

Evaluation of the EAEU countries leadership in their multi-vector foreign policy context

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Abstract The article analyses the leadership of the countries that are part of the new integration Association in the post-Soviet space - the Eurasian economic Union (hereinafter - the Union).

When constructing it, the initial theoretical and practical approaches that were used in the development of integration processes in the European Union (EU) were taken as a basis. The article uses a new approach to the study of economic integration, which is based on a vector approach. It allows to simulate the process of integration, defining the country as a leader of international relations, a variety of relationships with the environment is determined by its foreign policy (hereinafter – FP).

At the same time, leadership in foreign economic relations requires spending additional energy from its internal resources, for the compensation of which external sources are necessary. The more diverse the vectors of leadership, the greater the range of foreign economic relations a leader requires. To this end, the directions, objects and principles of leadership used by the countries of the Union in their foreign economic policy and in a single market are investigated. In the article, a vector approach is used to assess mutual trade of the countries of the Union. It is shown that the implementation of the strategy of export leadership and interconnectedness of the member States of the Union creates opportunities for the annual expansion of mutual trade by 1,249 times from the initial level. And this, in turn, ensures the functioning of the single market of goods at the level of the minimum threshold of integration stability. The results can be used to analyse other integration associations, as well as to further strengthen the Union in the process of establishing mutually beneficial cooperation with other interested countries.

1 Introduction

The theoretical basis of the research is the recognized works of scientists. In their view, the key reason for the creation of an integration Union is the presence of one leader state or a group of countries that form a centre around which unions in various areas of activity are formed in a certain territory. Economic integration is based on objective prerequisites, gradual transition to higher stages of development. Scientific publications of latter years bring a considerable contribution to theoretic and practical issues of the economic integration development in various world regions (Anderson 1991; Anderson and Norheim 1991; Lombaerde and 1991; Langenhove 2006; Hufbauer et al. 1994). Recent studies emphasize the importance of taking into account the impact of the external environment on the development of regional integration (Mattli 2012; Abramov et al. 2017). For integration, which is shaped by a group of countries around the leading country, an important function is played by the threshold values of the national economy's connectedness, which is determined via share of mutual trade in the total foreign trade volume (Micbaely 1966; Martin and Tsangarides 2006). It in the total volume of trade in goods of the EAEU

countries in 2014 -2017 was only a median value of 13.5 %. This level is well below the minimum threshold of integration stability of 25%, which is determined by many researchers (Zevin 2015; Abramov 2018).

In the work edited by Vinokurov (2017) it is marked that the EAEU formation treaty provides principles and parameters of its macroeconomic stability (Treaty of the EAEU (Astana, 29 may 2014) (as amended)). It is lay on the criteria established by The Maastricht Treaty signed on 7 February 1992 in Maastricht (the Netherlands), yet they were not fully followed when the Union was established, and there are still deviations from them. This treaty laid the beginning of the EU. The Maastricht Treaty was intended to transformation promote of the European community into a political and later an economic and monetary Union. In addition to the economic cooperation sections, the Maastricht Treaty included sections on and justice, which meant the formation of the three pillars of the EU. Various FP kinds of deviations put the Union in a dilemma: either it develops to accordance with the on the EAEU Treaty, or to accordance modern global world trends will evolve in the mainstream of world tendencies. Orientation to the initial approach in the new environment may not allow to fully achieve the stated goals of the Union. The problem of growing instability and impulses of disintegration of the Union is amplified under the influence of multidirectional and opposite vectors of development, which are fixed in the documents on FP of the member States. They are investigated in the article using general scientific and economic research methods, as well as content analysis and vector approach.

The Declaration for the further evolve within the EAEU integration processes during the period up to 2025, adopted in St. Petersburg on 06.12.2018, sets out the key directions for further activities. It defines the content of the areas of practical activity, but does not contain a solution to the scientific problem of explaining how, in conditions of the multidirectional nature and opposition of national vectors, objects, objects and leadership strategies in foreign economic policy, to ensure the stability and strengthening of the integration ties of the Union countries (EAEU 2018). According to Zevin (2015) the multidirectional vectors of leadership of the states (in 2015), participants of integration institutions in the joint market are levelled by the total volume of trade, which should not be less than the threshold of integration stability of 25%. In the presented study, we focus on this criterion, but it does not explain the mechanism of the influence of the leadership vectors of the participating states in foreign economic policy on the stability of the joint market. In this article, we proceed from our own hypothesis that leadership in the external economic environment leads to the expenditure of additional energy of a leader from his internal resources.

