The Regional World Order

Transregionalism, Regional Integration, and Regional Projects across Europe and Asia

EDITED BY

ALEXEI D. VOSKRESSENSKI

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The Regional World Order

RUSSIAN, EURASIAN, AND EASTERN EUROPEAN POLITICS

Series Editor: Michael O. Slobodchikoff, Troy University

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Following the collapse of the Soviet Union, little attention was paid to Russia, Eastern Europe, and the former Soviet Union. The United States and many Western governments reassigned their analysts to address different threats. Scholars began to focus much less on Russia, Eastern Europe, and the former Soviet Union, instead turning their attention to East Asia among other regions. With the descent of Ukraine into civil war, scholars and governments have lamented the fact that there are not enough scholars studying Russia, Eurasia, and Eastern Europe. This series focuses on the Russian, Eurasian, and Eastern European region. We invite contributions addressing problems related to the politics and relations in this region. This series is open to contributions from scholars representing comparative politics, international relations, history, literature, linguistics, religious studies, and other disciplines whose work involves this important region. Successful proposals will be accessible to a multidisciplinary audience, and advance our understanding of Russia, Eurasia, and Eastern Europe.

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LEXINGTON BOOKS
Lanham • Boulder • New York • London

Published by Lexington Books
An imprint of The Rowman & Littlefield Publishing Group, Inc.
4501 Forbes Boulevard, Suite 200, Lanham, Maryland 20706
www.rowman.com

6 Tinworth Street, London SE11 5AL, United Kingdom

British Library Cataloguing in Publication Information Available

Library of Congress Cataloging-in-Publication Data

Names: Voskressenski, A. D. (Alexei Dmitrievich), 1960- editor. | Koller, Boglárka, editor.
Title: The regional world order : transregionalism, regional integration, and regional projects across Europe and Asia / edited by Alexei D. Voskressenski and Boglárka Koller.
Description: Lanham, Maryland : Lexington Books, 2019. | Series: Russian, Eurasian, and Eastern European politics | Includes bibliographical references and index.
Identifiers: LCCN 2019006095 (print) | LCCN 2019013579 (ebook) | ISBN 9781498580700 (Electronic) | ISBN 9781498580694 (cloth : alk. paper)
Subjects: LCSH: Regionalism—Europe. | Regionalism—Asia. | European cooperation. | Asian cooperation. | Interregionalism—Europe. | Interregionalism—Asia. | Europe—Economic integration. | Asia—Economic integration.
Classification: LCC JN94.A38 (ebook) | LCC JN94.A38 R43677 2019 (print) | DDC 341.24/7—dc23
LC record available at https://lccn.loc.gov/2019006095

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials, ANSI/NISO Z39.48-1992.

Printed in the United States of America

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Following the collapse of the Soviet Union, little attention was paid to Russia, Eastern Europe, and the former Soviet Union. The United States and many Western governments reassigned their analysts to address different threats. Scholars began to focus much less on Russia, Eastern Europe, and the former Soviet Union, instead turning their attention to East Asia among other regions. With the descent of Ukraine into civil war, scholars and governments have lamented the fact that there are not enough scholars studying Russia, Eurasia, and Eastern Europe. Scholars must again turn their focus on this extremely important geographic area. There remains much misunderstanding about the politics of the region. With tensions between governments at heightened levels unprecedented since the Cold War, scholarship addressing the politics of the region is extremely vital. The Russian, Eurasian, and Eastern European Politics Book Series aims at remedying the deficiency in the study and understanding of the politics of Eurasia.

The evolution of the global order from bipolarity to unipolarity in the latter part of the twentieth century ushered in a new age of liberalism. The very organizations that were created to spread and maintain US hegemony began to take on a life of their own. For example, the EU became a supranational organization, at times dictating policy to its own member states as well as candidate states. Despite the fact that the EU has had difficulty creating a unified foreign policy, nevertheless, the EU has developed relationships with other organizations. These relationships have led to the creation of many projects and initiatives, and should be studied more in international relations literature. In fact, interregionalism and the relationships among organizations are not studied enough.

The post-Soviet space has more regional institutions than any other geographical region. Further, many of these organizations are transregional in

that they cross regional boundaries. An example of this is the Shanghai Cooperation Organization (SCO). The relationships between these organizations is extremely important to the study of these regions and international relations in general. This book, edited by Drs. Voskressenski and Koller, provides an amazing analysis of regionalism and transregionalism. Assembling a fantastic group of scholars from Europe and Eurasia, they carefully examine the evolving relations within these regions, ultimately trying to answer whether or not we are headed into a new era of multilateralism with regions and regional organizations leading the way.

Michael O. Slobodchikoff
Series Editor
Lexington Russian, Eurasian and Eastern European Politics Book Series

Acknowledgements

This publication arises from a series of conferences and round-tables, "Trans-regionalism and the Models of Integration," that took place in Moscow and Budapest in 2016–2017 and was supported by National University of Public Service (NUPS) and MGIMO University. We thank both universities for their support. The editors would like to acknowledge the invaluable contributions of NUPS and MGIMO administrative staff for helping organize these conferences.

We are also grateful to our families for their continued support that enabled us to meet the organizational, research, and editing goals of this volume.

Alexei D. Voskressenski
Boglárka Koller

Preface

Eurasia is currently witnessing great transformations. The political, economic, and social challenges addressed in this volume have not received sufficient attention in the traditional schools of international relations. Instead, they have been analyzed in relatively new areas of interdisciplinary research, such as World Regional Studies and Comparative International Politics. This volume explores some ideas of how these regional transformations may develop based on the concepts of transregionalism and regionalism. The presented concepts are tested against the non-Western perceptions in a number of case studies across Europe and Asia.

The volume starts with the conceptualization of regionalism and transregionalism based on a perception that, successfully constructed, may be only what is realistic in terms of implementation with the full understanding of the whole set of short-term as well as long-term consequences. Regionalization is seen in this volume as an appearance of regionalism as a multilateral tool to augment regional "wholeness." This can be done in a form of multiplex inside-out processes consisting of a coexisting multitude of regional orders tied by transregionalism as an instrument of both regionalization as well as globalization. This view explores constructive alternatives to power politics in a conflicting polycentric world.

The logic of regional integration and an emerging transregionalism is explained in Part I by raising the following questions: What type of a balance among the world regions is needed in order to be able to construct a new regional world order? What may be new regional agencies and what is their role in evolving Regional World Order? How could these new challenges be reflected in politics and policy-making? In what forms is a transregionalist agenda present in current international discussions and how can we interpret it in relation to transregional megaprojects?

After providing an introductory overview of these subjects, the authors explore the possible evolution of the Regional World Order by discussing two options. The first one stands on a theoretical neofederalist approach and explains integration based on transregionalism and various forms of subregionalism. According to the second, these developments may (or may not under certain circumstances) result in Regionalization 2.0 with the evolution of the already existing regions into global regions interconnected by transregional ties of various character.

In Part II the various models of integration are examined. Among these various models of integration, the European, Eurasian, and South Asian versions are analyzed by applying the framework of comparative analyses.

Part III of the volume is dedicated to the analyses of the new ways of integration including the overlapping circles of integration as well as other transregionalist attempts. Consequences of the China-proposed Silk Road Economic Belt and Maritime Silk Road Initiative are explored, land-linking possibilities of the post-Soviet Eurasian Economic Union and Chinese Silk Road Economic Belt are considered, as well as the transregional agenda for Southern Eurasia.

Concluding Part IV of the book explains the possible effects and outcomes of the spread of transregionalist logic. This part demonstrates how ideology, identity, and security may foster or hinder the evolving Eurasian transregionalist/regionalist agenda. Further, the question of the balance of the various regional and transregional projects is raised. Is it possible to construct a Greater Eurasian economic space through a multilateral regional world order? This is the main question the authors aim to answer in the concluding part.

The volume was conceived and written by three generations of researchers and academics at European, Russian, and Asian higher-education institutions—the young, just entering the field who will be intellectually productive over the next forty years; those in mid-career and ready for further intellectual achievements; and senior professors already distinguished in their fields. Their different perspectives are integrated in a coherent, multidimensional view in order to answer the key questions of regionalism and transregionalism and be able to better understand the evolving Greater Eurasian multilateral regional world order.

The volume employs a rigorous conceptual framework of transregionalism-regionalism over a wide geographic range and applies different theoretical approaches to ask and answer key issues of the subject in conformity with the book structure.

Boglárka Koller
Alexei D. Voskressenski

Part I

CONCEPTUALIZATION: REGIONALISM, REGIONAL INTEGRATION, AND TRANSREGIONALISM

Chapter One

Transregionalism and Regionalism

What Kind of a Balance Do We Need, and Its Consequences for Practical Politics

Alexei D. Voskressenski

In the evolving post-Westphalian world order, regional entities aside from the nation-states will require greater attention. These new regional entities may play the role of actors and/or agencies in the new evolving world order. When a regional entity consisting of national states encounters challenges that exceed its boundaries, there are strong incentives for developing extraregionalism that may take one of two forms: interregionalism or transregionalism. Regionalization in this volume is seen as an appearance of regionalisms as instruments to augment regional "wholeness" in a form of "multiplex" inside-out processes (the notion invented by Amitav Acharya [2018a, 2018b]) involving the appearance of regional complexes and regional subsystems as new regional agencies with their multitude of regional orders tied by transregionalism as an instrument of both regionalization as well as globalization and thus structurally challenging the system of power balance or unipolarity. According to the option explored and explained in this volume regionalization may lead to the creation of the Regional World Order. Thus, regional security complexes, regional complexes, global regions, and regional subsystems as evolving new agencies in a new structure of the Regional World Order may become a laboratory for great powers, middle-states, as well as small states to resolve their complex economic problems not on the bases of a zero-sum trade wars, military conflicts, or wars but through the formation of multilateral multiplex regional world order. In this regional world order regional complexes in the form of global regions will be connected by transregionalism as a new structural tool for a win-win global strategy benevolent to all types of states.

Eurasia as a macroregion covers three mesoregions: Europe, Eurasia, and East Asia. Transregionalism in the form of Asia-Europe Meeting (ASEM) is not a new phenomenon in Eurasia; however, since the inauguration of Eur-

asian Economic Union (EEU) and Belt and Road Initiative (BRI), trans-regionalism has gained momentum in the Eurasian transcontinental space. The development of transregionalism would have implications on the global level.

The degree of homogeneity of the world system has risen markedly over the last twenty-five years, despite different models of regionalism and a trend calling for new methods of global governance instead of power balancing.[1] The current political situations in the United States, Europe, and Asia do not necessarily favor these processes, however, and better global governance is not a dominant trend. The emergence of power polycentrism in international relations and intensifying regionalization could slow down globalization, augment global inequality, or trigger additional conflicts and return our world to bipolar or hegemonic dominance/unilateral leadership historical periods. The new economic and security complexity does not necessarily imply irreversible rifts in the global system, despite what realism theory advocates argue concerning the rise of China, Russia, India, Turkey, or even Iran as new regional leaders or regional centers of power.[2] The regionalization does not necessarily lead to power polycentrism as the only option available in international relations. It may lead to the creation of a system of interconnected multiplex multilateral regional orders integrated through transregionalism into the Regional World Order.

Contemporary paradigms of international relations within specialized government institutions such as foreign ministries recognize the need for cooperation; it is their raison d'être. Dominant paradigms operate mainly within the frameworks of revised realism and neorealism, however. Thus, they have difficulties reflecting the need for peaceful economic rebalancing and the answer of a constructive regulation of migration with regard to rising sovereignty. While they account for differences in social systems, links to the world development process in practice are weak where they exist at all. These institutions therefore must articulate new methods of protecting state's interests with regard to reformulated modernization and development, otherwise the modernization and fair development will not occur. This process, as became clear during the economic crisis of 2009, is complex and multidimensional.

Attempts at cooperation and development (even with the intent to strengthen national sovereignty) therefore have increased in the twenty-first century. Terrorist attacks around the world have only made the trend stronger at least in cooperation against terrorism. Respectable offensive realists like John J. Mearsheimer argue for "creating and refining theories or using theory to guide empirical research" instead of "simplistic hypothesis testing"

(Mearsheimer and Walt 2013). Interstate conflicts therefore connect not to the need to maximize military power based on economic nationalism, but with the different idea that states in different phases of social development may be in conflict. Thus there are several conflicting theories that explain international realities and approaches to international relations and global politics (Wang 2014; Acharya and Buzan 2010). They explain differently developments in the EU, China, and Russia, as well as the choices made by politicians including the Trump administration (C. Fred Bergsten and the Institute for International Economics 2005; Hamilton 2014; Shambaugh and Yahuda 2014).

The ability to take advantage of win-win regional economic integration and adapt to global processes (and not only the maximization of power) through the construction of Regional World Order determines the options for successful development models of nation-states. Enhancing interstate cooperation and interdependence at the regional, trans-, and macroregional levels is the tangible global development trend. Economic and political modernization, open regionalism, regionalization, and the emergence of macro- and trans- and cross-regional cooperation within a regional world order determines the relationship between development factors. Every regional segment has nation-states with different social order types, as well as non-state actors with their rules, so the regional world order system has a complex configuration among its constituents (Voskressenski 2002, 2015a, 2015b). This poses challenges for practitioners and politicians seeking to adapt conceptual frameworks to embrace new opportunities.

The ongoing global transformations, including globalization, modernization, integration, complex interdependence and regionalization trends, have highlighted the uneven nature of international political and economic space. The world is not so flat, as Thomas Friedman (2006) argues, and the differentiation of the world space must be addressed conceptually, methodologically, and practically (Voskressenski 2015a, 2017b). Various regional segments generate distinct ways of coping with world transformations and these different models of regionalism somehow must be connected via transregional cooperation if the world is not to be torn apart by economic nationalism and mercantilism. Regions and their structural organization are shaping the development of the regional world order, and the new global configuration may be based on conflictual development within a polycentric world as well as on transregional models of cooperation and development in the evolving regional world order with its predominantly cooperative character and multiplex structure.

THE ROLE OF NON-WESTERN DYNAMICS IN THE NEW STAGE OF WORLD REGIONAL EVOLUTION

Until the last quarter of the twentieth century, the "gap" between global-level policy and foreign policies pursued by national states was filled by rapidly expanding spaces of regional, macroregional, and cross-regional interaction. This gradually changed the established parameters of global interaction, first for Western countries, and then for Eastern ones. These new phenomena are reflected quite well in scholarly literature both at the level of theoretical conceptualization and in the practice of global policy and international political interaction. There is little doubt that any explanation of contemporary international political and economic processes is incomplete unless the analysis extends to the non-Western regions that comprise the majority of international system members. The external and internal organization of life in non-Western macroregions and their parts (nation-states) may be different, but as their economic role grows, their political role strengthens. This is an important subject in the analysis of complex global political processes. The nature of the processes in non-Western macroregional segments, however, is less-known and often not viewed as integral to social science.

TAKING REGIONALIZATION SERIOUSLY

After the collapse of the bipolar model, and aside from the Western coalition of states (NATO and the EU-USA transatlantic partnership), new centers of power and influence started to emerge; China, India, and Russia returned to world politics through an informal, relatively loose alliance. However, a polycentric power configuration is not the only one to explain the world transformational processes since a more formalized transregional alliance followed and later grew into BRICS (Brazil, Russia, India, China, the South African Republic). The Shanghai Cooperation Organization (SCO) has also extended its sphere of cooperation from border agreements to security and even to economic sphere. It also extended the number of its members embracing Pakistan and India in 2018. Eurasian Economic Union (EEU) and Belt and Road Initiative (BRI) are transregional by nature. The impact of these new centers and their unions is changing constantly and thus changes the world regional tier, but the ideology of these changes is still vague. This will be established in some of these states as each endeavor to modernize further.

Depending on foreign and domestic factors, these states may emphasize military brinksmanship, cross-border cooperation within BRICS or other regional blocs, or both. The contours of the new regional configuration

models of political-economic space and the new regional world order have not been given the finishing touches yet. A contentious political discourse on the United States's position in the world, and particularly its policies toward China, Russia, and the Asia-Pacific region, has been raging. Parallel discussions have been taking place in Russia, China and India, and the EU. Thus, one of the consequences of globalization is *de facto* differentiation of the global space into macroregional segments and regional subsystems with competing regional models and regional orders and national states inside these subsystems as well as globally.

Central Eurasia produced its own regional security complex, based partially on a Soviet legacy, and may produce its own regional complex and regional subsystem. The end result may be a "Little Eurasia" regional subsystem based on mercantilism, isolationism, and economic nationalism, Central Eurasia as a "closed" or "open" regional subsystem, or even the "Greater Eurasia" global region envisioned by Vladimir Putin. So, the end results can be thus clearly different and may evolve into even competing regional orders.

