	109.4	112.72
Kazakhstan	113.5	109.3	109.6	109.7	110.7	108.5
Kyrgyzstan	105.3	107.0	107.0	99.8	103.1	108.2
Moldova	106.1	106.6	107.4	107.5	104.0	103.32
Russia	105.1	107.3	107.2	106.4	107.4	108.1
Tajikistan	109.6	111.0	110.3	106.7	107.0	107.8
Uzbekistan	104.2	104.4	107.7	107.0	107.3	109.82
Ukraine	109.2	109.6	112.1	102.7	107.1	107.3
CIS average	106	108	108	107	108	109

Sources: Composed by the author based on CIS annual data retrieved from the statistics provided by the Interstate Statistical Committee of the Commonwealth of Independent States (<http://www.cisstat.com/eng/mac-01.htm> accessed on 10 March 2008).

The above tables demonstrate great varieties across the post-Soviet countries, and growing divergence across time (as the most recent period chosen as an example is 2001-2007).³⁶ The countries with the largest GDP and industrial input are Armenia, Georgia, Russia, Uzbekistan, while CIS-members with the highest foreign debt are Tajikistan and Turkmenistan. The differences in economic development and dependence on the Russian economy provide some explanation for the varying enthusiasm and support of newly independent former Soviet states for the CIS.

Intra-regional trade (rate of transactions)

Both neofunctionalism and intergovernmentalism underline the importance of intra-regional trade, or “rate of transactions.” An important observation by Moravcsik is that intra-regional trade in relation to GDP is far higher in Europe than in other parts of the world (he compares it with North America and East Asia). As Moravcsik (1998, 88) points out, “differences in export patterns and competitiveness explain varied national preferences concerning the direction and speed of liberalization.” However, a comparison between the EEC and CIS provides puzzling results – intra-regional trade, in the period when the CIS was taking shape (1989-1991) was much higher than in the EEC (1958).

Table 5: Background Conditions: The share of exports and imports³⁷

³⁶ Appendix 3 provides more statistical data on the post-Soviet countries.

³⁷ The data are calculated as the percentage of the GNP of the relevant states.

Soviet Republics in 1989	Exports	Imports	EU members in 1958	Exports	Imports
Russia	7.3	7.7	England	2.2 (UK 3)*	2.4
Armenia	25.4	24.3	Belgium	-	-
Azerbaijan	25.4	15.6	Luxemburg	22.9	15.1
Belarus	23.5	19.3	Denmark	10.6	8.3
Georgia	23.6	19.8	Germany	4.3 (6)*	3.7
Kazakhstan	9.9	15.9	Greece	-	-
Kyrgyzstan	17.6	20.8	Ireland	26.4	24.0
Moldova	23.2	22.0	Spain	-	-
Tajikistan	18.3	24.4	Italy	2.3	2.3
Turkmenistan	19.7	21.2	Netherlands	15.6	17.3
Uzbekistan	15.3	20.1	Portugal	-	-
Ukraine	12.5	12.9	France	2.2 (3)*	2.3
TOTAL	11.6	12.1			
TOTAL without Russia	18.9		TOTAL	4.4	4.1

Sources: adapted from Shishkov, 2001:391. Calculated from *Narodnoe hoziatstvo SSSR v 1990*. M. 1991, p. 636, 639; Eurostat. Monthly External Trade Bulletin, Special Issue: 1958 – 1977, Luxemburg, 1978, p. 23, 30, 32, 34; European Economy, N 14 (Nov.), p. 195; N 46 (Dec. 1990), p. 257, 261; Eurostat Basic Statistics of the Community. Luxembourg. 1991, p. 226, 259. The cases marked “*” are data cited in Moravcsik (1998:88) and given in parentheses).

The table presents a number of interesting observations of background conditions in intra-regional trade of members of the EEC at the very beginning of European integration and Soviet republics by 1989, disintegration of the USSR and beginning of numerous attempt at re-integration and cooperation in the region. The so-called “process conditions,” or conditions at the period of economic union are demonstrated by Table 6 by the changes in the share of the export of PSSs to non-PSSs throughout nine years: 1991, 1993, 1995, 1997, and 1999, thus starting from the initial stage of development of the CIS.

Table 6: Share of the export of PSSs to non-PSSs (as % of their total export)

CIS states	1991	1993	1995	1997	1999
Russia	40.8	76.2	82.2	80.7	85.3
Azerbaijan	7.2	36.1	60.2	51.6	77.3
Armenia	3.6	19.5	39.5	59.2	75.3
Uzbekistan	10.3	42.3	60.7	75.7	75.3*
Turkmenistan	2.3	41.4	32.5	39.9	74.4*
Ukraine	17.6	53.7	48.0	60.7	71.9
Kirgizia	1.5	33.8	34.2	47.2	59.6
Georgia	1.5	43.4	47.5	42.5	55.0
Tajikistan	11.8	69.0	66.4	63.4	54.3
Moldova	8.2	24.3	41.1	30.4	45.2
Belarus	7.7	23.3	37.7	26.3	38.6
Kazakhstan	7.8	33.5	47.1	55.2	73.9

* 1998; Sources: Shishkov, 2001:440; Statistical Handbook 1994; States of the Former USSR. Washington, 1995, tables 3,8; *Foreign Trade Statistics in the USSR and Successor States*, Washington, 1995, p. 148-150; *Vneshneekonomicheskaja deiatelnost gosudarstv Sodruzestva. Statisticheskij sbornik*, Moskva 1999; *Statistika SNG; Statisticheskij biulleten*, N 5, Mart 2000.