The limited formation of the joint market does not allow for full reimbursement of the spent resources to the Union states members. Their compensation is possible from the sources of the external contour of the emerging market. The article uses a new approach to the study of economic integration, which is based on a vector method for the assessment of legislative acts on FP, as well as for the analysis of mutual trade of the countries of the EAEU. It allows to simulate the process of integration, defining the country as a subject of international relations, a variety of relationships with the environment is determined in particular by its FP To this end, the directions, objects, objects and principles of coding used by the Union countries in their FP and in the single market are studied. The more diverse the vectors of leadership, the greater the spectrum of foreign economic relations requires the leader both internal and to external contours, which is consistent with the opinion of Boradachev (2016).

2 Foreign economic leadership of Member States in the EAEU development

Let us analyse foreign policies characterizing the attitude of member states towards the development of integration processes within the EAEU.

For Russia, the key priority is to strengthen the international authority of the Union, deepen and expand integration, which, among other things, will contribute to the harmonization of integration processes in the European and Eurasian regions. In addition, Russia sees the complementarity of the integration potential of the EAEU, coupled with ASEAN and the SCO, within the framework of the Asia-Pacific and Eurasian regions.

The source for determining leadership is FP concepts and strategies, reports of ministries and departments responsible for implementing national FP, international treaties of members of the Union, official websites of executive authorities of members of the Union responsible for implementing FP, as a result of which vectors of Russia's leadership in foreign affairs were identified politics as a member state of the Union. The basic vectors for ensuring leadership in Russian are:

- international security;
- UN cooperation with the CIS on international information security;
- discussion on security with NATO;
- strengthening the western borders and increasing the combat effectiveness of the defensive forces.

In international cooperation, leadership is focused on the following objects:

- signing a program of economic cooperation with Tajikistan until 2021;

- implementation of the Action Plan with Azerbaijan on the development of key areas of cooperation for the period until 2024;
- enhancing cooperation with Armenia, Kyrgyzstan and Turkmenistan.

Among the leadership subjects of bilateral cooperation with other states are determination of mutual understanding of interests with the African Development Community of Southern Africa (Memoranda of Understanding have been signed). As a breakthrough vector of leadership in multilateral cooperation, Russia considers its participation in the agreement of the Caspian Sea legal status. Since 2014, Russia has been paying special attention to the policy of leadership in the international image.

Belarus, as the main priority within the framework of the EAEU, considers the creation of an economic union without exemptions and restrictions, and their minimization. Belarus is focused on ensuring diversification of exports equally between the three markets - the EAEU, the EU and the "far arc" regions. The precedence objects of the leadership policy in foreign economic activity are the comprehensive development of the export potential of Belarusian entrepreneurs, the achievement of an equal distribution of export supplies between the EAEU, EU and "far arc" regions, including high technology, providing access to sources of raw materials and goods whose production is impossible or inefficient in Belarus, providing external government borrowing.

The prioritize instruments of leadership in the of Belarus are: 1) liberalization of the visa policy; 2) FP export support. In addition, Belarus desire to lead the negotiations with Australia, Brazil, the EU, Canada, the US, Ukraine on accession to the WTO is supported.

Kazakhstan considers the EAEU as a way of "promoting the country to a stable position in the system of world economic relations." The main landmark: the realization of production and export potential in the energy sector, transport, industry and agriculture; development, interaction and conclusion of trade agreements through the EAEU with third countries; interest in concluding a Pension Agreement in the framework of the EAEU, development of a common market for medicines; active work to identify and remove barriers, exemptions and restrictions. At the same time, Kazakhstan emphasizes the exclusively economic nature of the EAEU integration.

The subject of providing leadership in the policy of bilateral cooperation of Kazakhstan in the external circuit is the focus on the development of contractual cooperation with Russia, China, Central Asian States – Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, Ukraine, Azerbaijan, Iran, Turkey, Eastern, southern, South-Eastern Asia, the Asia-Pacific region, Japan, South Korea, India and Pakistan, the States of the Middle East, North, Central and Latin America, the African continent, member countries of the EU, the US in political, trade-economic, transport and transit, energy, investment, construction, information and communication, and cultural-humanitarian spheres, agricultural, environmental, liberalization of visa regime, supporting the development of the national education system and strengthening security, promoting common interests in international organizations.

Leadership in on the subject of multilateral cooperation of Kazakhstan on the internal circuit is FP provided by efforts to develop Central Asia and its subsequent transformation into a single integrated subject of international politics and economy. To implement this vector of leadership, Kazakhstan cooperates with the EAEU, the SCO, the cooperation Council of Turkic-Speaking States, the Organization of Islamic cooperation, and on the external circuit with the Organization for security and co-operation in Europe, CICA, WTO, OECD, – and other international organizations and forums, promoting the Astana economic forum and its initiatives, including the "Green bridge".

As a whole, the objects of Kazakhstan providing leadership in in the economic sphere are represented by the desire for economic FP growth and increasing the level of competitiveness of the national economy.