The West has gone farther and carried out deeper integration initiatives which, however, met challenges and obstacles because of consequent political and economic differentiation within the West. Global integration and globalization rates depend now not just on the West alone, but as well on the attitudes and policies of Russia and the Eastern countries. These nations, by and large, are resisting these processes, though policies vary.

In the 1990s, several academics saw a compelling need to distinguish between general or universal, and particular or specific challenges in international relations systems. They singled out the regional tier of international relations as a level for self-sufficient analysis (Buzan and Wæver 2003; Voskressenski 2006, 2015c). At present, a new type of regional process, primarily economic, is emerging; it influences the global tier of international affairs. The global agenda is being reformatted and realized in different ways within various regional subsystems and respective regional complexes. The new regional processes may claim to be global, or alternatives to global processes, or the regional processes may rearrange the global ones; the hierarchy of global concerns and challenges varies across regional subsystems. Elements in the regional subsystems or combinations of the regional actors influence the global tier following no single pattern: they may bolster the global order, facilitate its radical breakdown, or participate in its evolutional transformation.

Regional power redistribution processes, the transformation of regional orders, new configurations of macroregional unions and blocs, and transregional ties have a decisive influence and will shape the contours of a new regional and global order in the near future. This transformation will involve

internal political-economic processes in the evolving, integrated elements of international relations: the interconnected global regions and the regional world order.

MACROREGIONALIZATION AND ITS INFLUENCE ON THE DIFFERENTIATION OF REGIONS

Regionalization involves the tightest possible political, economic, and cultural interdependence of neighboring countries within a region and the formation of a regional world order. "Regionalism" and "regionalization" may appear synonymous, emphasizing the interdependence of countries and the extension of intrastate issues (primarily economic ones) beyond the boundaries of nation-states. At the regional tier, however, and particularly in the economic domain and in international politics, these are merely partially coincident notions. International regionalism in its various forms of macroregionalism, transregionalism, or miniglobalization implements national interests at a new level, higher than local or national, but within the regional or macro-regional frameworks that may alleviate or even exterminate negative consequences of globalization.

Globalization and regionalization are connected, complimentary, and resistant to other trends. All countries are both objects and subjects of globalization and regionalization. Globalization processes are evoked by unlimited competition and require economic subjects to streamline all types of operations; that is why they infringe upon the interests of less developed countries (Osterhammel and Peterson 2003). Actions within regionalization accord, to a greater extent, with the interests of separate countries or groups of countries, and not only for economic reasons. Regionalization can foster a defragmentation or fragmentation of segments of the regional space and the evolution of regional order, which prevents globalization. Regionalization may not exclude globalization in the future, but especially in "less globalized" forms such as transregionalism and interregionalism. It may help to prevent collisions "between" regions and states sparked by mercantilist behavior (wars) or the economic nationalism (trade wars) of sovereign states or the incompatibilities of regional orders. Regional space homogenization globalizes the regions.

Transregionalism or interregionalism may be a "lesser evil" than globalization; they might prevent regional wars and ensure the benign development of the world space in a constructive direction that can overcome global economic crises which are damaging especially to peripheral segments of global regions, the world semiperipheral regions, and the small states. These

intermediaries, although quite possibly versions of further globalization, are solidifying old regions consisting of states with their different types into macroregional complexes (macroregionalization, transregional cooperation) via "new regionalism" and "new regional order." The initial stage is economic regional integration; political integration comes later, and to a more limited extent.

Taking into account regional level theories, the system of macroregional complexes constructed by balancing regional and transregional relations appears to be not a prototype of power centers in the polycentric economic system but a multiplex and multilateral regional world order (Acharya 2018a, 2018b). The focus of such a system is not necessarily power balancing among the new centers, but economic stability based on regional development and transregional ties. This is established by cooperative nature of interregional and/or transregional modification of regional tendencies. This argument focuses not on the realist paradigm of the cyclical standoff of sovereignties of national states, but on constructivist-cooperational theories and their consensual explanatory and transformational potential. Globalism, according to these theories, will be supplanted by transregional connections within Regional World Order.

The rise of East Asia will bring further transformation of the macroregion and macroregional complex of "Greater East Asia," particularly in economic terms. The discussions on structuring either "Greater Eurasia," "Central Eurasia," or "Little Eurasia" through the development of the Eurasian Union have been crowned with much less practical success. It could be that integration efforts simply cannot live up to the spontaneous regional or global political-economic trends.

The Chinese "Belt and Road" (BRI) initiative can be considered China's effort to provide some impetus to the transregional economic and political development of Central Eurasia that China needs to stay competitive globally. The explicit resistance may be grounded in the ever-rising costs of alternative integration without visible progress. Success in the next stage of world and Eurasian development, in particular, rests on the ability of those states to elaborate and construct the competitive Greater Eurasian economic space with its multilateral multiplex regional order. In theory, this would bring members of the EU, the Eurasian Economic Union (EEU), and the BRI initiative together and help develop their economies.

The solution to the fragmentation of the world space, therefore, may not be globalization or wars only, but transregionalism, interregionalism, and the formation of megaregions in some combination and thus the regional world order. The global space is not homogenized fully, although the degree of interdependence and homogeneity is rising, especially with regard to

economics and institutions. Wars and trade wars are not the only alternative options to globalization. Regionalization thus may be interpreted as a temporal process for differentiating the world through different regional orders, or as homogenization at the regional level and the formation of the interconnected Regional World Order. Either likely will be followed by a new stage of globalization instigated by transregional ties.

As this new set of correlations develops, the traditional geographic and political-geographic regions will fade away. The "multi-formatness" and "inter-relatedness" of "multiplex" (Acharya 2018a, 2018b) transregional, interregional, and regional relations will then require analysis of regional trends alongside the opposition of territories on par with the more sophisticated system of geo-economic, ethno-confessional, axiological-civilizational interdependence. The processes that advance within one state today are linked indirectly with the macroregional development agenda. They are tied to the global agenda as well, but in different degrees depending on the specificity of the world regions and regional orders. Regional-geographic, geo-civilizational, and ethno-confessional factors play a vital role.

REGIONALISM AS A PARADIGM

At its core (political philosophy and theory of politics), the political paradigm of regionalism is connected closely with the political ideology of the postmodern era. Sociocultural space is viewed not only as something objective, but also as a set of states of reality and their interpretations, which can assume different meanings. Such understanding of regionalism is informed not only by the option of applying a constructivist approach, but by the duality of its nature. Regionalism as a set of formal or informal rules and practical policies of different kind of preferences for "gathering" regional space "in" is supposed to preserve and strengthen any state's territorial integrity, since a strong national identity favors stable development. Regionalism also presupposes the transformation of a system of nation-states into a world of regions, however; in this multitude of different-size regional entities, only some would have sovereignty.[3] Thus regionalism as a set of preferential rules of various kind—that is, an instrument to augment regional "wholeness") intrinsically interconnected with the notion of interregionalism as an interaction between regions or informally/formally organized regional groupings. Regionalism simultaneously as well interconnected with the notion of transregionalism as a process of institutional cooperation in different degree between distinct regional clusters, including regional groupings as well as individual countries. Transregionalism may lead to the construction of a transregional space with its multiplex character.

Regionalism thus attempts to transcend the Westphalian worldview, in which the world space consists of sovereign states, and shuts itself off from global tides with "separate regions" united by common interests. A community is tied to a territory, but within a new space formed by the novel "functional community" of entities with "separate" sovereignties. The postmodern region is more like an "imagined community" of a spatial, although not necessarily territorial type; nation-states, although sovereign entities, are united functionally. The region therefore can be approached as an objective geographic or international political reality, or as a mental construct that can be changed or eliminated altogether and as a new agency in the evolving new regional world order.

This conceptual polysemy of regionalism means:

- Regionalism can be approached with maximum breadth as a cultural and mental phenomenon based on the distinctness of regional communities, rooted in a particular cultural-civilizational or geographic setting, and reflected in a special cultural-civilizational, economic, or political identity.
- Regionalism can be a political ideology that reflects regional elites' ambitions to achieve maximum autonomy for a country's parts (regions) in culture, politics, and sometimes economy, citing a self-sufficient, distinct historical, economic, or cultural-civilizational community.
- Regionalism can be a concrete ideology of regional political movements struggling against federal authorities for wider autonomy, greater decision-making power, or stronger self-government, in some cases going as far as attempting secession.
- Regionalism can be a characteristic of a society in an individual nation-state that rejects excessive centralization in governance of its parts, giving them autonomy.
- Regionalism can play up its international policy aspect and signal that sovereign nation-states are forming large, supranational and intergovernmental projects in a specific macro-region.

The last-mentioned option of regionalism is the object of analyses for the authors of this volume.

Regionalism thus reflects a dualist spatial paradigm of the modern world that is either "isolated" from the global world or transforming the world of individual states into a world of states functionally united into spatial clusters, that is, regions. The specifics of regionalism related to international policy add a geopolitical dimension (Faucett and Hurell 1996; Schultz, Soderbaum, and Ojendal 2001; Langenhove 2011), however, this volume goes beyond that and explores for a possibility of a practical

realist-constructivist approach based on a structural complexity of Multiplex World (Acharya 2018a, 2018b) and differentiation of the world space (Voskressenski, 2017b) with the full understanding of the whole set of short-term as well as long-term practical consequences of any regional constructions for emerging global transformations in a multiplex multilateral Regional World Order.

International relations are social relations, which means that international systems and their subsystems are social systems. This means they should be approached as complex adaptable systems and cannot be analyzed in the same way as the models of mechanical systems. Social systems are usually open and poorly organized; in such systems, it is difficult to draw clear lines of demarcation and analyze the system and its environment separately. The spatial boundaries of such systems are rather abstract; although subsystems have distinctive relations to the environment, they not only exist in reality but also have certain spatial boundaries. These boundaries can change or overlap, however, and are rather abstract.

To a certain extent, this is true for all regional international systems and subsystems (Voskressenski 2017a, 2017b). They are not simply analytical objects, but concrete, complex connections among social communities whose interactions have certain features of systemic-spatial orderliness. The core elements of this systemic order are social communities, which are social systems with significant autonomy in some elements that are integrated in a weak whole. Since international relations are primarily political, and their backbone is relations among states, even when the number of actors and "agencies" grows, relations among social communities and the state remain mostly political in nature, and states continue to exercise far stronger influence on strategic questions. This dualism conditions the geopolitical aspect of this phenomenon; regionalism can assume the form of radical regionalism, going all the way to isolationism based on nineteenth-century economic nationalism (Chanishev 2011), or it can be viewed as "miniglobalization" limited by the specifics of a particular region (Voskressenski 2017a, 2017b).

"REGION," "REGIONALISM," "REGIONALIZATION," AND GEOPOLITICAL INTERACTION

Scholars have not reached a consensus as to specific criteria and parameters of a "region," and there is a multitude of applied classifications for the world's regional segmentation. This applies both to size and to countries' regional affiliation.

The idea of a "region" has many interpretations. It can refer both to a spatial segmentation inside a country (the administrative and legal idea of

regions, partly synonymous with "districts") and to the world's segmentation (the region as understood in international politics). A region can be defined by characteristics, or by a basic function.[4] Regional segmentation, as a means of choosing and studying spatial combinations of complex and multiplex sets of phenomena, usually depends on the research question; the "region" will thus be a social construct (Spindler 2005, 100). It is possible, however, to come up with a generic definition of "region" that would "absorb" its semantic complexity based on its functional parameters. In a broad sense, a "region" is a certain territory and space forming a sophisticated territorial-economic and national-cultural complex; it can be limited by the presence, the intensity, or the diversity of, and connections among phenomena that manifest as homogeneity of geographic, natural, economic, sociohistorical, national-cultural, or functional characteristics (Voskressenski 2015a, 176–177, 235).

The evolution of society accompanies the evolution of the notion of "region." A region as a locality, as a specific combination of geographic parameters with distinctive social and cultural characteristics, turns into a "space," a territory (or aquatic area) fit for a certain way of life. Thus, localized regions and their systems of characteristic symbols, archetypes, and myths give rise to culturally defined regions. Geographic regions usually can be identified geographically and demarcated in terms of historical, cultural and like parameters. Unlike cultural-civilizational regions, they have more or less clear boundaries.

Cultural-civilizational regions can have clear boundaries, if they are also administrative regions whose boundaries even partly coincide. They also can become an element of the social-territorial system, provided geographic and cultural-civilizational characteristics are complemented with social-political or administrative criteria. Other factors are the presence and types of social infrastructures, sociocultural specificity, and the boundaries and administrative status of a region. The administrative region has an economic dimension based on a division of labor that makes it in essence a section of the territory of the country that has developed a business network connected to its external environment.

As an analytical construct, the world's regional segmentation has a distinctive, image-based depiction: a region can represent a political-geographic image of a particular territory and so demonstrate characteristic features and consistent patterns of development. "Regionalism" and "regionalization" can be synonymous, therefore, emphasizing countries' mutual dependence and the fact that some of their problems transcend national borders, albeit at a regional level. These terms can have different meanings that only partially overlap, however, particularly with regard to economy and international politics. International regionalism ("macroregionalism" or "miniglobalization")

fulfils national interests at a higher level than a local region or a nation-state, but both within a regional framework and at a supranational level. Regionalization, in its modern form as the reflection of "international regionalism," is a generally relatively new phenomenon.

The macroregional complex, which is not an individual state as is assumed in the doctrine of realism, is a new regional agency in a structure of the new regional world order system currently in the making. A regional complex is a group of states that has a fairly strong functional and geographic interdependency that separates it from other regions and determines its type. The regional complex therefore is a multidimensional and multiplex segment of international space at a regional level, and identifiable as such if it has a relatively stable system of structural-spatial regional connections and dependencies. Varying degrees of intensity distinguish the regional complex from the environment, or make out of it a subsystemic union with a degree of integrity vis-à-vis international environment.

A nesessity to identify new regional agencies (Acharya 2018b) engenders and necessitates the academic identification of two new, broader structural types of regions: international-political and international. The "international region" concept highlights the formation of transnational economic ties that are the product of transnational economic cooperation and a division of labor brought to life by the need to transcend national markets and realize economies of scale. An international region therefore is a complex of stable transnational economic or other connections whose regularity, stability, and density has reached the level where they need regulation. As business undertakings become more complicated and more efficient, two other types of structural regions emerge: the regional subsystem and the global region (Voskressenski 2015a).

A regional subsystem comprises political-economic, cultural-civilizational, and sociocultural interactions of some integrity in the spatial cluster of the international system and is distinctive by its regional order. The integrity of specific interactions of subsystemic types is based on a shared regional-geographic, sociohistorical, and/or political-economic affiliation (Voskressenski 2015a). The formation of international-political macroregions and regional systems, as well as regional and macroregional security complexes that all demonstrate increased economic complexity, diversification, and efficacy should give rise to global regions. These are macroregional segments with an emerging integrity conditioned by new institutional connections; they are tied as well to regional subsystems that expand because of their new, informal connections with the world's regional segments.[5] One important characteristic of regional subsystems is the advancement of competing regional rules and practices. These regulatory systems and political regimes are character-

ized by their particular types of sociopolitical access, socioeconomic patterns of living, and cultural-historical interactions.

CONSEQUENCES

The economic crisis shook up the world, but the global system proved its elasticity. The crisis did not breed a new universal military conflict; rather, it enhanced international cooperation to overcome the aftermath. The international system nonetheless should transform evolutionally, may be rebalanced within both types of agencies—states as well as regions—and this will require new theoretical tools and practical instruments of analysis. The political and social-economic transformations of the late twentieth and early twenty-first centuries brought the world to a new phase of predominantly non-West-centric evolution. Western nations no longer can determine alone the parameters of social-political evolution on the global scale. The focus now is on understanding the global economy and the dynamics of the whole sociopolitical system, including the non-Western and Eastern subsystems, with their regional orders and specific versions of regionalisms, rather than just its Western parts only (Gill and Law 1998; O'Brien and Williams 2010).

A methodologically correct, comparative political-economic analysis shows that more competitive and less competitive social-political systems coexist. An unbiased analysis, based on common transformation models and taking into account the structural distinctness of regional subsystems, finds a refined ratio between the common and regional or country-related trends in world politics. This allows a domestic policy agenda to be understood more profoundly. It allows substantiation of the applied principles of a pluralistic vision of the world, including a shift in the essence of cross-regional and transregional cooperation and interdependence. If previously cross-regional partnerships were set up with the mediation of great powers, in the interdependent world of multiple regional orders, this will occur via a multivector program. It should feature the constructive inclusion of transregionalism through partnerships of states at approximately the same level of development as well as the small states; they may have different social-political access systems if they are tied by common interests. Such an approach implies the search not only for allies, but also for strategic partners in development and modernization. This may accentuate a consensual, constructivist direction in world politics through the construction of regional world order based on multilateral ties between all types of states within a multiplex regional segment of the world space. The aim would be to change to a fairer and more mutually advantageous and competitive structure.