Table 6 presents a rather interesting observation regarding the radical change in the reorientation of export flows of PSSs, that occurred over just nine years. Russia more than doubled its exports to non-PSSs, from 40.8% in 1991 to at 85.3% of its total export. It is still the country with the largest share of exports to non-PSSs countries. Certain countries have increased their exports about 30-fold since the time of the disintegration. The most striking examples are Kirgizia and Georgia (their share of export to non-PSSs was about 1.5% each): in 1999, their export flows increased up to 59.60% (Kirgizia) and 50.0% (Georgia).

Economic Transition (Economic Disparities)

Another parameter for actual and potential member-states of regional integration, that should be taken into account in the case of post-Soviet Eurasia, is regime transition which involved both political and economic restructuring. The necessity of democratic government and pluralism was specifically underlined by neofunctionalism. However, the PSSs could not be expected to become immediately democratic, particularly when the CIS - the first voluntary union of truly independent states in Eurasia - was first established. The CIS began in tandem with the start of regime transition. Still, a certain homogeneity in the transition process would be expected. The following table demonstrates different stages of development of PSSs in terms of transition to a market economy through percentage of private sector in GDP (%), privatization (of large and small enterprises), liberalization of prices, and free competition.

Table 7: Progress of the PSSs in economic transition from 1992 to 1998

Countries	Share of Private sector in GDP (%)	Privatization of large enterprises	Privatization of small enterprises	Liberalization of Prices	Freedom of Market Competition
Russia	70	3+	4	3-	2+
Georgia	60	3+	4	3	2
Kirgizia	60	3	4	3	2
Armenia	60	3	3	3	2
Kazakhstan	55	3	4	3	2
Ukraine	55	2+	3+	3	2
Moldova	45	3	3+	3	2
Azerbaijan	45	2	3	3	1
Uzbekistan	45	3-	3	2	2
Tajikistan	30	2	2+	3	1
Turkmenistan	25	2-	2	2	1
Belarus	20	1	2	2	2

Sources: Shishkov, 2001:409; The Economic Report. The Economist Intelligence Unit. London, March 1999.

System of evaluation: "4" – "more than 50% of program of economic transition and the progress in economic transition is significant"; "3" – "more than 25% of program"; "2" – "progress is fair," and "1" – "almost no progress at all."

The country with the largest share of private sector in GDP is Russia (70%), followed by Georgia, Armenia, and Kirgizia (all of which have a 60% private sector), Kazakhstan and Ukraine (55% each). Belarus is the lowest (with a private sector of only 20%). The index provides us with valuable information demonstrating the diversity of economic transition in PSSs. In terms of economic transition, Russia seems to be the most progressive, scoring highest among the PSSs: privatization of large enterprises was evaluated as "3+," privatization of small enterprises - "4," and freedom of market competition was evaluated as "2+."

As a result, there is incompatibility between the economic models of PSSs. Experience in the EU demonstrates, however, that economic compatibility, and an independent and self-sufficient market

economy in each actor-state is a prerequisite for the future success of regional integration. As long as the divergence in economic models and economic transition of the PSSs remains in place, there can be little hope for successful integration in the region.

Political Transition (Regime Disparities)

Apart from the disparities of current and potential CIS-members across economic development, geography, religions, there are also significant disparities between the political regimes (ranging from democratic to authoritarian). One variable that also seems to present the crucial difference between Europe and post-Soviet Eurasia is “pluralism.” While the elite of Soviet states were all authoritarian and, thus, “compatible” - pluralism was absent.

The relationship between regionalism and democratization presents in this context the “chicken-and-the-egg” dilemma. As several scholars have underlined, a democratic regime and pluralism seem to be important, and probably crucial, factors in regional integration.³⁸ On the other hand, another group of scholars argue³⁹ that regionalism might also sustain democratic development. That brings us to the problem of political transition (regime transition or democratization) in the PSSs. The following table gives estimates for regime transition, made by the European Bank of Reconstruction and Development and World Bank.⁴⁰

Table 8: Six Components of democratic governance: estimates for 2000/2001

Country	Average Transition Score	Voice and accountability	Political stability; no violence	Government effectiveness	Regulatory quality	Rule of Law	Control of Corruption
Belarus	2-	17.2	50	16.9	2.4	20	54.7
Kazakhstan	3-	24.1	59.3	31.9	23.7	31.8	23
Russia	3-	38.5	33.3	33.1	6.5	17.1	12.4
Turkmenistan	1+	6.3	52.5	9.4	3	12.9	6.2
Uzbekistan	2	13.2	13	21.3	11.2	27.6	29.2
Georgia	3	50	14.8	28.1	17.8	39.4	28.6
Armenia	3-	44.8	17.9	15	23.1	45.3	24.2
Moldova	3-	59.8	40.1	12.5	12.4	40	23
Kyrgyzstan	3-	31.6	39.5	31.9	20.7	26.5	20.5
Ukraine	2+	41.4	26.5	26.9	13.6	31.2	19.3
Azerbaijan	2+	27	22.2	18.1	39.1	21.8	10.6
Tajikistan	2+	27.6	3.1	7.5	5.9	4.7	9.3
Average CIS		36.9	22.1	20.2	18.0	29.6	20.6

¹ Note: Not including the Baltic states

Sources: The first column is based on the database of the European Bank of Reconstruction and Development (EBRD) (2002), *Transition Report*, System of evaluation: “4” – “more than 50% of program of economic transition and the progress in economic transition is significant”; “3” – “more than 25% of program”; “2” – “progress is fair,” and “1” – “almost no progress at all.” The remaining columns are based on World Bank Institute, New Governance Indicators database reproduced in Gur Ofer and Richard Pomfret. 2004:21. For the columns with the last 6 indicators, grades are assigned according to the scale between 0 and 100, with the index for developed countries equaling 100.