3 The small economies countries leadership vectors

Kyrgyzstan, as well as within the framework of other international organizations and integrations, with regard to the EAEU, assumes active interaction "in order to promote national interests, to help ensure national and regional security and to solve socio-economic problems" and "to facilitate further liberalization of foreign trade, and increase export opportunities countries and free access of domestic products to world markets (decrees of the President of the KG)." In particular, it considers the EAEU as a target market for export and export through the EAEU to EU countries. In addition, it intends to form the position of a regional educational centre on the Eurasian continent.

The objects of leadership in Kyrgyzstan identified: 1) national security, including food and FP energy. The key place is given to cooperation with China in the transport sector (The Belt and Road Initiative) and water supply (development of irrigation systems and "Taza Suu"). The strategic priority of leadership is to build cooperative relations with the EAEU member States and India.

In the economic sphere, multilateral cooperation on the internal perimeter is carried out through Kyrgyzstan's participation in the «Silk road» economic belt project and the CIS, on the external perimeter with the WTO and – the economic cooperation Organization. The policy of leadership in the field of international security

is carried out by Kyrgyzstan through the Organization for security and cooperation in Europe, the Organization of Islamic cooperation, the cooperation Council of Turkic-speaking States, the UN and other international organizations. In the demographic sphere, Kyrgyzstan's leadership is ensured by an effective migration policy.

Armenia is focused on active participation in the framework of the EAEU, including by expanding its export potential and removing barriers to entering new EAEU markets; in the future, the formation of single markets for gas, electricity, transport, the expansion of a single market for services; participation in Armenian procurement systems in the EAEU countries of Armenian products; participation in negotiation processes for the formation of favourable trade regimes with Vietnam, China, Iran.

The subjects of achieving leadership in the stated goals are: 1) peaceful settlement of the Karabakh FP problem on the basis of universally recognized norms and principles of international law, in particular, the right of peoples to self-determination; 2) international recognition and condemnation of the Armenian Genocide, its prevention; 3) development of bilateral economic relations by unblocking logistics communications; 4) development of exports; 5) increase of foreign investments; 6) development of tourism; 7) increase of the level and influence of Armenia's position in the international arena.

The objects of Armenia's leadership in FP are: 1) international security 2) development of bilateral and FP multilateral international cooperation.

In the framework of bilateral cooperation, the leadership of Armenia is based on deepening and expanding allied interaction and strategic relations with Russia, the abolition of the visa regime with China and the cooperation of the «Silk Road» Economic Belt project, the strengthening of good-neighbourly relations with Georgia and Iran, the strengthening of friendly partnership with India, the countries - members of the CIS, the Middle East, Germany, France and other European countries, countries of Asia, Africa, Oceania and the American continent, USA.

In the sphere of multilateral economic cooperation of Armenia, the objects of leadership achievement are the desire to develop the national economy by increasing export volumes, including participation in the EAEU, tourism development, attracting foreign investment, as well as interaction with other economic and financial international and regional structures. The strategic goal of multilateral cooperation is to increase the level and influence of the position of Armenia in the international arena.

4 Analysis of leadership in mutual trade between the EAEU countries

A concentrated expression of the leadership of the analysed countries in foreign economic activity in the single market of the EAEU countries is the distribution of their exports in mutual trade on the basis of data in 2017. According to table 1, Armenia and Belarus are the undisputed leaders in the export of their goods to Russia (97.58% and 94.5%). Kazakhstan also has an undisputed leadership in the export of its goods to Russia (88.15%).

Table 1. Assessment of the leadership of the EAEU countries in mutual trade in 2017, as % of the total volume of mutual trade

	Arm	Blr	Kaz	Kgz	Rus
Armenia	0	1,24	0,86	0,32	97,58
Belarus	0,25	0	4,34	0,9	94,5
Kazakhstan	0,11	1,92	0	9,82	88,15
Kyrgyzstan	0,02	1,31	49,6	0	49,07
Russia	3,6	56,43	35,94	4,03	0

Source: Own results

Kyrgyzstan is equally the leader in its export products in two markets: Kazakhstan (49.6%) and Russia (49.07%). Russia has achieved export leadership of its products mainly in the market of Belarus (56.43%) and in the market of Kazakhstan (35.94%).

The analysis of the leadership of the Union countries in the single market shows that they are not focused on full-scale economic integration but pursue the opportunity to realize their export advantages only in two and less in three-way interactions. Thus, the existing multidirectional strategies of export leadership hamper the strengthening of the integration of the joint market of the Union countries.

The method of factor analysis of vectors allows to identify the contribution of export leadership strategies of each country in strengthening the integration of the joint market. To do this, the data in table 1 are multiplied by the unit vector, which consistently assesses the contribution of changes in the proportions of exports in the Union when the export of the analysed country changes by 10%, that is the coefficient of the country in the unit vector is taken to be 1,1. The results of the work are presented in Table 2.