This multivector program would be based on the amplification of transregional, cross-regional, and macroregional relationships via the social construction of interconnected multiplex economic and social-political space integrated by a regional world order. The division of labor between national economies united through the sophisticated balance of both regionalism and transregionalism would be achieved mostly in terms of economic growth, and on a win-win basis. Ideally, it would establish a progressive transnational and/or transregional political-economic space of interdependent global regions cooperating/competing in world economics and politics. Each region/regional complex/regional subsystem would have a cultural-historical distinctness, and its function would be based on political rules and mechanisms organized through regional orders. Community members would be still divided by state boundaries, but states would be tied by regionalisms into regional complexes where controlled migration may be an advantageous tool to resolve challenges of demography and economic competitiveness. Regional complexes would be integrated into regional subsystems, tied by transregional ties and will form a culturally and politically diverse Regional World Order.

Borders are transformers in global regions' space, with integrated economic activities and outlooks, and progressive political values. The latter would include open social-political access, mutual trust, and intensive and diverse contacts throughout all domains, rather than division lines. Despite the idealism of this goal, its implementation is down to finding ways for regional spaces to blend and overlap inside and above the regional subsystems and form a Regional World Order. This would enhance the formation of transnational and transregional fields of interdependent global space and foster progressive human development.

In this paradigm:

- International relations may not be in a constant state of war, but in a state of economic competition that might not lead to security competition.
- States may choose to cooperate because mutual cooperation is better than war or cheating by all sides.
- Some non-Western theories, like "multifactor equilibrium" or "moral realism," can offset military fear and the drive for survival so that cooperation can reduce the likelihood of war, since state intentions can be declared and relations might be established on the basis of trust (Voskressenski 2003; Shih 2013; Yan 2014; 2015).
- Deep cooperation and transregionalism will lead to interdependence, so a relative gain from cooperation may be transferred to a long-term gain, because a military expenditure translated into military advantage can make states and regions economically less competitive.

- Win-win codevelopment, interdependence, and coprosperity can address both relative and long-term gains via a multiplex multilateral Regional World Order system that rebalances the system of power in international relations by substituting a concept of balance of power that allows states to renounce the use of military force, equate their national interests with the broader interests of the international community, and trust each other, since their intentions are declared openly and the logic of these intentions is understood.
- History is not ended, but it will not matter to the extent it has in the past, because human beings can learn from history. This new period of human development can be described by the notion of a complex, nonlinered system where rationality is bounded by transregional interdependence, and most postindustrial states will have interests other than war.

Macroregional complexes such as the EU, ASEAN, and probably EEU and BRI base their models of integration with specific regional orders on overlapping economic interests. They are predicated on a multiplex multilateral regional world system that is globally coordinated through its transregional nature. Cross-regional or transregional formations like BRICS or the EEU would contribute to the rise of new world regions within the frameworks of new transregional ties; they would help align the global space through transregional cooperation based on coprosperity. The macroregional complex appears to be a prototype of one of these new regional agencies; the basis of such a world regional system is not necessarily power-balancing among the centers, but system stability achieved via the cooperative modification of interests in the regional segments connected by transregional ties.

Both the EU and the United States have entered a new phase of this process. The EU is experimenting with "flexible integration" in its peripheral belts and the expansion of supranational space, particularly in establishing tighter voluntary coordination of budget parameters in the core. The United States, under President Barack Obama, launched wider integrational economic groupings: the Trans-Pacific and Trans-Atlantic Trade and Investment partnerships. The expansion of an American-led economic model, however, was hindered by its huge internal debt and economic overstretch. President Donald Trump subsequently chose to accent internal economic rebalancing before considering any economic expansion. China is trying a similar path to that suggested by Obama, building up the so-called "Greater China" via the New Silk Road, the Maritime Silk Road, and the Arctic Economic Belt.

Strengthening the economic system of each national state and refining, or even reshuffling mainstream economic models is important; however, ideologically excessive isolationism and shortsighted, mercantilist protec-

tionism can lead to further global economic stagnation, wars, and depriving younger generations of their future. This seems patently unfair and thus worth a new round of open-minded discussions of new methodological tools and practical instruments for strengthening transregionalism and interregionalism. The goal is to bring states and regions closer by concentrating on cooperation, and not on conflict. This way is thoroughly explored in this volume.

NOTES

1. The chapter partially relies on and develops arguments in Voskressenski 2017b. Those who are interested in more profound explanations of the world processes in World Regional Studies and more profound theoretical explanations that are behind these arguments may consult this book.

2. On different possibilities to construct relationships with China see, for example: Holstag 2015; White 2013; Shambaugh 2016 among many other publications. See also about Russia's civilizational choices: Bassin 1991; Bassin 2003.

3. See a series of Russian research on space problems, and among others: Zamyatin 2006; Turovskii 2006; Shtepa 2012.

4. For example, landscape as a region may be characterized by several factors: climatic, hidrograulic, related to specifics of soil, et cetera.

5. On the global region concept, see Lagutina 2017 and Voskressenski 2015a, 2017a.

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Chapter Two

Discussion on Transregionalism and the Destiny of the Megaprojects TPP and TTIP

Denis A. Kuznetsov

The phenomenon of transregionalism has drawn much attention from policy makers and experts alike, not only as a relatively new global trend that begets new forms of international interaction, but also as a powerful foreign policy tool that can be employed to follow strategic national interests. Modern states have to integrate with modern transregional architecture, calculating the political and economic benefits of participation in competing associations. States can no longer stay on the sidelines, given the political and socio-economic costs of isolation. The functions and potential of institutionalized transregional ties, however, remain understudied.

TRANSREGIONAL TERMINOLOGY

There is no consensus on the terminology of transregionalism, in part because there are different approaches to the phenomenon. The terms transregionalism, interregionalism, cross-regionalism, transcontinentalism, and macroregionalization (among others) often are used interchangeably, making it unclear whether scholars are talking about the same thing. The most commonly used term is "interregionalism." Fredrik Söderbaum and Luk van Langenhove (2006, 1–13) define interregionalism as the condition or process whereby two regions interact as regions. Interregionalism, in their view, is not purely intergovernmental in nature, but involves interaction across levels, including non-state actors and civil society. Transregionalism, in their terminology, is the interaction of transnational actors at the interregional level. They argue that interregional interaction can take various forms, according to the degree of regional cohesion in the interacting clusters. This, they contend,

makes transregionalism an imprecise form of cooperation. Söderbaum and van Langenhove also refer to the works of Vinod Aggarwal and Edward Fogarty, who have introduced their own typology of interregional cooperation:

- *pure interregionalism*—interaction between formally organized regional groupings;
- *hybrid interregionalism*—interaction between a formally organized regional association and a group of states from another region that do not form a free trade zone, customs union, or any other institutionalized form of cooperation;
- *transregionalism*—interaction between two or more regions, including a wider range of actors (Aggarwal and Fogarty 2004, 1–69).

Neither typology is accepted universally though. "Interregionalism" is used by Michael Reiterer to describe the interaction between two regions and even between "two regionalisms." He emphasizes that such cooperation can be "based on an agreement or be set de facto" (Reiterer 2005). Yeo Lay Hwee (2007) focuses on the process of "institutionalization" of such an interaction. Ralf Roloff (2006) defines interregionalism as the broadening and deepening of political, economic, and societal links between international regions. This definition underlines the comprehensive nature of these relations, and is not limited to two regions or regionalisms. Jürgen Rüland (2002) distinguishes interregionalism from transregionalism by the way regions cooperate:

- *Interregionalism* features regular meetings and dialogue between two regional associations; it is characterized by a low degree of institutionalization and ad hoc meetings at different levels. The ASEAN-EU dialogue is one manifestation.
- *Transregionalism* is a process of institutional cooperation between distinct regional clusters, including regional groupings as well as individual countries. Transregional associations tend to have shared principles, a decision-making system, and a common identity. The Asia-Europe Meeting (ASEM) and the Asia Pacific Economic Cooperation (APEC) are typical examples.

The definition of transregionalism is broad enough to embrace interregionalism; however, many cooperative institutions, like the EU's Eastern Partnership program, do not fall under either category definitively.

Heiner Hänggi, coauthor of *Interregionalism and International Relations* (one of the few monographs devoted to the theoretical understanding of the issue), delineates several types of inter-regionalism:

- *quasi-interregionalism*—relations between a regional organization and one or more individual states from other regions;
- *interregionalism*—relations between two regional organizations; also called
- *pure interregionalism*—relations between a regional organization and a regional forum or group; or relations between groups of states from different regions; and
- *megaregionalism*—relations between individual states, representing different regions (Hänngi 2006).

A slightly different approach is offered by Christopher Dent (2003), who defines "interregionalism" as relations between the two separate regions and "transregionalism" as "the establishment of common spaces between the regions and their parts, as a result of which actors (including individual states, communities and organizations) develop common practices and identity" (227). Julie Gilson (2002) also separates these two concepts; she understands "interregionalism" as "the development of dialogue (or conflict) between the regions" (2) while "transregionalism" is an "attempt to unite countries from different regions within a single international association" (2015). K. R. Rajasree (2015, 288) contends that many researchers mistakenly use the two terms synonymously. According to him, while inter-regional ties imply the institutionalization of relations between different consolidated regions (especially in trade), transregional associations usually are based on a broader agenda, including politics and security. Transregional links, he writes, are formed regardless of common history or geographical proximity; they rest on common interests and challenges.

In Russia, "interregionalism" is used rarely by scholars of international relations and regional studies; however, "transregionalism" is a common topic. There "transregionalism" means not only the establishment of international fora like BRICS, but also the creation of integrated associations between different regional clusters. Alexei D. Voskressenski (2014), for instance, posits that transregionalism can manifest as macroregionalization. Ekaterina Koldunova (2010) argues that transregional entities can be more effective than groups of interests arising spontaneously.

Transregional ties take different forms, in this school of thought, although they have a similar nature. Such an integrated approach to the phenomenon of

transregionalism allows the expansion of the concept to include institutionalized relations between individual states representing different regions, and to emphasize the multidimensional, nonterritorial nature of these interactions. "Transregionalism" thus is an umbrella to describe various forms of cooperation and a qualitatively distinct level of international, multilateral interaction between the regional and the global levels (Kuznetsov 2016; Szemlér 2017).

TRANSREGIONAL SCHOOLS OF THOUGHT

There are three major schools of thought about transregionalism. The first, led by Söderbaum and van Langenhove, holds that transregionalism (often called "interregionalism") is interaction and the institutionalization of cooperation between regions or "regionalisms." The researchers representing this "interregional approach" are mostly Europeans, with their studies focusing on the European Union, which has the most advanced model of coordinated regional foreign policy. The European Union is thus a global driver of interregionalism, and that stimulates a "Eurocentric" view of the phenomenon. Their work deals with interregional ties formed by the European Union and usually overlooks many other interregional initiatives. The research uses categories developed in the framework of new-regionalism theory, be it "regionness," "actorness," or "international presence" (Hettne, Söderbaum, and Stålgren 2008).

In this approach, interregionalism is cooperation between regional entities (regionalisms), with stable interactions of primarily economic nature. The formula might look like this: $interregionalism = (region)^{1} + (region)^{2} + (region)^{n}$. Its development is the most important characteristic of the new stage of regionalism. This third generation of regionalism, sometimes called "open regionalism," is characterized by broader political and economic interaction between regional associations and organizations. According to Söderbaum and van Langenhove (2006), these activities are aimed at developing cooperation outside the regional association, as well as disseminating transregional practices.

Although interregional relations are not a new phenomenon, only recently have they reached a level that allows interregional associations to make a significant impact on world politics. The extension of transregional practices has become possible with the consolidation of regional actors and more interaction with external actors to ensure their development and global presence. The increasing role of non-state actors gives rise to the phenomenon of transregionalism.

The second approach to transregionalism takes it as a new phenomenon made possible by the increasing activity of transnational actors (Rüland

2010). K. R. Rajasree (2015) introduces the concept of "transregional integration" but does not develop it. He emphasizes the dynamic character of the process that emerged in recent years. He argues that the evolution of transregionalism went through two stages: the first stage coincided with the development of the old regionalism and concentrated on a narrow range of tasks (e.g., NATO or the Lomé Convention); the second began at the end of the Cold War and is characterized by a broader agenda and an increasing global presence (Rajasree 2015). The formula for this approach might look like this:

$$transregionalism = state^{region1} + state^{region2} + \text{state}^{region3} + \cdots + state^{region\ (n)} + regional\ group^{1}$$

The third emerging approach is a comprehensive view of transregionalism, advocated mostly by Russian scholars. Voskressenski, for instance, contends that transregional cooperation has become a specific form of globalization and determines the emergence of new global centers, or "global regions" (Voskressenski 2014). Global leadership thus is moving from the military-economic sphere to a structural and political one of collective, transregional leadership and global regulatory consensus based on supranational and transnational interaction (Voskressesnki 2017).

Transregionalism, in this school of thought, can take many forms, and serves as an intermediate form of globalization in both its "horizontal" dimension, embracing all regional clusters, and in its "vertical" dimension of creating global governance between regional and global levels witnessing the variety of increasingly competing regional integration and globalization patterns respectively. Transregional levels of global governance and decision-making turns out to be more effective than the global one (coupled with the difficulty of seeking consensus among all participants within the global system of international relations) and the regional one (confined geographically, economically, and politically). Transregional cooperation begets new opportunities for effective resources configurations, ensuring states' economic prosperity and security, as well as new tools for reforming global institutions, many of which are still experiencing stagnation. It is the consolidation of large international clusters as a result of strengthening global transnational and interregional ties; it is also a policy of states and regional associations promoting their national and collective interests through institutions, and the formation of common political, economic, and societal spaces to serve as integrated centers of world economy and politics (Kuznetsov 2016). The formula might look like this:

$$transregionalism = ((region)^{1} + state^{region2} + (region)^{n} + state^{region\ (n)} + non\text{-}state\ actors)$$ (Table 2.1)

Table 2.1. Typology of Transregional Relations

	The subject structure of trans-regional relations	*Examples of associations and projects*
TRANSREGIONALISM	relations between two or more regional integration associations, or between regional integration group and individual states *(interregionalism)*	EU-ASEAN ASEAN-MERSOCUR TTIP (EU-USA) CETA (EU-Canada)
	relations between states from different regions and sub-regions of the world	BRICS IBSA MIKTA
	more complex examples of more diffused relations between regional integration groups, individual states and groups of states, representing different regions	TPP ASEM "Road and Belt Initiative"
	institutionalized relations between states of different bordering regions and subregions *(macroregionalization)*	FTAA ASEAN+3

As an instrument of foreign policy transregionalism serves a number of functions. A number of countries established international fora to coordinate their policies and formulate a consolidated position in the global governance system. BRICS (Brazil, Russia, India, China, South Africa), a group of modernizing states with reformist positions and a platform for discussing issues of global governance, is the most striking example (Koldunova 2014). Another example is the MIKTA (Mexico, India, [South] Korea, Turkey, Australia) forum of "middle powers" (Toloraja 2013). This "union of undecided shareholders" coordinates foreign policy principles and stances, at least in the framework of the G20; in this way, MIKTA can influence global initiatives. Despite debates about whether such associations can create working institutions, the existing groups have initiated several initiatives, like the Bank of BRICS, that demonstrate the ability to institutionalize via the so-called "spillover effect."

Transregional cooperation can be employed by great and regional powers to ensure their global role, in some cases overcoming regional barriers to leadership. Some regional powers are restricted within physical boundaries

and have to search for new resources. Since the 1990s, for instance, Brazil has been a driver of regional integration and recently emerged as a powerful regional center. It has claimed the leading role as a representative of Latin America in global politics. Brazil joined transregional institutions like IBSA (India, Brazil, South Africa) and BRICS to fulfill its international ambitions. China, which is also a member of BRICS and has its own transregional project, the "One Belt, One Road Initiative," demonstrates how a world power engaged in sharp territorial and political disputes with its neighbors can promote its interests through transregional cooperation. Transregionalism also might be a tool to counter the negative effects of "Western-led" globalization by formulating non-Western cooperative projects in trade and infrastructure.