³⁸ The connection between regionalism and democracy was specified in the earliest studies on regionalism beyond Europe, by Ernst Haas and Philippe Schmitter (1964) and in more recent studies on the topic (e.g., Philippe Schmitter 2004).

³⁹ The extensive literature of the reverse causation states that regional integration increase democratization is based on studies of the EU’s enlargement, and the international context of democratization in general. On this topic, see, for example: L. Whitehead (1996), J. Pridham (2005), R. Di Quirico (2005), and A. Obydenkova (2007 and 2008).

⁴⁰ For more details on the indicators, see Appendix 2. The indexes were also summarized and analyzed by Gur Ofer (2004).

The most advanced regime-transition CIS-members reached level of “3” (with “4” being the highest). The scale used in the last six columns ranges from 0 to 100. The index of “100” represents the highest level in the best-governed developed country.⁴¹ The table demonstrates a very low level of democratic government on average. A relatively high level of democratization was found in Armenia, Russia, Georgia, Moldova, Kazakhstan, and Kyrgyzstan.

Comparative Dimension: EU and CIS

Both neofunctionalism and intergovernmentalism were attempts to conceptualize European experience in integration and to apply theory to integration processes elsewhere. Indeed, the EU is the most significant of all regionalism attempts. It provides some background for a comparative analysis with other unsuccessful attempts at integration. The comparative aspect helps understand the impediments to regional integration and the conditions under which integration might succeed. Neofunctionalism sets out the criteria for such a comparison.

Applying the criteria set out by neofunctionalism to explain the Eurasian regionalism, I sum up the data presented above on the PSSs and divide it into three parts: “background conditions”; “conditions at time of economic union”; and “process condition.”

Table 9: The Haas-Schmitter predictions about economic unions (1964)

Background Conditions	Member of the CIS by disintegration of the USSR (1989)	European Economic Community (1964)
1. Size of units	Mixed	Mixed
2. Rate of transactions	High	High
3. Pluralism	Low	High
4. Elite complementarity	High	High
Total judgment	High/Mixed	High

Table 10: Conditions at the time of economic union

Conditions at the time of economic union	CIS in 1991	European Economic Community (1964)
1. Governmental purposes	Mixed	High
2. Powers of union	Mixed (formally) and Low (nominal)	High
Total Judgment	Low / Mixed	High

Table 11: Process Conditions and Prospects for Automatic Politicization

Process conditions	CIS (2000)	EEC / EU
1. Decision-making style	Low	Mixed
2. Rate of transaction	Mixed / Low	High

⁴¹ Gur Ofer (2004:22)

3. Adaptability of governments	None (diverging of regimes)	High
Total judgment	Low	High
Prospects for automatic politicization	Low	Good

From the “total judgment” in each table, we can see the tendency toward decreasing prospects for integration: from “high/mixed” prospects (Table 8) to “mixed/low” (Table 8) and eventually to “low” (Table 10). The PSSs launched their attempts at regional cooperation with relatively very good background conditions: high rate of transaction, interdependent economies and infrastructure, not to mention standardized systems of education, common spoken language, production, transportation and connection between the most remote regions and sub-regions of Eurasia. We observe that the CIS members started the process of integration as the most compatible along these parameters but following a path of increasing diversity. In the concluding section, we try to provide an understanding of the phenomenon of post-Soviet regionalism in accordance with this study's theoretical framework.

V. CONCLUSION

The theory of (neo)functionalism is grounded on the idea that jurisdictional outcomes result from functional or distributional pressures. Distributional pressures imply delivery of goods and service – a “function.” It gave birth to the idea of spillover: once function works in one area, it might well spell-over to another area, thus slowly initiated the process of spillover. The case of disintegration of the PSSs challenges this assumption.

Even compared to successful European integration, developing networks of delivery services and goods, and creating a unified system of trains and roads, are still in process. Being formerly part of a single country, PSSs already possessed a very well-developed system of interconnections: roads, railways, and a cross-national division of labor. In addition, as demonstrated above, PSSs had a well-developed system of networks – for the delivery of goods, services, and even such vital resources as water and energy. Cooperation on all levels - supranational; transnational; international, and finally, sub-national – was very well developed. But despite the presence of “functioning networks,” the system of networks was not preserved and did not encourage the development of a new union. Thus, the fundamental idea of a functionalism – the importance of “function” - proved to be totally wrong in the case of post-Soviet regionalism.

Initially involuntary integration within the USSR made PSSs unwilling to subordinate their powers to new supranational institutions, without which no regional integration is possible. “The shadow of the past” also explains the desire of potential member-states to manage their economic policy entirely on their own, although preserving state-economy instead of market-economy. There were no attempts on the part of the ruling elite of the PSSs to preserve those economic links and interconnections that were developed during the Soviet period. In the period 1991-1995 alone, the total trade of the CIS-member states fell from over 70% to 30%.⁴² By 1995 trade with the CIS accounted for only 19.8 % of total Russian trade. It was chiefly obtained by transactions with only three countries, Ukraine, Belarus and Kazakhstan.