Table 2. Assessment of the leadership of the EAEU countries on the basis of the option of export growth in mutual trade by 10% from the baseline in 2017

	Arm	Blr	Kaz	Kgz	Rus
Armenia	0	1,00124	1,00086	1,00032	1,09758
Belarus	1,00015	0	1,00424	1,0008	1,0944
Kazakhstan	1,00011	1,00192	0	1,00982	1,08815
Kyrgyzstan	1,00002	1,00131	1,0496	0	1,04907
Russia	1,0036	1,05643	1,03594	1,00403	0
The index of growth of the market	1,00097	1,015225	1,02266	1,003743	1,0823

Source: Own results

Based on the data of table 2, it follows that if Armenia continues to adhere to the current export leadership strategy, then with an increase in its exports by 10%, this will become somewhat noticeable only in Russia, where imports from Armenia will grow by 0,36% ($1,0036 \times 100 - 100$), and in the entire joint market the market will grow by only 0,097% ($1,097 \times 100 - 100$).

While maintaining the current strategy of export leadership of Belarus, the increase in its exports by 10% will most affect Russia, whose imports from it will increase by 5,64% ($1,05643 \times 100 - 100$). However, the contribution of Belarus exports to the growth of the joint market will give 1,52%.

An increase of 10% in exports by Kazakhstan within its current export leadership strategy will cause the maximum effect in Kyrgyzstan (4.96%) and a tangible effect in Russia (3.59%). At the same time, the total market capacity of the Union countries will increase by almost 2,267%.

The strategy of Kyrgyzstan's export leadership is not sensitive for the market of the Union countries. Its impact on the single market is 0.37% for every 10% of export growth. Only Kazakhstan is most sensitive to it (0.98%).

The maximum impact on the single market has a strategy of export leadership of Russia (8.23%). It has a positive impact on the dynamics of export growth in Armenia (9.76%), Belarus (9.44%) and Kazakhstan (8.81%). Along with this, the export strategy of leading Russia provides the largest contribution to overall growth in the total market of the countries of the Union (8,23%).

In General, despite some limitations in the strategies of export leadership of the Union countries, the single market receives a significant integration effect: for every 10% of export growth, the market capacity increases by 12.49%. This value of market growth is in good agreement with the criterion of stability of integration institutions according to Zevin. Consequently, the resulting integration effect characterizes not only the presence of mutual economic benefits among the participants, but also sufficient for further development of the stability of the joint market.

5 Conclusions

At the end of the second decade, Russia pays special attention to the policy of leadership in the international image. Its results are focused on the protection of the state, citizens, public and public and private economic interests in order to strengthen the national economy in the deteriorating relations with the US and the EU.

The priority principles of leadership in the foreign policy of Belarus are: 1) liberalization of visa policy; 2) export support; 3) the conclusion of international treaties and other international legal instruments aimed at the formation of a mutually beneficial model of trade with all States in the framework of international cooperation. The key vector of leadership in this direction is bilateral cooperation, primarily within the framework of the Union state of Belarus-Russia.

The vectors of leadership in foreign policy of Kyrgyzstan are: 1) national security, including food and energy; 2) the development of international cooperation. The subject of ensuring leadership in the foreign policy of international cooperation is bilateral cooperation focused on the internal perimeter. At the same time, on the external perimeter of bilateral cooperation with the countries of the "far arc", the leadership of Kyrgyzstan is focused on the export and expansion of markets for goods of national producers. The principles of leadership in foreign economic policy are the liberalization of foreign trade, export support on the basis of membership in the EAEU, the WTO, the status of the user of the Generalized system of preferences (GSP+) within the European Union, the modernization of national industry, agriculture, trade and logistics, attracting foreign investment, the implementation of the transport and transit potential of the country and the development of related services, the implementation of the "green economy", the attraction of modern ICT, the development of tourism potential.

Our analysis of the strategies of export leadership of the EAEU countries in the joint market revealed that they are aimed at achieving export advantages only in two and less in trilateral interactions. The advocacy by member states of the Union of national export leadership strategies weakens the integration links of the joint market. It is shown that the implementation of the strategy of export leadership and interconnectedness of the EAEU countries creates opportunities for the annual expansion of mutual trade by 1,249 times from the initial level. And this, in turn, ensures the functioning of the single market of goods at the level of the minimum threshold of integration stability. At the same time, the single market receives a significant synergetic effect, contributing to its strengthening and dynamic development, which provides economic benefits to its participants, attracting new partners. The results can be used to analyse other integration associations, as well as to further strengthen the EAEU in the process of establishing mutually beneficial cooperation with other interested countries. The identified strategic directions of leadership, their objects, objects and principles applied by the EAEU member States in their foreign economic policy and in the single market can serve as a basis for understanding the conditions for establishing mutually beneficial cooperation with all interested States.

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