Participation in transregional projects could bring not only political, but also economic benefits. The Eurasian Economic Union (EEU) was formed by states whose economic interests lie in the orbit of their interactions. As soon as Armenia entered the Eurasian Economic Union (EEU), negotiations with Vietnam started on a free trade agreement and initiatives to connect the EEU with the "Silk Road Economic Belt." The EEU is thus gaining support in Eurasia. The EEU allows Russia and other members to cement their presence in the Eurasian and Asia-Pacific regions, and to make their economies more competitive. Similar aims underpin the U.S. projects of the Trans-Pacific Partnership (TPP) and the Trans-Atlantic Trade and Investment Partnership (TATIP/TTIP).

Transregionalism thus creates possibilities for solving foreign policy problems via institutionalization, rationalization, band-wagoning, and the balancing of power between regions (Rüland 2002). Institutionalization strengthens international cooperation and, at the transregional level, allows states and regions to pool their resources and solve global problems more effectively. By aggregating national and regional agendas and distributing responsibility for addressing the issues among national, subnational, and supranational actors, transregionalism could contribute to more effective global governance (Voskressenski 2014). Balancing allows great and regional powers to continue to lead, but also makes it possible for associations of other, smaller states to contribute and even lead on many issues. Even larger regional integration associations can strengthen their identity and positions through involvement in transregional projects (Hettne, Söderbaum, and Stålgren 2008). The experience of the EU in negotiations with the United States on TTIP, for instance, demonstrates the principle.

Whether transregionalism has destructive potential as well remains an open question. Theoretically, transregional cooperation is a constructive response to expanding transnational interactions and the growing influence of transnational actors. Even transregional initiatives, however, can become highly

competitive, and some projects, like TPP or OBOR, might not only cement the current world order but also increase competition between the great powers and destabilize international relations.

CASE STUDY: THE DESTINY OF MEGAPROJECTS TPP AND TTIP

The Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) have become subject to fierce debate. The Trans-Pacific Partnership Agreement was signed by twelve countries of the Asia-Pacific region in February 2016. The signing was preceded by several years of mostly closed-door negotiations. The text of the agreement goes far beyond trade in goods and services, regulating issues related to labor, intellectual property protection, the environment, customs, health standards, investment cooperation, anticorruption policy, and finance, among others. TPP was advertised as the largest economic bloc, uniting 27.5 percent of world GDP, 23.9 percent of world exports, 26.7 percent of world merchandise imports, 28.1 percent of direct investments, and 42.8 percent of foreign direct investment exports. It covered 810 million people (Stapran and Kadochnikov 2015).

While negotiating TTIP the parties were discussing the establishment of a large-scale free trade zone between the United States and the EU. Since EU and U.S. tariffs are already rather low, the focus is on eliminating trade barriers, and harmonizing standards and procedures in fields from labor legislation to copyright protection. The United States and the EU together account for 41 percent of world GDP in PPPs, 30 percent of world merchandise trade, and 40 percent of the trade in services (Hamilton 2014). TTIP countries also concentrate huge investment flows as the global centers of technology and innovation.

The two projects are positioned similarly. Both originally intended to form the largest "new generation," transregional free trade area in the form of "WTO-plus" (deeper multilateral preferential zones) and "WTO-X" (moving beyond WTO regulation in a wide range of fields). The Obama administration expected similar macroeconomic effects from both projects: new incentives for growth, recovery of investment policy, benefits for U.S. transnational corporations, jobs creation, and a more efficient international division of labor.

TPP and TTIP have different structures though. TTIP is a case of negotiations involving an integrated regional bloc. TPP is an agreement of individual states which are, however, parties to other powerful multilateral associations. The two states of North America (Canada and Mexico) are already party to the North American Free Trade Agreement; the two countries of South

America are also members of the Pacific Alliance. Four ASEAN countries and three countries participating in the ASEAN+6 format are also members of TPP. The "quality" of the members differs in other ways as well. In TTIP, both are developed economies, and they communicate on an equal footing. The TPP states are far more differentiated in terms of economic development, political systems, and culture, which might cause imbalances in their political interests and economic priorities (Kuznetsov 2017).

In his article in the *Washington Post* on May 2, 2016, President Barack Obama wrote that the United States and its allies had to establish the rules and set the tone for the global economy. He stressed that the Trans-Pacific Partnership could not allow "competitors," including China, to make their own rules, since these would fall short of the ideals of democracy, free markets, and the rule of law. During his visit to Hannover in April 2016, Obama called on European countries to sign TTIP "later this year," since changes on the political scene in the United States and some European countries might threaten the project. The United States presented itself as a link between TPP and TTIP. Such a privileged position, of course, would have allowed the United States to maneuver in the multilateral bargaining process and put forward beneficial initiatives on two fronts.

The success of these projects would have had a powerful impact on the economic regime of the WTO; they would lay the foundations for the emergence of free trade zones of a new format. This might trigger the creation and strengthening of transregional groups and associations based on alternative principles. The United States considered TPP an effective tool for projecting higher trade and economic standards on the countries of Greater East Asia, thereby spreading Western norms. Many scholars contend, in fact, that TPP was initiated to curb China's influence while TTIP was intended to solidify NATO and contain Russia. In 2015, U.S. Secretary of State John Kerry said that TPP was open for accession, including to China and Russia, but they would have to conform to the established rules.

The TTIP initiative has been sidelined in the foreign policy strategy of U.S. President Donald Trump, which has raised concerns in Europe. The European Union might be interested in further negotiations on TTIP nonetheless; the EU needs new projects to extend its influence and provide stimuli for economic growth. The Ukrainian crisis, moreover, brought home the need for stronger North Atlantic cooperation. According to Erik Brattberg, "without boosting economic cooperation in the North Atlantic, NATO will be doomed to decline" (Brattberg 2015).

The U.S. withdrawal from TPP creates an opportunity for China to assert its leadership in the region. China has expressed interest in reformatting TPP under "fairer" principles and without the United States. That raises concerns,

especially in Japan, where the U.S. withdrawal often is interpreted as China's victory (Shwydko 2017). Without the United States, Japan becomes the largest TPP economy. Shinzō Abe, who personally promoted TPP and considered it his greatest foreign policy achievement, is likely to call for negotiations on a bilateral trade agreement with the United States (or with NAFTA). An alternative is simply to continue the project without the United States, the "TPP minus one" format articulated by Singapore and Australia. The reorientation of TPP members toward ASEAN- or China-centered initiatives is also a possibility as well as a transformation of a former TPP in a new double-track format with a coordination of "TPP minus one" pragmatically driven by a Japanese economic leadership with an evolving Indo-Pacific region fostered by the United States, India, and Australia and competing with a "Chinese dream" powered by Chinese regional projects by proclaiming the "Indo-Pacific dream" of "democratic prosperity."

Yet the Asia-Pacific states are eager to gain access to the U.S. market. Although by volume the Chinese internal market is larger, the American knowledge-based, innovative market capacity, with its financial and investment assets, exceeds all national markets. Without the United States, TPP is much less attractive. States like Japan and Singapore can compensate for this, however, and become innovative financial and investment drivers themselves.

A larger question is whether the United States can maintain its global economic and political leadership while refusing to participate in transregional, multilateral projects of this kind. Isolationism, historically, has proven ineffective and even destructive. Trump argues that operating on a bilateral, "America First" basis provides more benefits for the United States, since its economic superiority will always enable it to wring concessions from individual partners. Within a system of international relations increasingly characterized by competing regional and transregional projects, however, the effectiveness of this traditional "hub-and-spoke" network of bilateral economic unions is questionable. It is therefore possible that Trump, in spite of his campaign rhetoric, will seek a "renewal" of NAFTA along the lines of TPP, renegotiate the TPP agreement, or help to evolve Indo-Pacific region as a substitute of TPP not beneficial to the United States. Any U.S. refusal to implement transregional projects, however, creates opportunities for projects that challenge its position.

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Chapter Three

Integration Systems, Subregionalism, and Transregionalism

Is a Neofederalist Approach Possible?

Igor Okunev

NEOFEDERALIST THEORY

The term goes back to a number of articles and essays later known as *The Federalist Papers* (1787–1788) coauthored by Alexander Hamilton, James Madison, and John Jay. These "Founding Fathers" of the United States wrote the eighty-eight essays to promote the ratification of the new constitution of the United States, which they also had a hand in writing. The basic provisions of federalist theory, however, were set out by Johannes Althusius in his well-known work of 1603, *Politica Methodice Digesta, Atque Exemplis Sacris et Profanis Illustrata*.

Althusius (1557–1638), a German jurist, was one of the founders of the natural law theory. A contemporary of Jean Bodin and Hugo Grotius, Althusius graduated from the University of Basel with a doctoral degree in theology and law. After many years of teaching, in 1604 he headed the city council in Emden, in East Frisia. His political and legal views were shaped largely by Calvinism, the most influential Protestant sect in Geneva and Basel at that time. Althusius reaffirmed his republican convictions by standing up for civil liberties and the citizens' right to self-determination, which he saw as the embodiment of the rule of the people. Althusius's work focused on providing a rationale for the doctrine of popular sovereignty. According to Althusius, the key concept of federalism is subsidiarity, which means issues are to be resolved at the lowest possible level of the system. If a problem cannot be addressed at the regional level, a federal state consisting of several regions takes shape, and if that is incapable of untangling the problem, a union of states takes place.

Classical federalism was conceived by Alexander Marc, Hendrik Brugmans, Pierre Duclos, and Altierro Spinelli, among others (Butorina and Kaveshnikov 2016: 30–32). Integration consists of the delegation of sovereign powers of states to supranational governing bodies. The philosophy of federalism suggested by Althusius, however, allows for a wider interpretation of integration called here neofederalist theory (Okunev 2008: 172–175).

IMPLEMENTATION OF THE FEDERAL PRINCIPLE AT THE SUPRANATIONAL LEVEL

As a rule, principles underpinning the political structure of a state and their implementation are considered only at the national level. In a unitary state, central power determines regional power—in other words, the composition and status of the regions. In a federal state, regions shape the state (central power) by delegating some powers to the center. Similar relationships exist between different levels on the political map of the world. If a first-tier region is shaped by second-tier regions, its structure is regional federalist. Contemporary regional federations include the Netherlands Antilles and the Muslim/Croat Federation in Bosnia and Herzegovina.

Supranational entities are based on either unitary or federal principles (see figure 3.1). Supranational unitarianism is a political structure where a supranational entity determines the composition and status of its components. Such a structure can be found in numerous historic examples of empires and unions. Supranational federalism is when components shape a higher-tier entity. This principle is key for all integration groups (Kokarev 2009: 15).

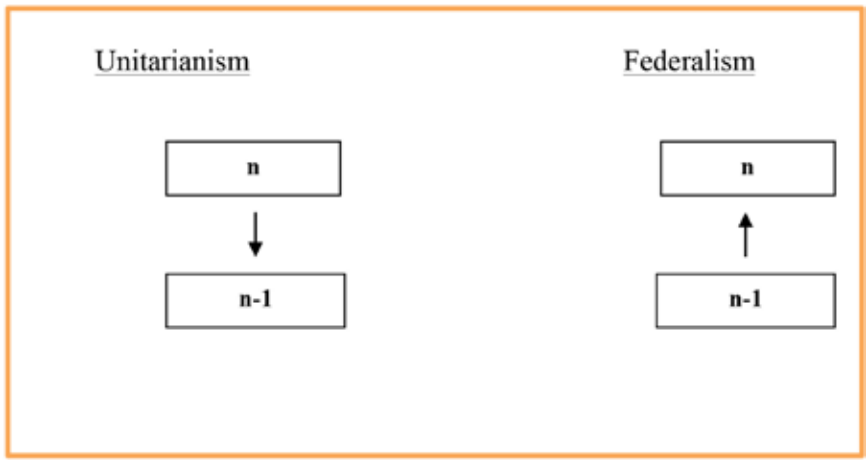

Figure 3.1. Unitarianism and Federalism

TYPES OF INTEGRATION GROUPS

Integration groups are supranational entities that implement a common policy in areas within the member states. This suggests either the delegation of several sovereign rights to the integration bodies, or the exercising of some sovereign rights through integration institutions. Integration groups, therefore, should be distinguished from international regional organizations that deal with regional issues but do not establish supranational bodies governing the sovereign rights of the states.

International integration is a response to two distinct phenomena: globalization and separation. Globalization, which reveals itself in the liberalization of international economic relations and the international labor market segmentation, leads to increased interdependency of states. To protect their territorial sovereignty, however, states impose a policy of separation by introducing visas, border, customs and phytosanitary controls, duties and quotas, enforcing nostrification of documents, licensing of exports and imports. International integration is a process of overcoming the individualist policies of states, bringing them closer together, adjusting and merging the national economic, political, and legal systems to work out a better response to the global processes. It is predominantly neighboring states that show an interest in regional integration. Their naturally developing communications, transport and economic links, and in some cases, common culture, language, religion, or history, predispose such countries toward integration.

Jan Tinbergen, a Dutch economist and the first winner of the Nobel Prize for economics, outlined two integration strategies, which he described as "positive" and "negative," based on how an integration group should respond to the challenges of globalization and separation. Negative integration implies the elimination of barriers between states, while positive integration seeks to develop a common policy strategy between the participants. Other classifications include merger integration, where rules of interaction are developed collectively, and accession integration, when a state joins the rules previously elaborated. Finally, there is the so-called nonmembership integration, when a state voluntarily accepts the rules of an integration group without joining it.

The supranational principle can be implemented at various levels across integration groups:

1. by eliminating the need for parliamentary approval of binding decisions made by the integration bodies by a national parliament or another integration body;
2. by introducing binding decisions by the integration group not only for the states but also for their citizens;

3. by adopting binding decisions in a "situation of no consensus" between the state parties—that is, by a majority of states in spite of the views of a minority;
4. by establishing supranational bodies with structures that contain independent civil servants, for instance, elected by direct popular vote in the states.

Integration moves through a series of consecutive stages, as identified by the U.S. economist Bela Balassa:

- *preferential trade area,* with reduced customs duties and quotas;
- *free trade area,* with no customs duties and quotas between the states and parties;
- *customs union,* whose aim is to implement a common trade policy toward third countries;
- *common market,* characterized by freedom of movement of not only goods, but also services, money, workforce, and entrepreneurs;
- *economic union,* whose aim is to implement a common economic policy;
- *political union* (including unions and confederations), with sovereignty handed over to the supranational level of government (Kashkin 2016: 208).

There are also the specialized integration structures in migration policies (visa-free travel area), monetary policy (monetary union), and defense policies (military alliance), among others. These may include organizations that develop common norms in science and education (European Higher Education Area), environmental protection (Pacific Regional Environment Program) or other areas. Finally, there are integration structures at the subnational level, including transborder regions and international transport corridors.

Integration groups are to be distinguished from international intergovernmental organizations, including regional ones. Intergovernmental organizations are platforms for discussion, offering at times common solutions regarding internal procedures, but they are not autonomous actors of international relations. Regional intergovernmental organizations include international organizations, UN regional bodies, regional organizations dealing with the promotion of common cultural heritage, and intergovernmental commodity-producing organizations. Besides working on specific regional issues, such organizations encourage the creation of regional subsystems of international relations, as well as common macroregional spaces bound by legislation and common values, which provides a major condition for the success of integration groups on the continent.

CROSS-BORDER REGIONS AND INTERNATIONAL TRANSPORT CORRIDORS

Cross-border regions are the smallest geographic integration unit, which does not mean they are any less integrated. Though sometimes initially created as a pillar for future intergovernmental integration (e.g., Chinese cross-border trade areas at the border with Russia and Central Asian countries), they are more often than not a stage of deeper intergovernmental integration at the regional and local levels (take, for instance, Euro-regions within the EU). Establishing cross-border regions resolves a whole host of interconnected issues, from eliminating historical barriers to aiding the social and economic development at the periphery, from overriding the barrier function of the state border to increasing security. Attempts to institutionalize cross-border cooperation started in the nineteenth century (e.g., the Spanish-French committee on cooperation in the Pyrenees) but peaked in postwar Europe, mostly as a result of Europeanist policies.

There are several types of cross-border regions:

1. cross-border working communities that function as a framework for wide interregional cooperation without any supranational governing bodies (Association of the Alpine States, the Barents Euro-Arctic Council, the Mano River Union);
2. cross-border movement areas, where residents of adjacent regions enjoy visa-free travel for short-term stays (e.g., at the borders between Russia and Norway, Russia and Poland, Russia and Lithuania);
3. cross-border trade areas that encourage interregional trade (popular in China, e.g., Blagoveshchensk/Heihe, Pogranichny/Suifenhe, Zabaikalsk/Manchuria, Zarubino/Hunchun)
4. cross-border agglomerations, with cooperation evolving between cities separated by a state border (e.g., Strasbourg/Ortenau, Freiburg/Alsace, Saar/Mosel, Lille/Kortrijk);
5. integrated cross-border regions characterized by close and all-encompassing cooperation on the one hand and an unchangeable and independent governing structure on the other hand (e.g., the German-Dutch border section EUREGIO, the Bodensee Forum).