Contradictory to neofunctionalism and (liberal) intergovernmentalism, this study has demonstrated that the existence of functional and distributional pressures and the functional networks relating to them, are not sufficient for successful progress of integration. These theories were built on the importance of a “function” – utility, and the delivery of goods and services. While these networks

⁴² See also Egor Stroeve, Leonid S. Bliakham, Michail I. Krotov (1999) *Russia and Eurasia at the Crossroads. Experience and problems of Economic Reforms in the Commonwealth of Independent States*. Berlin: Springer; Mark Webber (1997: 56-59)

addressed functional and distributional pressures in and between post-Soviet states, a number of important factors for integration were still missing.

The first factor is initial voluntary and peaceful unification with the presence of common identities or shared support of the population in different candidate-states. The second factor is the presence of a democratic, or quasi-democratic, regime and, preferably, a market economy in prospective member-states.

Neofunctionalism provides an important set of criteria for background conditions during the regional integration process. Both intergovernmentalism and liberal intergovernmentalism allow us to analyze the "outcome" of the numerous attempts at integration in post-Soviet Eurasia, as well as the role of the "leader," the nature of states as "rational actors." Intergovernmentalism provided explanations for phenomena such as super-presidentialism and bilateralism in Eurasian regionalism. Based on the theories discussed above and an empirical analysis of the CIS, some other important conclusions should be outlined: the role of a "leader" and "asymmetry," of democracy and regime transition, autocracy, the role of ethnicities and conflicts.

Asymmetries

The first explanation lies in the significant geographical, socio-economic, and political disparities across the PSSs. The countries of former Soviet Union differ tremendously in terms of geographic and demographic size, in the level of economic development, natural resources endowments, social, environmental and governance conditions. Given the disparities of the actual and potential CIS-members across such factors as economic development, social infrastructures, political regimes (ranging from democratic to authoritarian), and coexistence of two religions, a strong degree of diversity must be expected in various sectors of cooperation and varying involvement by countries in economic and political aspects of integration.

The role of disparities in Eurasian regionalism seems to confirm the assumptions of intergovernmentalism on states' motivation. It also confirms the theory of neofunctionalism regarding "hidden" impediments to integration's progress, such as the negative role of uneven interest and benefit of the states. Smaller and poorer countries tend accordingly to benefit more from integration than countries that are physically larger and economically stronger. This helps to explain why Central Asian countries are more interested in such cooperation (Kyrgyzstan and Tajikistan in particular), followed by Transcaucasian and "European" countries. Smaller and landlocked countries apparently tend to be more interested in regional cooperation, while the larger countries with access to the sea and non-CIS countries tend to focus more on issues of national and regional security. The discussion on disparities leads us to the problem of a "leader."

Leader

Theories of regional integration apply different approaches to the role of a "leader." A number of scholars underline the importance of "the presence of an undisputed leader among the group of countries seeking closer ties."⁴³ This is an even more important statement when the analysis focuses on the case of post-Soviet republics, where Russia's economic, geographical, political, and military predominance is apparent.

The role of the "leader" is an ambiguous one. On the one hand, according to early neofunctionalism, it presents an impediment to the progress of regional integration where the actors are expected to be more or less homogenous. Unlike the case of the EU, there is a strong dominant state in the post-Soviet region - Russia - with 68 % of the total GDP of all other post-Soviet states, 91% of oil production, 72% of natural gas, 58% of steel production, and 70% of former Soviet military

⁴³ Mattli (1999:14)

production.⁴⁴ Whatever scheme of regional integration is considered, due to its largest population, size, natural resources, and economic development, Russia is involved as a “leader.” Russia's dominance encourages the bilateral relationship of the PSSs with Russia, thus diminishing multilateralism.

On the other hand, there is always the “attraction” of a “leader” that offers benefits from an alliance with the most powerful state. In the case of Eurasia, Russia was often defined as the “economic engine and economic pole of attraction” for CIS-members.⁴⁵ It is the region’s largest trade partner, a supporter of the status quo for the current political elite, and a source of technical and military aid. The Russian language is still largely used as the lingua franca throughout the region. The role of the “leader” in the development of regional integration is likely to remain on the regionalism agenda in general, and in post-Soviet Eurasia in particular.

Potentially a “leader” can indeed become an “engine of integration,” but scholars still argue on such a state's positive or negative role. This discussion is even more complicated in the case of the CIS because of the presence of the “shadow of the past” and the “shadow of the future.” Attempts at regional cooperation, let alone integration, initiated by Russia are often perceived as attempts at re-establishing the Soviet Union, the “shadow of the future.” Those attempts are unpopular and do not enlist support from the wider public. When regional integration is initiated by Russia, the “shadow of the past” is one of the more serious impediments.