The extent of institutionalization and activity in cross-border regions varies. While in Europe it is next to impossible to find a region that stays out of such structures, for other continents this kind of integration remains unusual.

Key transport and logistics corridors in world trade often cover more than one state. In some cases, they are governed under international agreements

(take, for instance, the Panama Canal or the Danube). At times, it takes nothing more than multilateral negotiations on a plan to build an international transport corridor to bring harmonization or the unification of administrative, fiscal, border, diplomatic, and other practices of state governance. All of this lays the foundation for a wider integration process, which evolves at the local level of the transport system but affects a whole group of macroregional states (Yarovoy and Belokurova 2013: 25).

Some of the examples of international transport corridors functioning as integration groups in the post-Soviet states may include TRASECA, which stretches from the EU and the post-Soviet states to Turkey and Iran, and Corridor North-South between Russia, Iran, and India (Okunev and Domanov 2014: 101–110). The system of pan-European transport corridors has contributed greatly to the success of integration in Eastern Europe (Okunev 2016: 170). Sometimes politics prevails over economic efficiency, however, as with the Helsinki-Warsaw railway. The Chinese "One Belt, One Road" initiative promises to upgrade infrastructure across Central Asia and holds enormous potential as an international transport corridor. This project has exacerbated competition between countries along the corridor, but it also has facilitated cooperation between the integration groups of Europe, Central Asia, and East Asia.

PREFERENTIAL AND FREE TRADE AREAS

The preferential trade area is a first, cautious step to institutionalizing economic cooperation—a de facto proto-integration group. Agreements on building such areas focus on partial integration, or the introduction of preferences or benefits (e.g., elimination of quotas) for at least a portion of trade. Often a free trade area on paper is only a preferential trade area on the ground. The World Trade Organization (WTO) that succeeded the General Agreement on Tariffs and Trade (GATT) is de facto a global preferential trade area with a policy of lowering trade barriers. Some preferential areas still exist as WTO instruments to stimulate trade between developing countries, without any regional coverage (General Preferential System Agreement, Protocol on Trade Negotiations).

In the contemporary world, in fact, preferential trade areas involve primarily developing countries. Latin America has the Latin American Integration Association (LAIA), while Asia features the Trans-Pacific Partnership (TPP), the Asia-Pacific Trade Agreement (APTA), and the Preferential Trade Agreement of the D-8 Organization for Economic Cooperation. In Africa, the Arab Maghreb Union (AMU) and the Intergovernmental Agency on Development (IGAD) are preferential trade areas; in the Pacific region, the Melanesian Spearhead Group (MSG), the Polynesian Leaders Group (PLG), and the

South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) fill this role. Association agreements like those between the EU and Ukraine, fit the definition of a preferential trade area as well.

A free trade area, on the other hand, is a full-fledged integration mechanism. Such an agreement implies a high degree of interdependency between the two countries' economic policies and demands cooperation across a wide spectrum of industries. Yet at this stage of integration, there is no need for supranational institutions or, as with a preferential trade area, for restrictions on trade with third countries. A country can participate in more than one free or preferential trade area. An FTA may take a sectoral approach, where some industries are not subject to the elimination of duties. The countries, however, keep their customs control and licensing procedures intact. Agriculture, as a heavily subsidized sector, often is exempted under a sectoral approach.

This intermediary position makes FTAs the most widespread form of economic integration today, as numerous (more than two hundred) as they are diverse. They include bilateral agreements involving two countries (e.g., ANZERTA between Australia and New Zealand and JTETA between Japan and Thailand), bilateral agreements involving an integration group and a country (e.g., EU-Mexico, ASEAN-China), bilateral agreements between integration institutions (e.g., EU-Gulf Cooperation Council, CARICOM-MERCOSUR), multilateral agreements involving countries (e.g., North American Free Trade Agreement [NAFTA] and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation [BIMSTEC]), multilateral agreements between an integration group and countries (e.g., European Free Trade Area Association [EFTA] and ASEAN-Australia-New Zealand Free Trade Agreement [AANZFTA]), multilateral agreements within an integration group (e.g., Free Trade Area of the Commonwealth of Independent States [CIS FTA] and Pacific Alliance Free Trade Area [PAFTA]), multilateral integration groups functioning as free trade areas (e.g., Common Market for East and Southern Africa [COMESA] and Community of Sahel-Saharan States [CENSAD], and global agreements within the WTO (e.g., the Uruguay and Doha negotiation rounds). There are even bilateral customs unions, where one state joins the customs space of another (Switzerland-Liechtenstein, France-Monaco). There are plans to transform the BAFTA, SADC and ANZERTA free trade areas into customs unions.

CUSTOMS UNIONS AND FREE MARKETS

Customs unions employ not only negative integration (such as reduction or elimination of customs duties and quotas) but positive integration as well, like working out a common trade policy toward third countries. Positive

integration may aim both at liberalization of trade with third countries and protecting internal markets. Members of the union establish a common territory with customs control at the external borders and common customs tariffs for third countries. Income from customs duties is distributed according to internal arrangements. Russia, for instance, receives 85 percent of the duties of the Eurasian Economic Union (EEU). To harmonize actions within customs unions, countries build supranational bodies (the European Union Council, for instance, or the Eurasian Economic Commission within the EEU). Once widespread (e.g., the German *Zollverein* of the nineteenth century), today's customs unions are usually only a stage on the way to a common market. The EEU is intended as a step toward deeper integration between members of the CIS on the way to the so-called Common Economic Space. The European customs union is a tool for more delicate integration of countries not ready for full-fledged commitment into the single market; it also incorporates Turkey, Andorra, and San Marino.

Customs unions are an important factor of economic regionalization in Latin America and Africa. The South American common market, MERCOSUR, spans Brazil, Argentina, Paraguay, Uruguay; the Andean Community, with Columbia, Ecuador, Peru and Bolivia is close to a common market. The African Union, which thus far has been unable to establish continent-wide integration, stimulates these processes on a regional basis. Regional customs unions include the Economic Community of West African States (ECOWAS), Economic Community of Central African States (ECOCAS), East African Community (EAC), and South African Customs Union (SACU). As a rule, these countries already had significant cooperation experience, sometimes dating back to colonial administrations.

The common market, unlike preferential and free trade areas or customs unions, extends beyond trade. It harmonizes other areas of economic cooperation and shapes common spaces for the movement of goods, services, labor, and money. Some identify stages of the common market—for instance, a single market with freedom of movement but internal barriers—as distinct from a unified market, where barriers have been eliminated.

Sometimes the common market is a more flexible integration structure than economic union. A common market should ensure cooperation without the need to hammer out a common economic policy. The European Economic Area (EEA), for instance, embraces all European Free Trade Area members (Norway, Iceland, Liechtenstein) except Switzerland. A common market, however, more often than not requires deeper cooperation between states. Some of the most vivid examples of common markets include the Eurasian Economic Union, the Association of South East Asian countries (ASEAN), the Gulf Cooperation Council, the Central American Common Market

(CACM), and the Caribbean Community (CARICOM). Other organizations, such as MERCOSUR, ASN, COMESA, are "on the way" to a common market (Busygina 2016: 334–360).

ECONOMIC AND CURRENCY UNIONS

Economic union is the ultimate stage of economic integration. It implies that the economic strategies shared by all the members of the group are formed by supranational bodies. States abandon their sovereign economic, fiscal, and budget policies, working out common macroeconomic priorities instead. There are currently only two economic unions: the EU and the Organization of Eastern Caribbean States (OECS).

The foundation for monetary unions is the theory of optimal currency areas, conceived by the Canadian economist and Nobel laureate (1999) Robert Mundell. According to him, an optimal currency area is a geographic region where macroeconomic equilibrium is achievable, both internally (low inflation and full employment) and externally (sustainable balance of payments). The world economy, he contends, naturally trends toward monetary integration. Small and unrecognized states, along with dependent territories, typically seek a common currency, as it reduces their costs and increases financial stability.

Mundell argued that monetary union developed in a series of historical states. In the High Middle Ages, trade unions like the Hanseatic League emerged to develop ties between cities and regions. When Europe entered the so-called modern age of the national state, currencies spread beyond the limits of feudalism as well. The eighteenth century, for instance, saw the creation of the *gulden* area in south Germany, while the Prussian *taler* dominated the north. By the early nineteenth century, widely accepted "standards" for currency based on either silver or gold had developed. France and Sweden even attempted to establish rudimentary monetary unions that would coordinate monetary and loan policies. Both attempts failed to survive the crises of the first quarter of the twentieth century. In the mid-twentieth century, though, monetary unions were used to sustain European influence in former colonies, as with the British pound bloc or the French franc area. The same principle was applied by Russia later in the century, with the ruble circulating in various CIS countries until 1995. In the twenty-first century, monetary union is connected to economic integration. There are plans to establish monetary unions within the EEU, the EAC, and the Gulf Cooperation Council.

The introduction of a single currency requires a high degree of integration between the states, or one state orienting its monetary policy to another's.

These options created different integration groups. Some monetary unions, like the Economic and Monetary Union of the EU or the East Caribbean Currency Union, are part of larger economic unions. Others, like CEMAC or UEMOA, are attached to a customs union that has no common economic policy. There are also payment unions, which use non-physical units of payment (e.g., the COMECON ruble before 1991, or the EU currency system before 1999) but do not have a common monetary or economic policy, and currency protectorates, where the currency of one state is used by others (e.g., the Australian dollar zone in Kiribati, Nauru, and Tuvalu, or the ruble zone in Abkhazia and South Ossetia). Colonial currency areas are similar, but unite a state issuing a currency and the territories that depend on it (e.g., the New Zealand dollar area, or the Pacific franc area). Anchor currency areas, wherein the currency rates of one country are tied to the currency rates of another (e.g., the Indian rupee zone involving India, Nepal, and Bhutan, or the Latin American "peg" to the U.S. dollar in the late twentieth century) follow similar principles but have no unifying legislation (Nikitina 2010: 134).

INTEGRATION SYSTEMS

Integration systems shape regional clusters on the world political map. They embody a phenomenon called overlapping regionalism, which stands for the intersection of integration groups at various levels (free trade areas, customs unions, free markets, and economic unions) or functional specializations (areas of visa-free travel, currency unions, military unions) that build multilayered integration structures. (See table 3.1.) Several of these currently exist. In Europe, the OSCE, EFTA, EU, Schengen Area, and NATO are parts of an integration system, while the CIS, EEU, and CSTO create regional clusters within the post-Soviet Eurasian space. North and South America have integration systems as well, comprised of the OAS, CELAC, SICA, NAFTA, and CARICOM (among others), and the MERCOSUR, UNASUR, LAIA, PA, and Rio Pact groupings respectively. West Asia (OIC, the League of Arab States, the D-8, CAEU/ECO, and the Gulf Cooperation Council), Africa (the AU, AFTA, SADC/COMESA, ECOWAS/ECOCAS/SACU/EAC/CENSAD/AMU, and the UEMOA/CEMAC/SACU CMA), and the Pacific (PIF/SPC, MSG/PLG, SPARTECA, AANZFTA/PICTA, ANZUS, and the Commonwealth of Nations) all feature regional clusters as well.

There are three identifiable elements in an integration system: the core, the periphery and the contour. The core is the most integrated group within the system; usually, this group is part of an economic union. Integrated systems can have a single core (the EU or the EEU, for instance) or multiple cores. Africa, for example, has four cores: ECOWAS, ECOCAS, EAC, and SADC.

The periphery is the country or group of countries beyond the integrated core. Turkey is on the periphery of the European system, for example, while Cuba and Guam are peripheral to the North American and Eurasian integration systems respectively. The contour is a structure uniting the entire system; it usually coincides with regional international organizations and the external borders of the regional complex. The Council of Europe and the OSCE are contours of the European system, for example, while the OAS and CELAC comprise contours in North America.

The extent of macroregional integration varies among integration systems, as do cooperation levels and the pace of consolidation within macroregions and, eventually, key lines between subregional centers of power. There are two basic integration patterns. The European pattern is characterized by a basic integration system (EU) where different regional formats allow various levels of integration (Schengen area, EEU, EU Customs Union, EMU, etc.). This "multispeed" or "differentiated" integration provides flexibility within the system. In the Eurasian pattern, each level of integration is matched by a specialized organization (CIS = political, EEU = economic, CSTO = security). They shape similar institutions, making this design more cumbersome but also more stable (Voskressenski 2014: 106–108).

SUBREGIONALISM

Integration processes have turned out to be a successful track of development since the late twentieth century. They have led to a decline of the role of nation-states in world politics and the strengthening of supranational institutions and non-state, transnational actors like large corporations and mass or social media. This has also encouraged the emergence of subnational movements and structures empowered to resolve issues of economic integration and provide security within integration groups. Integration processes have enhanced the role of small and medium states as well. In the institutional structure of an integrated group, the voice of a small country can equal that of a large one. Integration systems comprised of small and medium countries (ASEAN, CACM), moreover, can be significant and independent actors in international affairs (Baikov 2012: 106).

Integration processes have suffered from growing pains as well. A host of crises during 2014–2017 has brought into question the limits of regional integration systems, and some backpedaling on integration projects. Separatism and decentralization have grown stronger, and nationalism and populism have displayed renewed political strength. Subregionalism is another manifestation of this trend, surfacing in stronger subregional groups inside integration systems. In such organizations, the role of the state is again

stronger than that of the secretariats, and state governments are more capable of coordinating the common agenda of the integration group.

Subregionalism has different manifestations. When a macroregion has one successful integration structure (EU, EEU), subregionalism tends to enhance the old formats of border states, as with the Visegrad Four in Europe, and encourage the establishment of new, similar platforms, like the Weimar Triangle. In Eurasia, however, subregionalism manifests in the search for an integration pattern without a Russian core (e.g., the Commonwealth of Democratic Choice). When it exists as a regional international organization (UNASUR, AU, PIF), subregional groups assume the functions of priority development areas. They serve as the testing range for cooperation models. In Latin America, for instance, alongside stable blocs like CACM and CARICOM, there are fluctuating projects like ALBA and the Pacific Alliance. In Africa, integration takes place via subregional sectors of the African Union. Some have reached the stage of a single currency (ECOWAS, ECOCAS, SACU), while others are still shaping a free trade area or a common market (CENSAD, COMESA, SADC, EAC). A few are still at the first stage of negotiations (AMU, IGAD). In the exceptional case of Asia, where there is no common integration project, integration took shape at a subregional level through organizations like ASEAN and the ECO.

TRANSREGIONALISM

Another current manifestation of the transformation of integration processes is transregionalism—that is, the shaping of transcontinental integration groups (Kuznetsov 2016: 14). Such groups are not linked to macroregions.

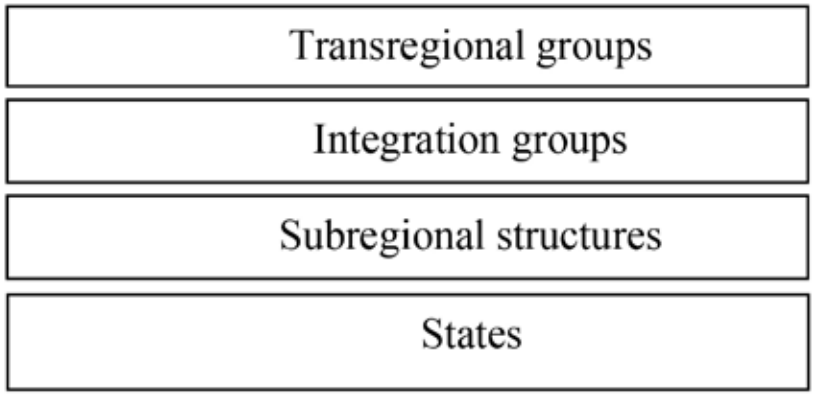

Figure 3.2. Levels of Organization of Political Space

Table 3.1. Integration Organizations in the World

	Europe	*Eurasia*	*North America*	*South America*	*South Asia*	*East Asia*	*Africa*	*Pacific*
Regional international organizations	Council of Europe OSCE	Shanghai Cooperation Organization CIS	Organization of American States CELAC SICA	Organization of American States CELAC UNASUR ALBA	OIC League of Arab States	Shanghai Cooperation Organization ACD	African Union	Pacific Islands Forum PCS
Visa-free travel areas	Schengen Area CSDP PSA		CA-4				West African common visa East African common visa	
Preferential trade areas				LAIA	D-8	TTP APTA	AFTA AMU IGAD	MSGTA PLG SPARTECA
Free trade areas	EFTA EMFTA	CIS FTA	NAFTA PA CARIFTA		CAEU ECO	SAARC BIMTEC	SADC COMESA CENSAD	AANZFTA PICTA
Customs unions	EU Customs Union	EEU Customs Union		MERCOSUR CAN			ECOWAS ECCAS EAC SACU	
Common markets	EEA	EEU	CACM CARICOM		Gulf Cooperation Council	ASEAN		
Economic unions	EU		OECS					
Monetary unions	EU Economic and Monetary Union		ECCU				UEMOA CEMAC SACU CMA	
Military alliances	NATO	CSTO	NATO PCO	The Rio Pact				ANZUS
Political associations		Union of Russia and Belarus	The Commonwealth					The Commonwealth

They cross the borders of integration systems and embody a new, higher level of organization of political space, thus figure 3.2.

Transregional structures integrate existing integration systems (e.g., free trade areas) and groups of countries from macroregions (e.g., the Transpacific Partnership). The BRICS (Brazil, Russia, India, China, and South Africa) represents a special kind of transregional organization. The group brings together major developing markets and has been holding regular summits since 2009; it has shaped new global financial institutions (the New Development Bank) (Strezhneva 2011: 73–94).

Supranational organizations are trending toward complication and the differentiation of integration speeds. This will lead to multifaceted and asymmetrical subregional, regional, and transregional integration systems (table 3.1).

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Chapter Four

A World of Global Regions? Is Regionalization 2.0 Possible?

Maria L. Lagutina

At the beginning of the twenty-first century, international integration has demonstrated its effectiveness in finding solutions to regional and global issues. Recent decades have been marked by dynamics within integration projects in various regions. There is not only quantitative growth of regional integration organizations, but also qualitative change in the development of integration initiatives. The polysemy of current regional transformations is reflected in the emergence of supranational structures, interregional and transregional bodies, an evolution of the cross-border principle, and an aspiration to set up multivector foundations for integration. A qualitative transformation of the international system has taken place, and the "world of global regions" became apparent inside its structure.

The specific feature of the current wave of integration is multilevelness. There are at least two levels of integration: regional (classical international integration), which has been developing in a variety of institutional forms since the mid-twentieth century; and global, which is generated by such processes as globalization and transnationalization.

Integration divergence occurs when one integration process is "imposed" on another and, as a result, global forms of interaction are created. Quite often this stems from the desire of states to participate in the maximum number of integration associations. This situation is typical in the post-Soviet space.

The emerging world order has not yet found a balance between globalization and regional processes. The correlation of global and regional policy levels always has been problematic in the framework of the classical theory of international relations. Most researchers focus on global processes ("globalism"), or analyze the problems of a particular region ("regionalism"). It actually leads to an underestimation of the global context of regional processes. There is, therefore, an important task in developing conceptual frameworks

for the study of global and regional perspectives with equal attention. One such approach is the concept of the global region.

This chapter introduces the concept of the global region and analyzes the possibility of a world of global regions. This can be achieved by analyzing the existing forms of regionalism (interregionalism, transregionalism, alternative regionalism, etc.). The analysis is based on theoretical approaches to "new regionalism" (Langenhove 2010a, 2010b, 2011; Langenhove and Costea 2005; Schulz, Söderbaum, and Ojendal 2001; Hettne and Inotai 1994; Hettne 1996, 2005: 543–571; Fawcett and Hurrell 1995; Hettne, Inotai, and Sunkel 1999; Fawcett 2012: 679–704; Fawcett 2015: 1–19; Telò 2013) and "comparative regionalism" (the term was introduced by Amitav Acharia [2009, 2012, 2014]). These authors focus on a new interpretation of the concept of "region" and represent an attempt to create a new direction in the study of regional development in the context of modern global processes. The authors try to prove that the regions have become the actors in world politics and can even "construct" themselves.

The Russian academic school led by Alexei D. Voskressenski (Voskressenski 2015; Voskressenski 2016) with the assistance of Denis A. Kuznetsov (Kuznetsov 2016: 14–25) uses the concept of transregionalism and macroregionalism alongside so-called "alternative regionalism" as formulated by Ekaterina B. Mikhaylenko (2014). According to Russian experts, regional integration has achieved new forms. There are new projects such as BRICS (Brazil, Russia, India, China, South Africa) and the Trans-Pacific Trade and Investment Partnership (TTIP) that represent new types of regionalism.

NEW FORMS OF REGIONALISM

The most recent trend is the emergence of integration superstructure that changes the usual political-economic map. According to Russian scholar S. K. Peszov, the modern regional subsystems inside of the "world system" are:

1. *cross-border regional unions* (the so-called "triangles" or "growth zones"), where the main subjects of cooperation are the neighboring areas of countries (e.g., South China economic zone, the Indonesian-Malaysia-Singapore growth triangle);
2. *subregional unions* that represent groups of states from one subregion with a higher degree of institutionalization, and larger goals and spheres of cooperation; member-states coordinate positions in the international arena; this is the most convenient and attractive form of interstate interactions, and numerous organizations are represented (EU, ASEAN, NAFTA, MERCOSUR, etc.);

3. *transregional unions,* which cross the borders of state territories; the first attempt to create such a union was the Asian and Pacific Council (1966), but it took another twenty-five years for such a union to emerge with the Asia-Pacific Economic Cooperation (APEC); its members were also part of both independent regional and subregional groupings (Peszov 2005).

Thus, the practice of modern regionalism is a so-called "multitier construction" that was formed through the evolution of regionalism: overlapping membership of states in various regional structures added to formal state interaction at the regional level, and then direct relations between regional interstate unions developed. This turns modern regionalism into a coherent system providing stability for the global community. One modern trend is the establishment of broad international contacts between developed regional structures ("interregionalism"). In the leading international and regional organizations, a foreign policy component aimed at developing relations between regions and agreed positions on common problems are becoming important.

In 2015, a new integration grouping based on a free trade area emerged: the Trans-Pacific partnership (TPP). This was the first transcontinental integration group, intended to alter the flow of trade and investment not only in the Pacific but on global scale. Although the United States has withdrawn from TPP, it still brings together countries of North and South America (Canada, Mexico, Peru, Chile), Australia, New Zealand, and several Southeast Asian states (Singapore, Brunei, Vietnam, Malaysia, and Japan). As a counterweight, China has proposed a regional comprehensive economic partnership (RVAP) with Japan, South Korea, India, Australia, and New Zealand. Such transcontinental blocs are on a new level of "megaregionalism" or "transregionalism."

The tendency toward convergence and interaction of states located thousands of kilometers away from each other has been increasing for some time. Brazil, Russia, India, China, and South Africa (BRICS) have formed such an association, as have Mexico, Indonesia, South Korea, Turkey, and Australia (MIKTA). For developing countries, "South-South cooperation" provides an opportunity to use their resources for growth and thereby respond to the challenges of globalization. "South-North cooperation" creates conditions for the optimization of the effects of migration and for the global implementation of scientific and technical achievements. The aim of both is to establish long-term, stable partnerships that address major global challenges.

According to Mario Telo (2017), Kishnendra Meena (2015), and Ekaterina Mikhaylenko (2016), BRICS represents a new type of regional project called "alternative regionalism." Such projects are "beyond territoriality"; the territorial factor of integration loses its significance. The BRICS member-states comprise a "collective actor of world politics," united in response to regional

and global challenges. One of the major objectives of BRICS is to shift from the "Western system of global governance" to a more inclusive polycentric paradigm where emerging countries can play important roles. According to Gregory Toloraya (2013), "BRICS is a union of civilizations, not only nation-states, and the need to maintain its own identity—as well as to cooperate on the basis of strict equality—is overwhelming" (2013).

Although the prospects for institutionalization are unclear, BRICS has steadily developed from a dialogue-based forum into a quasi-organization. Despite centrifugal forces, the countries have common interests that are easier to address when they band together: reforming the existing international financial and economic architecture; defending against infringements on state sovereignty; and knowledge-driven development. The territorial factor does not play a significant role; member-states do not have common borders, but they have common interests. New principles of association (transnationality and cross-borderness, for instance) have developed, and supranational structures have appeared, reflecting an array of regional transformations. Regionalism is an activity involving two or more states; it can have a hegemonic or a collective nature. There are different models of regional integration, new forms of regional projects not linked to the borders and institutions that require new analytical approaches.

GLOBAL REGIONALIZATION AS A NEW GENERATION OF REGIONALIZATION

One new approach is "global regionalization." There has been rapid growth in globalization, as well as in regionalization. Both have transformed the spatial contours of the international system and altered the geopolitical landscape of the twenty-first century. These new forms of regionalism demonstrate the close relationship between the global and the regional; regionalization is a reaction of developing countries to globalization. Regionalization counters globalization; it "entails the creation of multiple interacting and competing integration groupings that are used to a multipolar governance of the world system" (Shirokov 2004). It is thus an important component of globalization, as regionalization requires adaptation to global processes at an earlier stage.

The outcome is "global regionalization" (Olga Leonova, Natalia Vasilyeva, Vladimir Reutov, H. S. Geyer). This is a regionalization of the world space that, in practice, presents a multilevel structure (sub-, meso-, macro- and global regions). The term "region" is a core element (Leonova 2013). According to Leonova, global regionalization is:

- the integration of local communities in a macroregion; the bases are both internal (economic partnership, similarity of political culture and institutions, sociocultural proximity) and external (general guidance of foreign policy, strategy of interaction with the global world and its actors, etc.);
- the spatial localization of a self-sufficient integrational entity; these structures can be defined as "functional regions" that operate as a sovereign state;
- a qualitatively new geopolitical and geo-economic entity, formed on the basis of integration and localization, whose members delegate some functions to a supranational body; the boundaries of these macroregions can coincide with the boundaries of geocivilizations.

The new generation of regionalization ("regionalization 2.0," as van Langenhove puts it) moves from closed to open systems (Langenhove 2010a; Langenhove 2011). This is a networked regional multipolarity, marked by openness, transparency, multi-actorness, cross-borderness and multi-levelness. In "regionalization 1.0," the principle agents in the integrational space are nation-states. Sovereignty is the ultimate principle of international relations. The most popular form of regionalization is a closed subregional structure. The founders of integration theory (Karl Deutsch, Barry Buzan, Douglas Lemke, et al.) called these "international regions," which they defined as a number of states united by common characteristics and problems. In "regionalization 2.0" there are other players, some of whom challenge the notion of sovereignty. Besides subregional structures there are transregional structures that cross territorial borders. The result of this shift is the emergence of "global regions."

WHAT IS THE GLOBAL REGION?

The word "region" comes from the Latin *regio* (derived from *regere*, to rule) and for a long time it has been interpreted as a broad geographic area distinguished by similar features. Scholars like Andrey Makarychev (1999) and Antoine S. Bailly (1998), however, argue that the word can have different meanings. In their view, there are many different ways to interpret "region":

- *geographical approach*: regions are areas broadly divided by physical characteristics, human impact characteristics, and the interaction of man and environment;
- *historical approach*: regions are a "way of life" (landscapes, ways of life, and human practices);

- *philosophical approach:* regions are worlds with their own mentality, outlook, traditions, et cetera (Braudel 1979);
- *functional approach*: regions are the operational structures of activities;
- *administrative approach:* a region is an administrative area, division, or district, the subject of a federation (Ignatov and Butov 1998);
- *international politics approach:* a "region" can be an "international region," "sub-region," "transnational region" or "trans-border" region, et cetera (Fedorov and Korneevets 2010);
- *mixed approach*: a "region" can have historical, geographical, social, and cultural dimensions in endless combinations (Markusen 1987).

The "global region" is a compromise between "region" as a physical item (realism and empiricism) and "region" as an analytical item (constructivism and postmodernism) (Efremova 2017). It is a segment of global space where there are cross-border interactions between states, businesses, and civil society on a multilateral basis to address common problems. It has both the features of traditional integration (historical, civilizational, and cultural) and those typical of postmodernity (networking, communication, digital, etc.). Global regions thus are complexes of diverse spaces orientated toward each other around common spaces, multilevel governance, supranational nature, and transnational networks.

According to classical political geography, the "*global* region" is nonsense. The "globalization" of the region, however, finds its expression:

- in the transition from the territorial dimension to the spatial one*;*
- as the basic element of the multilevel system aimed at promoting the interconnection between these levels;
- in the new approaches and principles of its functioning.

The relationship between the term "region" and geographical distance has changed. Some experts speak about "the end of geography." There are varying opinions about the integral importance of territorial traits to the concept of a region. Geographic unity is no longer a determining attribute. A new functional principle seeks to move beyond an exclusively geographic approach to identifying a region. The term "space" is favored, since it is free of preconceptions of territory and able to absorb features not pegged to a map. Space is the structure that constitutes a region in the process of regionalization. A region, therefore, can be defined as a coherent entity that is not rigidly confined to territorial constraints (Beerkens 2004).

It seems that the Westphalian system of international relations is being replaced by a polycentric system based on global regions. Several new centers will come together to form a new collective system of governance

based on international law and the notion of security for all. The contemporary international system, in fact, already is too complicated to describe in terms of "poles" comprised of nation-states or alliances of nation-states. The international system is no longer exclusively state-centered or exclusively Western-centered. Polycentricity is already here (Leonova 2010: 203–204). Global regions and region-states are replacing nation-states (Shchebarova 2005). A system of global regions is emerging, underwritten by the development of regional civilizational hubs. The leading scholar of regionalism, Amitav Acharya suggests that the future is in fact "regiopolarity" rather than multipolarity (Acharya 2009).

THE EURASIAN ECONOMIC UNION IN THE WORLD OF GLOBAL REGIONS

The formation of global regions is still at a preliminary stage; however, there are existing models of global regionalization such as the Eurasian Economic Union. For centuries, the Eurasian area was a single whole. There is a Eurasian community with common historical, cultural, and civic roots. The modern space of Eurasia does not correspond to the historical frameworks of the Soviet or Russian past; through global and transnational processes, it will acquire a new spatiotemporal shape, where the local and the global coexist.

The EEU is one of several integrational initiatives promoted by Russia since the USSR collapsed. The post-Soviet states gradually became aware that they needed to blend into the global economic space as equal partners rather than as raw-material appendage and peripheral states. On January 1, 2015, the EEU came into force by treaty (The Treaty on the Eurasian Economic Union 2014). In theory, the treaty took economic and industrial policy to a new level of coordination, something the leaders of Belarus, Kazakhstan, and Russia had been striving to achieve. Membership consists of five states: Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia.

The institutional form of the integration proved a divisive issue. There are conflicting approaches as to whether the EEU should be an intergovernmental organization, with wide discretion granted to national governments, or a supranational organization. No intergovernmental organization thus far has been successful at political integration, but the EEU envisions an integrationist bloc with a supranational element. The treaty lays out the prerequisites for creating a "global Eurasian region:"

1. *Common spaces:* "The Treaty contributes to free movement of goods, services, capital and labor, a coordinated, agreed or common policy in the economic sectors" (The Treaty on the Eurasian Economic Union 2014).

Armenia is the EEU's sole member without common borders, but successfully creates common economic space with other member-states of the EEU.

2. *Supranationality:* according to the treaty a succession of supranational bodies is to be set up; in February 2013 the Eurasian Economic Commission became operational, which represents an equivalent of the European Commission. The Eurasian Economic Commission is "a permanent supranational regulatory body of the Customs Union and Single Economic Space." Other supranational structures are to be established, for example, the Council of Republics and Governments' Heads of the EEU, and the EEU Parliament.
3. *Transregional relations:* the EEU treaty provides for international cooperation with other states, international organizations, and international integration associations in formats ranging from memorandums of understanding to free trade zones (FTZ). To promote international cooperation, the EEU sets guidelines for the conclusion of international treaties. Vietnam recently signed a free-trade agreement with the EEU.
4. *Transnationalization.* Eurasian integration mainly moves from "up" (initiatives of political leaders of member-states) to "down" (business and civil society). One reason for the setbacks of previous integration effects was the totalitarian or authoritarian nature of the states, which generally lacked civil society and business structures. It seems utterly ineffective to resort to state structures in building Eurasian integration, without taking into account civil society and business-structures.