Autocracies

As the previous analysis demonstrates, another aspect of the Soviet heritage is autocracy, well-entrenched nepotism, and a system of clans. Strong presidencies emerged from the institutions of the Communist Party’s First Secretary.⁴⁶ Presidential elections took place in all the PSSs and they were not competitive. In all those elections, the First Secretary of the former Communist Party inevitably won. Subsequent political and economic “transitions,” institutional changes, and the establishing new bodies were all means of strengthening the leader in power. As the UNDP expert states, “although ideological belief in communism has all but disappeared, belief in the need for state-directed and state-managed economic activity has persisted.”⁴⁷ The extensive patronage system that existed during the Soviet period remains in place and has even intensified. Government officials have created a network of loyalists.⁴⁸

National governing elites do not want to subordinate their powers to any kind of supranational institutions. They gain a lot from building authoritarian kingdoms in the geographic realm of “their own” states and are unwilling to delegate even some of their powers to supranational institutions. Both types of elites – the Soviet *nomenklatura* that remained in power and the new elite that emerged in the transition period – demonstrated the same patterns of behavior and attitude towards any attempt at regional integration. During the regime transition period, the legal vacuum and corruption allowed the elite to acquire great powers. Integration as such limits the powers of clans and their leaders by legal institutions and international laws.

Above all, autocracies tend to behave in international relations the same way as they act in national politics: seeking to establish personal contacts and bilateral agreements rather than observing laws and delegating official powers to supranational institutions. Russia's dominance, in other words, also encourages the bilateral relationship of the PSSs with Moscow, thus creating a sort of “inter-presidentialism” as a form of intergovernmentalism.

⁴⁴ A Study of Soviet Economy. Vol 1. Paris (1991), pp. 212, 213, 216; *Izvestia*, 15 March, 1996. Reprinted in Shishkov, (2001: 405-406)

⁴⁵ UNDP (2005:187) and Hill (2004)

⁴⁶ See for example, Tishkov 1997 (263-323), Mark Webber (1997).

⁴⁷ UNDP (2005:171).

⁴⁸ See for example, Tishkov (1997)

Ethnicities and Conflicts

Inter-ethnic conflicts and border tensions are other aspects of the Soviet legacy. The USSR stipulated the concept of ethno-federalism with nominal rights to sovereignty of each CU. Many scholars of Soviet studies argue that this system fostered the wave of nationalism.⁴⁹ After the territorial disintegration of the USSR, a number of inter-ethnic issues were left unresolved. The collapse provoked and intensified wars and conflicts. Wars, civil wars, inter-ethnic conflicts and tensions are all the obstacles for any form of integration as well. These factors were also the motives for national executives to build up the centralized state systems within their realm and to assert their power over the territory and to strengthen the borders. This eventually led to the emergence of so-called "frozen," still unresolved, conflicts.

Regime Transition: Political and Economic

The transition involves redistribution of assets, changes, and uncertainty. All of the CIS-members have been involved in the transition from centrally planned economy to a market-based economy.

What is the most remarkable and peculiar about the formation of the CIS is that the process of "integration" was started at the same time as the process of the regime transition of the PSSs. The regime transition was accompanied by disintegration, by attempts at nation-building and later attempts at re-integration in the framework of the CIS. These paralleled processes are distinctive features of integration within the CIS.

PSSs are not economically prepared for integration, since they not have developed market economies. Neither are they prepared politically, because they lack pluralism and democratic institutions. The theoretical conclusion is that regional integration appears impossible if its process is paralleled by processes of regime transition and economic development. In other words, the hypothesis put forward by Schmitter (1964, 1996, 2000) regarding national democracy and a market economy as prerequisites for successful regional integration is confirmed by the unsuccessful experience of PSSs in integration. Eurasian regionalism proves that the combination of a certain degree of political decentralization, democratization, and non-state economy seems to play an important role in regional integration.

To sum up, due to a number of important factors the attempts at regional cooperation in the post-Soviet space undertaken by former Soviet republics within the CIS have all been unsuccessful. The heterogeneity of the prospective partners seems to be among the crucial obstacles to integration. In the case of negative integration (e.g., the removal of barriers to movement of capital, labor, and services) as well as positive integration (e.g., the coordination of economic policies and the harmonization of political institutions), certain level in institutional and economic homogeneity of member-states plays an important role. Institutional similarities and compatibility are indeed an important "background" condition for the integration.

Due to regime disparities, different paths of transition and strategies of regime development across PSSs, and because of striking differences in economic development, integration had little background for successful development. However, according to both liberal intergovernmentalism and late neofunctionalism, the emergence of powerful economic center, a "leader" could play a positive role in developing regional cooperation. To a certain extent, it may be able to help overcome disagreements and might become a certain engine of further, closer cooperation.

Other prerequisites for regional integration proven to be important are a democratic government, and a market economy or, in the case of "transitional" countries, a relatively high level of democratization and economic liberalization. Democratic governments are representative and, therefore, more legitimate. They are more efficient as actors in the process of regional integration

⁴⁹ Tishkov 1997, UNDP. (2005:166)

acting as representatives of their peoples. A certain degree of democratization is thus an important feature of regional integration especially if it is to take place between countries in regime transition. These obstacles - authoritarian regime, "supra-presidentialism," lack of a market economy and economic liberalization - posed serious constraints to the development of integration in the region. Moreover, the "shadow of the past" and "shadow of the future," perceived as prospects for reintegrating the former USSR within a new supra-national organization (CIS), has been a main obstacle for the development of regional cooperation. Thus the prospects for reintegration have become an obstacle to the development of regional cooperation.

However, a number of scholars pointed out that the presence of high degree of social integration remained after Soviet period can provide some support for future attempts at cooperation in the region. Russian language as the lingua franca, common standards of education remaining from the Soviet period, numerous exchange-programs for academics and experts, and the existence of social networks could also play an important role.⁵⁰ Eurasian regionalism is indeed a peculiar case-study that can challenge several theories of regional integration.