The EEU was to become a confederative union of the post-Soviet states after economic integration was achieved; however, the leaders of Kazakhstan and Belorus prefer to limit the organization to economic integration. The expert community nonetheless discerns the emergence of a "Greater Eurasian Union" that will reach beyond the boundaries of the post-Soviet states and develop links with Europe and Asia. In 2011, Russian President Vladimir Putin and Belarussian President Alexander Lukashenko proposed an "integration of integrations"—the creation of a continental bloc from Lisbon to Vladivostok. Kazakh President Nursultan Nazarbayev later expressed his support for the concept.

Putin highlighted the European context of the Eurasian integration and remarked that the EEU would be "built on universal principles of integration, as an integral part of 'a Greater Europe,' united by the common values of freedom, democracy, and laws of the market." Lukashenko wrote in a similar vein: "[O]ne shouldn't view the creation of a Eurasian Union as

some sort of attempt to divide up Europe. . . . I see the Eurasian Union as an inseparable element of the general European integration." The ultimate goal of Eurasian integration, in their view, is a common market from the Atlantic to the Pacific oceans. That would require strengthening the EEU, however, before it could form an "alliance of equals" with the European Union. Putin and Lukashenko's proposal would have two axes of power: Paris-Berlin and Moscow-Astana.

Recent events, particularly the Ukrainian crisis of 2014 and its aftermath, have led to the suspension of cooperation between the EU and Russia; "excitement about Ukraine turned out to be a test on the ability of Russia and the EU to form a single space from the Atlantic to Vladivostok" (Meshcheryakov and Treshchenkov 2014, 224). There are still objective reasons (e.g., geographic proximity, economic interdependence) to suppose relations will be restored.

While Europeans are waiting for peace in Ukraine, however, the geopolitical landscape of Eurasia is changing rapidly and dramatically. The creation of free trade zones within the EEU will be determined by the geopolitical situation. In September 2013, China's President Xi Jinping announced that the country was launching a project called "One Belt, One Road" (OBOR). This is not just a classic integration project, it is a megaproject containing diverse initiatives that supposedly will result in the creation of a "Greater Eurasia" stretching from the Pacific to the Baltic and Mediterranean seas.

The crisis in relations with the West forced Russia to intensify relations with China and, in the judgment of Russian analyst Dmitri Trenin, to radically change its strategy in Eurasia: "Putin's concept of a 'Greater Europe' from Lisbon to Vladivostok, consisting of the EU and the Russian-led Eurasian Economic Union, is being replaced with the concept of a 'Greater Asia' from Shanghai to St. Petersburg" (Trenin 2015). Russia and China agreed to harmonize the Eurasian Economic Union and the Silk Road Economic Belt; on May 8, 2015, Putin and Xi signed a joint statement on their plans to expand economic cooperation and create a true global Eurasian region.

A multipolar Eurasian order is being established. According to Chinese expert Yu Li, the conjunction of the Eurasian Economic Union and the "One Belt, One Road" megaproject proves this, even if it might also be called "multilevel regio-polarity." This common integration project "is a long-term global strategy, a center of geopolitical stability and development of Eurasia, which has become a global region today. A unique combination of political, economic, legal and organizational factors for the implementation of this project has emerged" (Lagutina 2017, 54).

CONCLUSION

There has been a gradual withdrawal from the statecentric system of international relations and some of its principles. The trend is toward the development of integration ties on different levels, processes of global regionalization, and rethinking the principles and mechanisms of international cooperation. Regional subsystems are becoming the important elements of the global system and the most effective form of state adaptation to globalization. The notion of a "global region" describes the process of regionalization at different levels of the world system. It is the answer to the crisis of the system of global governance. The concept admits new approaches and mechanisms that might promote connections. The formation of "global regions" is still at a preliminary stage; however, the EU, the EEU, TTIP, and BRICS are already complexes of diverse spaces orientated toward each other around the characteristics of the "global region." Already, therefore, the world system can be characterized as moving toward a "world of global regions."

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Part II

THE TRANSREGIONALIST AGENDA AND MODELS OF INTEGRATION—A COMPARATIVE PERSPECTIVE

Chapter Five

Differentiated Integration in the European Union

The "New-Old" Way of European Integration

Boglárka Koller

"We will act together, at different paces and intensity where necessary, while moving in the same direction, as we have done in the past, in line with the Treaties and keeping the door open to those who want to join later" (Rome Declaration 2017). This statement from the 2017 Rome Declaration was debated and criticized by the East and Central European member states, particularly Poland, for fear memberships of different ranks might emerge in the EU. In the end they signed it, because the openness of a multispeed Europe was emphasized as well. The Hungarian position was similar to that of Poland: the government argued that while it could agree to a multispeed, open Europe, a "two-tier EU" was unacceptable. Differentiated integration appears nonetheless as the underlying logic for fulfilling the main objectives of the EU, namely strengthening safety and security, achieving a prosperous and sustainable Europe, taking steps to achieve social Europe, and enhancing the global engagement of the union.

Differentiated integration (DI) is far from new. It has existed since the establishment of the Treaty of Rome (1957), but only in the last fifteen years has it become an official course for European integration. Different allegiances and "club memberships" have been born, and European integration has been redefined substantially. Hungary, for example, is a member of the EU and the Schengen zone, as well as one of the V4, but it is not yet part of the Eurozone. Norway, while not an EU member state, enjoys most of the advantages of the single market. Differentiated integration reinterprets membership, policy-making processes, relationships between members, and sometimes the identities of European citizens. It is not yet a new integration theory, but it reinterprets the existing "big" theories of European integration (federalist, liberal, intergovernmental, neofunctionalist, multilevel governance

theories). It provides a new framework for examining and interpreting European regional integration, and the future of EU is incomprehensible without understanding differentiated integration.

Kenneth Dyson (2010) and Angelos Sepos argue that differentiated integration should be understood as "as a design principle and as a tool in the political management" (3) to solve the classic problems of collective action. They emphasize that differentiated integration has political, legal, and socioeconomic dimensions. More holistically though, differentiated integration is a phenomenon that changes the underlying logic of European regional integration. It reinterprets the relationship between members and nonmembers, and thus marks out new directions for the development of EU policies and institutions (Koller 2012a, 2012b).

Differentiated integration is used to describe the "non-unified way of European integration" (see de Neve 2007; Arató 2002), and applied to all patterns of integration that indicate the integration of some states while not involving others. Full membership in the EU is not a requirement for participating in differentiated integration. Differentiated integration thus results in diverse political and legal attachments for states, both within and outside the European Union (Koller 2012a, 2012b).

When European integration began, the objective of the six founding states was to establish a united Europe in which all the member states took part equally. When the Treaty of Rome established the European Economic Community six years later, however, differentiated integration appeared in the form of a reference to the Benelux (Belgium, Netherlands, Luxembourg) union. In the 1950s and 1960s though, with only six members in the European Community, there was no need to develop the idea. It was only in the 1970s that the evolution of the concept began. Willy Brandt, in 1974, mooted the possibility of letting the stronger member states cooperate more closely within the EEC. A year later the Belgian prime minister, Leo Tindemans, similarly argued for flexibility; he wanted member states unwilling or unable to participate in a certain facet to be honest (Koller 2012b, 3).

Differentiation appeared in the primary law for the first time in Article 8C of the Single European Act (Ehlermann 1995). Since then, each founding or modification treaty (Maastricht, Amsterdam, Nice, and Lisbon) has included clauses on differentiated integration. The Lisbon Treaty is a milestone in codifying differentiated integration (Král 2008; Koller 2012b). Many scholars (Kölliker 2011; Philippart and Edwards 1999; Tekin and Wessels 2008; Andersen and Sitter 2006) see this gradual development of differentiated integration through EU treaties and legal arrangements as sufficient explanation, but differentiated integration can be interpreted in a much wider sense.

There are at least four different types of differentiated integration. Avbelj (2008) identified three. The first and most common appears at the level of the primary law of the EU. This includes treaty articles on enhanced cooperation clauses, for instance, as well as opt-outs and protocol-based derogations (A). The second emerges in secondary EU law, which encompasses legal techniques for minimum harmonization, mutual recognition, interpretative solutions, and derogative clauses (B). The third form of DI manifests in regulatory and legal regimes born outside the union (C). Agreements with third countries, like the stabilization and association agreements with the western Balkan states, or with groups of countries, like the European Economic Area, also create a type of differentiated integration though (D). The latter two manifestations of DI, in particular, tend to foment substantial changes in the nature of European integration.

EU legal documents, politicians, and theorists often use different concepts to describe the phenomenon. Flexibility, core-Europe, Europe á la Carte, multispeed, variable geometry, closer cooperation, enhanced cooperation, center of gravity, pioneer group . . . all describe a certain form of differentiated integration (Koller 2012b, 7). Alexander Stubb (1996) defined the three main concepts of differentiated integration according to three variables: time, space, and matter. According to him, a "multi-speed EU can be defined as the mode of differentiated integration according to which the pursuit of common objectives is driven by a core group of member states that are both able and willing to pursue some policy areas further, the underlying assumption being that others will follow later. Variable geometry can be defined as the mode of differentiated integration which admits to unattainable differences within the main integrative structure by allowing permanent and irreversible separation between the core of countries and lesser developed integrative units." Europe á la Carte, on the other hand, "allows each member state to pick and choose as from a menu in which policy areas it would like to participate, whilst at the same time maintaining a minimum number of common objectives" (287–88). Of course, definitions and natures of flexibility often overlap (Stubb 1997, 44).

DI IN PRACTICE—OVERLAPPING LAYERS OF INTEGRATION

The first example of treaty-based enhanced cooperation came after the entry into force of the Lisbon Treaty in June 2010, when the European Parliament approved the initiative of fourteen member states to harmonize divorce laws applicable in a cross-country separation (Boele-Woelki 2008; Koller 2012b, 7). The European patent with unitary effect was the second case adopted, the

property regimes of international couples the third, and since then there have been new proposals submitted to the commission. The best-known example of differentiated integration is the Economic and Monetary Union (EMU). The Maastricht Treaty of 1992 enumerated the three phases of the EMU and laid down the convergence criteria for joining the Euro zone. There were significant differences between the interests and aspirations of member states, so not all member states could reach the objectives, and not at the same time (Arató and Koller 2015, 197–202). Temporary exceptions were provided for countries unable to fulfil the conditions. This kind of differentiation fits into the category of multispeed Europe.

Denmark's and the UK's opt-outs from the EMU are indicative of á la Carte integration, which denotes a permanent differentiation between the groups of member states that do and do not participate in a certain policy. Currently, the EMU has nineteen members; the other nine EU member states use their national currency. Only Denmark and UK opted-out from EMU, however, which means the other seven countries have to join when they meet Maastricht criteria.

The European Economic Area (EEA) demonstrates yet another form of differentiated integration; it is a mixture of the variable geometry and multi-speed types. Created in 1994, the EEA currently includes thirty-one members, all EU and EFTA (European Free Trade Association) countries. The EEA is an extension of the single market to nonmembers as well, namely to Iceland, Lichtenstein, and Norway; within the area there is free movement of goods, services, labor, and capital. Non-EU-member EEA countries have to adopt most of the EU law, but can also affect legislation. They do not pay into the EU's budget, but take part in financing the single market. Only one EFTA member, Switzerland, is not part of the EEA.

The Schengen Area is an example of the multispeed type of DI; it emerged first outside the EC framework and only later, via the Treaty of Amsterdam, became involved in the EU's legal order (Koller 2012b, 14). The Schengen Agreement was signed by Germany, France, Belgium, Luxemburg, and the Netherlands in 1985 to abolish border controls. Other EU members joined the initiative later, but full implementation came only in 1995. Not all of the EU members are part of Schengen, but all EFTA countries are. Currently Schengen has twenty-six members.

The European Neighbourhood Policy (ENP) represents a new form of variable geometry outside the EU borders. Launched in 2003, the ENP aims to share some of the benefits of the European Union with neighboring countries without requiring them to follow all the EU rules. Thus, a new, in-between category emerges: "the neighbors"; it indicates that these countries are attached to Europe but are not part of the EU (Koller 2012b, 15). The

European Neighborhood Policy requires a wide range of commitments from the nonmember countries to follow the "European way" in various fields of cooperation though. "The ENP is as much about the identity of Europe as it is about the handling of the relations to the neighboring states" (Ifversen and Kølvraa 2007, 3). The much-criticized Eastern Partnership with the post-Soviet countries also aims to export "European values and norms" to the east without requiring these countries to contribute. The stabilization and association agreements with the western Balkan states are different in nature though, because they explicitly provide for future accession and thus represent multispeed Europe outside the EU's border (Economides 2008; Koller 2012b, 15).

The functional macroregions such as the Baltic Sea, the Danube, the Adriatic and Ionian Region, and the Alpine regions are new territorial forms of differentiated integration. A functional macroregion is a territorial unit that encompasses various states, covers different areas of cooperation, and is interwoven with multiple levels of competences. It is also, therefore, an example of multilevel governance. A macroregion fosters better use of existing financial resources, institutions, and legal frameworks to enhance cooperation between the stakeholders of the region (Koller 2012b, 15). As well-defined geographic areas, functional macroregions fit the variable geometry type of DI. Non-EU-member states are included in macroregions as well; among the fourteen countries of the Danube Region Strategy, three are non-EU-members (Ukraine, Serbia, Bosnia-Herzegovina).

The Visegrád cooperation established in 1991, also known as the Visegrad Four or V4 (Poland, Hungary, Slovakia, Czech Republic) is a loose, noninstitutionalized intergovernmental group. There are signs that V4 is an emerging club within the European Union. It is, however, a mixture of three types of DI. Since participation in V4 is geographically determined—that is, it is not possible for other EU members to join—it is a variable geometry type. The V4 group has started to pick and choose among EU policy initiatives, which puts it in the category of Europe á la carte. Further, V4 countries have started to reject EU mainstream policy and come up with their own policy solutions. They consider themselves pioneers of integration, which is a unique interpretation of multispeed. Their aim is not to remain in the outer layer of the European integration.

There are other subregional integration units that can be interpreted as forms of DI. The Slavkov Triangle established in 2015 is a "rival" of V4. not including two of the Visegrád states: Hungary and Poland. It includes Austria, Slovakia, and the Czech Republic, but not Hungary or Poland. The Slavkov Triangle aims to connect Austria more to Central Europe. The Nordic Council, established in 1952, also has a well-defined geographic focus and includes EU members and nonmembers, making it variable geometry.

Similarly, there is the Benelux Union established in 2008 as a continuation of the Benelux Economic Union established in 1958; it has the highest level of integration among the so-far mentioned subregional groups. The Benelux Union is true "integration in the integration"; it has a legal personality and institutionalized forms of cooperation, and aims to coordinate cooperation in numerous policy fields. As these examples demonstrate, Europe is as a dense network of overlapping clubs with many different forms of integration.

Some scholars contend that differentiated integration, in fact, obviates all previous theories of integration (Koller 2012a, 2012b). De Neve (2007), for instance, argues that "all theories of European integration—both rationalist and constructivist—[should] be revisited to come up with a satisfactory analysis of the processes of differentiated integration" (515).

The central concept of neofunctionalism is the "spill-over effect" (Haas 1958; Lindberg 1963, 10). Lindberg defined it as "a situation in which a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more action and so forth" (Lindberg 1963). Thus, the development of common policies in the EC would automatically generate the necessity to develop new policies at the community level. There are various forms of spillover: functional, political, institutional, and geographic (Tranholm-Mikkelsen 1991, 4–6). The explicatory power of this theory is limited though. A particular form of spill-over may explain why a group of member-states cooperates, but it cannot demonstrate why spill-over succeeds in some areas and fails in others (Dyson and Sepos 2010, 17).

Intergovernmentalist theories emphasize the role of the nation-state in integration processes, arguing that nation-states act according to national interest (Hoffman 1966; Taylor 1982; Moravcsik 1993; Moravcsik and Nikolaidis 1999). This makes it easy to discern a member-state's motivation for differentiated cooperation, but does not provide sufficient explanation for why the states either stay away from a "club" or refuse to join the club at a later stage (Dyson and Sepos 2010, 17–19).

Multilevel governance (MLG) theories might fit differentiated integration, since they argue for the existence of a multitiered political community with vertically and horizontally divided governance structures (Hooghe and Marks 2001, 2008; Kaiser 2007; Ágh 2011). They also cannot explain, however, why a member state joins or drops out of a differentiated cooperation. Because MLG theories emphasize the role of the subnational, regional, and local actors in policy-making though, they are good starting points for reinterpreting differentiated integration. This is particularly important since not only regional and local communities, but also European citizens could initiate a differentiated cooperation. According to the Treaty of Lisbon, "Not

less than one million citizens who are nationals of a significant number of Member States may take the initiative of inviting the European Commission, within the framework of its powers, to submit any appropriate proposal on matters where citizens consider that a legal act of the Union is required for the purpose of implementing the Treaties."