The major peculiarity is that in Eurasia the process of "formal" integration was paralleled by the process of regime transition followed by actual de-territorialization, fragmentation and disintegration processes. In this sense, the experience of post-Soviet Eurasia is indeed unique and should be analyzed in further studies of regional integration. Informal bilateral agreements dominated the formal multi-lateral negotiations. These studies will not only profit from existing theories of regional integration but are likely to contribute to their future development as well.

⁵⁰ Libman 2006; Fidrmuk, 2001.

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Appendices

Appendix 1: Institutional Structure of the CIS

Council of the Heads of States This is the supreme body of the CIS. It discusses and solves the principal questions of the Commonwealth connected with the common interests of the member-states.

Council of the Heads of Governments This Council coordinates cooperation between the executive authorities of the states - participants in economic, social and other spheres of common interests. Resolutions by the Council of the Heads of States and the Council of the Heads of Governments are adopted by consensus. Any state may declare its lack of interest in one or another question, and this is not considered as an obstacle for adopting a resolution.

Council of Foreign Ministers

The main executive body ensuring cooperation in the field of foreign policy activities of the states - participants of the CIS on the matters of mutual interest, adopting decisions during the period between the meetings of the Council of the Heads of States, the Council of the Heads of Governments and by their orders.

Council of Defence Ministers This is a body of the Council of the Heads of States responsible for military policy of the states that are members of the CIS. Its working office is a Staff that coordinates military cooperation of CIS-member states, prepares and holds meetings of the Council of Defence Ministers, and organizes the activities of groups of military observers and collective forces for peacekeeping in the CIS. It is also responsible for guarding the outer frontiers of the member-states and securing stable conditions there. Its working office is a Coordinating Service of the Council which organizes the preparation and holding of meetings of this Council, and the implementation of decisions that it adopts.

Inter-Parliamentary Assembly (IPA)

The IPA was established in March 1992 as a consultative institution. The first members were Armenia, Belarus, Kazakhstan, Tajikistan, Uzbekistan, Kyrgyzstan and Russia. Between 1993 and 1996, Azerbaijan, Georgia and Moldova also joined, followed by the Ukraine in 1999. IPA sessions are held twice a year in St. Petersburg, and are composed of parliamentary delegations of the member states. The IPA has nine permanent commissions: on legal issues; on economy and finance; on social policy and human rights; on ecology and natural resources; on defense and security issues; on culture, science, education and information issues; on foreign policy affairs; on state-building and local government; and on budget control. The Inter-Parliamentary Assembly of Member Nations of the Commonwealth of Independent States (IPA CIS) was established on 27 March 1992 under the Alma-Ata Agreement signed by Heads of Parliaments of the Republic of Armenia, Republic of Belarus, Republic of Kazakhstan, Kyrgyz Republic, Russian Federation, Republic of Tajikistan, and Republic of Uzbekistan, to act as an advisory body in preparing draft legislative documents of mutual interest. Between 1993 and 1996 the Inter-parliamentary Assembly was joined by the parliaments of the Azerbaijan Republic, Georgia, and Republic of Moldova. Ukraine became party to the Alma-Ata Agreement in 1999. On 26 May 1995 the Convention on the Inter-parliamentary Assembly of Member Nations of the Commonwealth of Independent States was signed by Heads of the CIS States, taking effect from 16 January 1996. The Convention defines the Inter-parliamentary Assembly as an inter-state body and a key agency of the Commonwealth of Independent States. On 28 August 1997 the Agreement between the Inter-parliamentary Assembly of Member Nations of the Commonwealth of Independent States and the Government of the Russian Federation on Terms of Residence of the Inter-parliamentary Assembly on the Territory of the Russian Federation was signed and ratified on 26 November 1998 by the Federal Law signed by the President of the Russian Federation.

Economic Court The Economic Court functions with the aim of ensuring compliance with economic commitments in the CIS framework. Its terms of reference include settlement of interstate economic controversy arising in meeting economic commitments envisaged by agreements and decisions of the Council of the Heads of States and the Council of the Heads of Governments of the CIS. The Economic Court operates for the purposes of fulfilling economic obligations under the framework of the CIS. Its mandate includes resolving disputes arising during the implementation of economic obligations. The Court may also resolve other disputes classified as within its mandate by agreements of member states. It also has the right to interpret provisions of agreements and other acts of the Commonwealth for economic issues. The Court carries out its activity in accordance with an Agreement on the Status of the Economic Court and a Statute thereon, approved by the Council of Heads of States.

Economic Council The main executive body which ensures implementation of the decisions of the Council of the Heads of States and the Council of the Heads of Governments of the Commonwealth of Independent States on realization of the Agreement for creation of a free trade zone, its Protocols, as well as for other matters of socio-economic cooperation. The Council adopts the decisions on the matters related to its competence and by the orders of the Council of the Heads of States and the Council of the Heads of Governments of the CIS. The Economic Council consists of the Deputy Heads of Governments of member-states in the CIS.

Executive Committee (legal successor of the Executive Secretariat)

This is the permanently functioning executive, administrative and coordinating body of the CIS, which organizes the activities of the Council of the Heads of States, Council of the Heads of Governments, Council of Foreign Ministers of states - participants of the CIS, Economic Council and other bodies of the Commonwealth, prepares proposals on extending economic cooperation in the framework of the CIS, creating and functioning free trade zone, ensuring favorable conditions for transition to higher stage of economic cooperation, developing common economic space in future, jointly with the states - participants and the bodies of the Commonwealth develops proposals and draft documents aimed at the development of CIS member-states in political, economic, social and other spheres.⁵¹

Interstate Bank The most important function of the Interstate Bank is organizing and implementing multilateral interstate settlements between central (national) banks in relation to trade and other transactions, as well as coordination of monetary policy of the member-states.

Other important institutions are the Council of Border Troops Commanders, Council of Collective Security, and the Interstate Statistical Committee.

⁵¹ More information and data on these institutions and structure can be found online: <http://www.cis.minsk.by>

Appendix 2: Six Components of Democratic Governance: Estimation for 2000/2001

The index for measuring democratic government is based on the work of Kaufmann (2001, 2002), World Bank Institute database and reproduced in Gur Ofer (2004:21).

- 1) Voice and accountability: quality of the democratic political process and civil and private liberties;
- 2) political instability and violence: measures the threat and realization of destabilizing the government or regime by any unlawful means;
- 3) government effectiveness measures the quality of inputs, mostly of the bureaucracy, and of the processes by which policy is formed, and independence from political interference;
- 4) regulatory burden focuses on the quality of policies and the degree to which they interfere negatively with the operation of a market economy;
- 5) the rule of law measures respect for the law and the quality of the judiciary and arms of enforcement;
- 6) control of corruption evaluates the inclination of people and officials to offer and accept bribes, and the various forms of grand corruption.

(Kaufmann et al. 2002, pp. 4-6 and Appendix; referred and outlined in Gur Ofer 2004:22)

Appendix 3: Main Economic Indicators

VOLUME INDICES OF GROSS DOMESTIC PRODUCT

(constant prices)

	2001	2003	2004	2005	2006	2007
	<i>As percentage of the previous year</i>					
Azerbaijan	109,9	111,2	110,2	126,4 ¹	134,5 ¹	125,0 ¹
Armenia	109,6	114,0	110,5	113,9	113,3	113,7
Belarus	104,7	107,0	111,4	109,4	110,0	108,2
Georgia	104,8	111,1	105,9	109,6	109,4	112,7 ²
Kazakhstan	113,5	109,3	109,6	109,7	110,7	108,5
Kyrgyzstan	105,3	107,0	107,0	99,8	103,1	108,2
Moldova	106,1	106,6	107,4	107,5	104,0	103,3 ²
Russia	105,1	107,3	107,2	106,4	107,4	108,1
Tajikistan	109,6	111,0	110,3	106,7	107,0	107,8
Uzbekistan	104,2	104,4	107,7	107,0	107,3	109,8 ²
Ukraine	109,2	109,6	112,1	102,7	107,1	107,3
CIS average*	106	108	108	107	108	109
	2000 = 100					
Azerbaijan	109,9	135,2	148,9	188,3	253,2	317
Armenia	109,6	141,4	156,3	178,0	201,7	229
Belarus	104,7	117,6	131,0	143,4	157,7	171
Georgia	104,8	122,8	130,1	142,6	156,0	...
Kazakhstan	113,5	136,2	149,3	163,8	181,3	197
Kyrgyzstan	105,3	112,7	120,6	120,3	124,0	134
Moldova	106,1	121,9	130,9	140,8	146,4	...
Russia	105,1	118,1	126,6	134,7	144,6	156
Tajikistan	109,6	134,8	148,7	158,6	169,7	183
Uzbekistan	104,2	113,1	121,8	130,4	139,9	...
Ukraine	109,2	125,9	141,1	145,0	155,2	167
CIS average*	106	121	130	139	150	163

<http://www.cisstat.com/eng/mac-01.htm>

EXPORTS AND IMPORTS (million US dollars)

<i>Exports</i>	2000			2006			2007¹		
	<i>Total</i>	<i>CIS</i>	<i>non-CIS</i>	<i>Total</i>	<i>CIS</i>	<i>non-CIS</i>	<i>Total</i>	<i>CIS</i>	<i>non-CIS</i>
Azerbaijan	1745	235	1510	6372	930	5442	5462	1005	4457
Armenia	300	73	227	985	212	773	1061	325	736
Belarus	7326	4399	2927	19734	8609	11125	21788	10117	11671
Georgia	323	129	194	993	395	598	1116	419	697
Kazakhstan	8812	2337	6475	38250	5574	32676	42579	7148	35431
Kyrgyzstan	504	207	297	794	379	415	1017	513	504
Moldova	472	276	196	1052	424	628	1215	500	715
Russia	103125	13856	89269	301465	42320	259145	314170	46970	267200
Tajikistan	784	374	410	1399	186	1213	1342	206	1136
Turkmenistan	2506	1314	1192	...	...	...	...	...	...
Ukraine	14573	4498	10075	38368	12664	25704	44449	16912	27537
	<i>Imports</i>								
Azerbaijan	1172	375	797	5268	2098	3170	5000	1673	3327
Armenia	885	174	711	2192	696	1496	2871	963	1908
Belarus	8646	6070	2576	22351	14512	7839	25441	16870	8571
Georgia	709	229	480	3681	1404	2277	4511	1589	2922
Kazakhstan	5040	2732	2308	23677	11064	12613	29770	13272	16498
Kyrgyzstan	554	298	256	1718	991	727	2146	1353	793
Moldova	776	260	516	2693	1021	1672	3277	1186	2091
Russia	33879	11604	22275	137699	22363	115336	177383	29953	150430
Tajikistan	675	560	115	1725	1100	625	2213	1376	837
Turkmenistan	1785	678	1107	...	...	...	...	...	...
Ukraine	13956	8040	5916	45039	20185	24854	54041	23031	31010
	<i>Balance</i>								
Azerbaijan	573	-140	713	1104	-1168	2272	462	-668	1130
Armenia	-585	-101	-484	-1207	-484	-723	-1810	-638	-1172
Belarus	-1320	-1671	351	-2617	-5903	3286	-3653	-6753	3100
Georgia	-386	-100	-286	-2688	-1009	-1679	-3395	-1170	-2225
Kazakhstan	3772	-395	4167	14573	-5490	20063	12809	-6124	18933
Kyrgyzstan	-50	-91	41	-924	-612	-312	-1129	-840	-289
Moldova	-304	16	-320	-1641	-597	-1044	-2062	-686	-1376
Russia	69246	2252	66994	163766	19957	143809	136787	20017	116770
Tajikistan	109	-186	295	-326	-914	588	-871	-1170	229
Turkmenistan	721	636	85	...	...	...	...	...	...
Ukraine	617	-3542	4159	-6671	-7521	850	-9592	-6119	-3473

SHARE OF THE CIS AND OTHER COUNTRIES OF THE WORLD IN TOTAL EXPORTS
OF INDIVIDUAL COUNTRIES OF THE COMMONWEALTH (per cent)

	2000	2003	2004	2005	2006	2007 ¹
Azerbaijan						
CIS countries	13	13	17	21	15	18
Other countries	87	87	83	79	85	82
Armenia						
CIS countries	24	19	17	19	22	31
other countries	76	81	83	81	78	69
Belarus						
CIS countries	60	55	53	44	44	46
other countries	40	45	47	56	56	54
Georgia						
CIS countries	40	49	51	47	40	38
other countries	60	51	49	53	60	62
Kazakhstan						
CIS countries	27	23	20	15	15	17
other countries	73	77	80	85	85	83
Kyrgyzstan						
CIS countries	41	35	38	45	48	50
other countries	59	65	62	55	52	50
Moldova						
CIS countries	59	54	51	51	40	41
other countries	41	46	49	49	60	59
Russia						
CIS countries	13	15	16	14	14	15
other countries	87	85	84	86	86	85
Tajikistan						
CIS countries	48	17	17	20	13	15
other countries	52	83	83	80	87	85
Ukraine						
CIS countries	31	26	26	31	33	38
other countries	69	74	74	69	67	62

¹ January-November,

Sources of information: <http://www.cisstat.com/eng/mac-08.htm>

SHARE OF THE CIS AND OTHER COUNTRIES OF THE WORLD IN TOTAL IMPORTS
OF INDIVIDUAL COUNTRIES OF THE COMMONWEALTH

(per cent)

	2000	2003	2004	2005	2006	2007 ¹
Azerbaijan						
CIS countries	32	32	34	34	40	33
other countries	68	68	66	66	60	67
Armenia						
CIS countries	20	28	29	29	32	34
other countries	80	72	71	71	68	66
Belarus						
CIS countries	70	70	72	67	65	66
other countries	30	30	28	33	35	34
Georgia						
CIS countries	32	32	36	40	38	35
other countries	68	68	64	60	62	65
Kazakhstan						
CIS countries	54	47	48	47	47	45
other countries	46	53	52	53	53	55
Kyrgyzstan						
CIS countries	54	57	62	62	58	63
other countries	46	43	38	38	42	37
Moldova						
CIS countries	33	42	43	39	38	36
other countries	67	58	57	61	62	64
Russia						
CIS countries	34	23	23	19	16	15
other countries	66	77	77	81	84	85
Tajikistan						
CIS countries	83	68	65	65	64	62
other countries	17	32	35	35	36	38
Ukraine						
CIS countries	58	50	52	47	45	43
other countries	42	50	48	53	55	57

<http://www.cisstat.com/eng/mac-09.htm>

VOLUME INDICES OF INDUSTRIAL OUTPUT

	2001	2003	2004	2005	2006	2007
	As percentage of the previous year					
Azerbaijan	105	106	106	134 ¹	137 ¹	124
Armenia	105	115	102	108	99,1 ²	103
Belarus	106	107	116	111	111	109
Georgia	95	115	109	116	...	...
Kazakhstan	114	109	110	105	107	105
Kyrgyzstan	105	117	105	88	90 ³	107
Moldova	114	116	108	107	95	97
Russia	103	109	108	104	104	106
Tajikistan	115	110	115	110	105	110
Turkmenistan	130	119	...	122	...	...
Uzbekistan	108	106	109	107	111	112 ⁴
Ukraine	114	116	112	103	106	110
CIS average	106	110	109	105	105	107
	2000=100					
Azerbaijan	105	116	122	163	223	276
Armenia	105	139	142	153	152	156
Belarus	106	119	137	152	169	183
Georgia	95	117	127	148	...	...
Kazakhstan	114	137	151	159	170	178
Kyrgyzstan	105	110	115	101	91	97
Moldova	114	146	158	169	161	156
Russia	103	116	125	130	135	144
Tajikistan	115	137	158	173	182	201
Turkmenistan	130	188	...	...	...	...
Uzbekistan	108	124	136	146	161	...
Ukraine	114	142	159	164	174	192
CIS average	106	121	132	139	146	156

<http://www.cisstat.com/eng/mac-02.htm>