Constructivist and the institutionalist theories likewise might contribute to an explanation of differentiated integration (Risse 2004; Pierson 1996). According to constructivist theory, differentiation is a natural outcome of collective identity formation within the union. This cannot predict or explain, however, which forms of differentiated integration are attractive to individuals and why. Institutionalist theories, which function similarly but emphasize structures and superstructures over individuals, also can be useful in understanding differentiated cooperation. They likewise cannot provide sufficient answers, however, as to why forms of differentiated integration were born outside the EUs institutional and legal framework, or why they are attractive.

Since there is no satisfactory theoretical explanation, the processes and outcomes of differentiated integration must be analyzed at the microlevel (Wiener and Diez 2004, 3). The process of differentiated integration, for example, can be interpreted as a functional drive for efficiency in integration (Kölliker 2001; De Neve 2007). It also can be viewed as a tool for overcoming deadlocks in the integration process by letting some countries progress in certain policy fields in the short term. The Euro zone and the first precedents of enhanced cooperation are good examples (Koller 2012a, 2012b). It nevertheless seems that differentiated integration does not have this positive, strengthening role in the integration process in all instances; it can be a brake and a barrier to Europeanization. The opt-outs from common social policy, the EMU, and the Charter of Fundamental Rights all fall into that category as symbols of the so-called "downsizing effect" of differentiated integration (Tekin and Wessels 2008, 25). They foster the centrifugal rather than the centripetal forces in the EU.

The Schengen regime, on the other hand, is a good example of differentiated integration that contributed to deeper integration among its members first and then became part of the EU framework via the Amsterdam Treaty. Even in the case of Schengen though, there were many contingencies and ad hoc solutions that interfered with strategic calculations (Gaisbauer 2010, 2). It seems logical to anticipate this in the future, and expect that the process of differentiated integration will continue to morph.

The concept of enlargement will likely continue to change as well, as new "clubs" form in and around the EU. The history of European integration demonstrates that new enlargement waves always constitute a complex challenge for the community (Zielonka 2001). Transforming "outs" to "ins" has

transaction costs for both sides. "Traditional" enlargement, however, is likely a thing of the past; accession is only one form of enlargement now. Matriculation into other clubs such as the Euro zone, the European Economic Area, or the Danube Region Strategy constitutes different but valuable memberships. In the future enlargement will likely be plural—that is, enlargements of the various clubs and the continuous pursuit of some states to change their status in policy areas rather than institutions. The definition of "deepening" should be reformulated too, as it can only be interpreted within certain clubs (Koller 2012a, 2012b).

DI IN THE FUTURE: SCENARIOS OF INTEGRATION

Recent years have been turbulent for Europe. The global economic crisis created significant fragmentation between the northern and southern EU members. The 2015 migration crisis remains an unresolved policy dilemma for the EU that has contributed to the revival of an east-west division in Europe. Terrorist attacks in European capitals have elevated security concerns for EU citizens. The United Kingdom, the second largest economic power in the European Union, plans to leave the community by March 2019. U.S. President Donald Trump, who is often skeptical about the effectiveness and survival of the EU, has stirred the pot further.

Think tanks and decision makers have tried to keep up with and adjust to these developments, all of which affect the integration of European states in some way. Among the most comprehensive, visionary documents developed is the *New Pact for Europe*. In the first report, published in 2013, a leading European research institute listed the main challenges the European Union is facing and sketched out possible development scenarios (New Pact for Europe 2013). It suggested, for instance, ending what it called the EU's overambitious plans for expansion and integration, and returning to the minimums acceptable to all members. This might mean shedding the Euro in some countries, or renationalizing policy in some areas. Consolidating achievements appeared as a second option. In this scenario, the EU member states could exploit existing opportunities but not transfer further sovereignty to EU institutions. Moving ahead ambitiously with integration remains an option, according to the document, but it would require significant changes in the foundational treaties. The authors argue that while "an increasingly multi-speed approach seems likely [. . .] a permanent 'multi-tier Europe' must be avoided." Two other scenarios are more drastic. One involves leaping forward to full-fledged union. Member states who do not want this are left out of "core Europe," which might result in a permanent separation. The

other suggests reconsidering European integration all together and possibly abandoning it to focus more on citizens' needs (New Pact for Europe 2013).

Another set of options appeared in the *White Paper* of the European Commission published in March 2017. "Carrying on" and delivering its reform agenda is the first possibility. The second, "nothing but the single market" option, would refocus integration on economic matters and specifically on the single-market. The implication is that policy initiatives not connected to the single market will be postponed or dropped. The third suggestion is that the EU follow the path of differentiated integration: "Those who want more [. . .] do more." Flexibility and openness would be essential in retaining the possibility for a state to join any initiative at any time. The document does not address, however, how this can be done once some states have moved ahead. "Doing less more efficiently"—essentially Europe á la Carte—is the fourth scenario. The EU member states would choose a set of policies and priorities on which to focus and delay or abandon others. The most ambitious scenario, however, lets member states agree to "do much more together," which means further transferring sovereignty to the EU and providing more resources to strengthen EU level-decision making (European Commission's White Paper 2017).

European leaders had accepted differentiated integration in the Rome Declaration, and until mid-September 2017, it seemed that the leaders of EU institutions, foremost Jean-Claude Juncker, and the member states shared the opinion that differentiated integration was the most likely scenario. In his state of the union address on September 13, 2017, however, Juncker attacked multispeed integration and argued for a more unified integration. He called for a wider Euro zone faster, and urged member states to accelerate the accession of Bulgaria, Romania, and Croatia to the Schengen zone. According to Juncker, these steps would eliminate divisions between member states and bring countries currently at the outer layer of integration into the core. He sharply criticized the division of Europe into "first- and second-class members," and advocated the rapid accession of the western Balkan states (Juncker, State of the Union Address, 2017).

This marked a fundamental shift in Juncker's stance. In March 2017, however, the outcomes of the French presidential and German federal elections were not known. Emmanuel Macron was an unknown entity prior to his victory in May 2017, and while Angela Merkel is entering her fourth term as German chancellor, there is a new dynamic. The Macron-Merkel duo, or as journalists call them M&M, hope to restore the Franco-German "engine" of European integration that operated so well in the past.

They both want a stronger, more unified EU with less fragmentation. They both want the EU to deliver more to citizens. They share the vision of

a vibrant common Europe project and are committed to providing pragmatic solutions to both internal and external challenges. They also share a rather forward-looking and ambitious attitude. There are thus signs that the European Union will move toward deeper integration. There are also signs that Macron and Merkel will encourage more members to join their initiatives. If the members refuse the invitation, however, they will start without them. Consequently, while Macron and Merkel most probably will not favor differentiated solutions, their ambitious leadership of the EU likely still will lead to new forms of differentiated integration.

CONCLUSION

Differentiated integration (DI) is going to remain part of European integration. Additional legal, institutional, and economic regimes almost certainly will emerge both within and outside the EU. Theories of integration should be applied cautiously, though, as there are still many open questions. Treaty-based explanations dominate the discourse, but little has been written about differentiated integration in connection to the evolution of "new clubs" outside the EU framework. This form of differentiated integration already has widened and deepened debates in the EU, and further differentiated integration will fundamentally change the meaning and value of membership in the community. Forming a new club and delineating its boundaries also means excluding those who do not participate. Differentiated integration is thus about defining "ins" and "outs," which can lead to fragmentations and could have disintegrative effects.

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Chapter Six

The European Dimension: The V4 and the EU

An "Alliance within the Alliance"

Tamás Szemlér

The turn from the 1980s to the 1990s brought fundamental changes in Europe. These included the emergence of new countries and new alliances, while several old cooperation patterns disappeared or at least faded into the background. In most countries, these changes included the rupture with old mechanisms of political and economic life as well.

Central and Eastern Europe (CEE) was at the heart of these events. After the systemic changes in most CEE countries, a reorientation of their policies could be observed. After decades spent in the Soviet bloc, they all headed toward the West, and put Euro-Atlantic integration—meaning North Atlantic Treaty Organisation (NATO) and European Union (EU) membership—as their primary foreign policy objective.

While the West welcomed the changes in CEE, it has also been cautious with going ahead. Western leaders suggested the region needed additional development before integration into existing Western structures, although they would let them into looser associations first. This approach, clearly manifested in the idea of French President François Mitterrand about a European Confederation, has not been popular in most CEE countries. Some, therefore, have looked for possibilities to cooperate among themselves, with the primary objective of enhancing their approach to Western structures.

The Visegrad cooperation launched with three, then after the dissolution of Czechoslovakia, four countries (therefore the V4). More than a quarter of a century later, it has evolved according to the changes of the international environment, the fulfilment of the participants' strategic objectives and to the changes of their ambitions.

This chapter deals with the development of objectives and achievements of the V4. First, it presents the objectives of the V4 based on key declarations. It then examines the specific objectives and the results of cooperation in five

different fields (economic development; security; political "style," governance; relations to neighbouring countries; "alliance within the alliance") before and after the EU accession of the V4 countries. Conclusions about the potential future role of the V4 cooperation within the EU end the chapter.

V4: HISTORY AND ORIGINAL OBJECTIVES

On February 15, 1991, at the castle of Visegrád (Hungary) Václav Havel, president of Czechoslovakia, Lech Wałęsa, president of Poland, and József Antall, prime minister of Hungary, signed the Visegrad Declaration. The venue of this "Visegrad Summit" reminded the participants of their history: in November 1335, the Czech, Polish, and Hungarian kings met at Visegrad to find solutions to their debates and to establish a common approach against the staple rights of Vienna.

Thus, strategic cooperation between the V4 countries is not without antecedents. During the turbulent changes in the early 1990s, the leaders of the three countries (now four) found it useful to rely on this historical example—adjusted to the current situation, of course.

The Visegrad Declaration emphasized stabilizing the political and economic situation in the region, underlined the need for better security, and called for cooperation in reaching the common strategic objective of joining Euro-Atlantic political, economic, and security structures. As the Visegrad Declaration (1991) specified: "The similarity of the situation that has evolved over the past decades has determined for these three countries convergent basic objectives:

- full restitution of state independence, democracy and freedom;
- elimination of all existing social, economic and spiritual aspects of the totalitarian system,
- construction of a parliamentary democracy, a modern State of Law, respect for human rights and freedoms,
- creation of a modern free market economy,
- full involvement in the European political and economic system, as well as the system of security and legislation" (Visegrad Declaration 1991).

The declaration was important at this early stage of the systemization of the fundamental changes in CEE. Nevertheless, the participating countries did not identify the "Visegrad" format as an end unto itself: its intended role was to provide assistance to achieve the (same) Euro-Atlantic ambitions of the members.

The establishment and the development of integration patterns of the Visegrad countries was only one of the important steps taken, however (see table 6.1). The objectives listed in the 1991 Visegrad Declaration have been reached by all member countries; the technical issues related to the separation of the Czech Republic and Slovakia did not cause any harm in this respect. The consequences of the rather anti-European activity of the Meciar administration, however, are reflected in the slower progress of Slovakia. Because of the radical changes initiated under the Dzurinda administration, though, by the time of EU accession, the country was able to catch up.

Table 6.1. Integration Steps and Cooperation Patterns of the Visegrad Countries

	Visegrad Group	*Council of Europe*	*Europe Agreement*	*CEFTA*	*OECD*	*NATO*	*EU*
Czech Republic	1991*	1993	1991*	1992*	1995	1999	2004
Hungary	1991	1990	1991	1992	1996	1999	2004
Poland	1991	1991	1991	1992	1996	1999	2004
Slovakia	1991*	1993	1991*	1992*	2000	2004	2004

* As part of Czechoslovakia.
Source: The organizations' websites.

During the 1990s, the Visegrad countries moved forward in the fulfillment of their Euro-Atlantic integration objectives. By 2000, all were candidates for EU membership. The realization of this objective (and of all the other memberships shown in table 6.1) has had consequences for the further functioning of the Visegrad cooperation; as the original objectives had been reached, new ones had to be found.

ORIGINAL OBJECTIVES COMPLETED, MISSION MODIFIED

After having achieved NATO and EU membership, the V4 had to redefine the cooperation. The 2004 Visegrad Declaration provides guidance in this respect: "The Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic, assembled on 12 May 2004 in Kroměříž, state with full satisfaction that the key objectives set in the 1991 Visegrad Declaration have been achieved and declare their determination to continue developing the cooperation of the Visegrad Group countries as Member States of the European Union and NATO. . . . The cooperation of the Visegrad Group countries will continue to focus on regional activities and initiatives aimed at strengthening the identity of the Central European

region. In this context, their cooperation will be based on concrete projects and will maintain its flexible and open character. . . . The Visegrad Group countries are also ready to use their unique regional and historical experience and to contribute to shaping and implementing the European Union's policies towards the countries of Eastern and Southeastern Europe" (Visegrad Declaration 2004).

The message of the first paragraph is that cooperation between the V4 is to be continued within the EU and NATO. The second answers the question how this should be done: focusing on regional activities, and strengthening Visegrad/CEE identity. Such an approach needs new, concrete elements.

Flexibility and openness are emphasized in this respect, but openness goes beyond the V4 circle. The third paragraph deals with the potential of the V4 to contribute to the successful implementation of the EU's policies in the broader region ("Eastern and Southeastern Europe").

The second and the third paragraphs together mean that the group looks for an active role within the European Union. At the time of the big round of the EU's so-called "Eastern Enlargement," one of the big questions was whether the new member states would be able to leave their positions of "policy takers" (a logical situation in the phase of accession talks) and become "policy makers." The text of the 2004 Visegrad Declaration is a firm reply, as it formulates the intention of an active contribution of the V4 countries to EU policies.

The text is not just about the role of the V4 countries, but about the role to be played by the V4 as a regional cooperation. This means that the V4 countries intended to use their cooperation as a representation of their common interests and positions in the debates that take place in the EU.

The first years in the EU brought various experiences for the Visegrad countries. In 2011, the Bratislava Declaration issued on February 15, 2011, by the prime ministers of the V4 countries evaluated—positively—these experiences and offered guidelines for the future role of the cooperation. The document emphasized the importance of the development of the Visegrad cooperation and expressed the firm intention to continue its active contribution to key processes in Europe. It was written in the Bratislava Declaration: "Nowadays, the Visegrad Group is a recognised symbol of successful political and economic transformation and, in many areas, also a model for regional cooperation. The Visegrad Group (V4) countries have become constructive, responsible and respected partners in Europe in implementing EU key priorities and programmes and, through their input, have contributed and will continue to contribute towards the processes of political and economic integration in Europe, including EU and NATO enlargement, in order to promote the prosperity, security and stability of the continent" (Bratislava Declaration 2011).

Beyond the general statements, the text of the Bratislava Declaration provided a "fine-tuning" of the objectives of the Visegrad Group. The document explicitly mentioned a number of specific areas for cooperation, including economic cohesion and competitiveness, energy security, transport infrastructure, the four freedoms, Common Foreign and Security Policy, V4+ (the actions/initiatives of the V4 involving non-V4 and non-EU countries), Euro-Atlantic links, and security. In all of these areas, the activity of the V4 is and is supposed to remain part of the activity of one or more larger groups; the most important ones are the EU and NATO. Being in line with the policies of these larger groups and at the same time expressing a genuine V4 position is not an easy task, especially as positions may diverge within the V4 as well.

Despite difficulties, the years since 2011 have shown an increase in importance and prestige of the Visegrad organization. Despite differences in the positions of its members on a number of issues, the Visegrad Group has become one of the more stable and well-known "coalitions" within the EU. Of course, the success of such cooperation is based on common key interests in a number of important fields.

SELECTED ASPECTS OF COOPERATION

The Visegrad organization has been active in several fields, but there are five in which the V4 has played an important role and had tangible results:

- Economic development
- Security
- Political 'style'; governance
- Relations to neighbouring countries
- "Alliance within the alliance"

Economic Development

Economic development has always been an important field of cooperation between the V4 countries. After the systemic changes, the artificial division of work among the countries of the Eastern bloc collapsed; trade between them has fallen to a historically low level. To change this, the V4 countries signed the Central European Free Trade Agreement (CEFTA) in 1992.

CEFTA has become a success story. Trade between its members has risen rapidly. The agreement was also an important element of preparation for the single European market, even if this meant a much deeper integration than a

free trade area. By the time of EU accession, the founding countries had left CEFTA, but new members keep it alive.

CEFTA served the general objective of economic development for its members, contributing thus to the fulfilment of the objective of economic convergence with developed Western European economies. This objective has been at the center of all CEFTA efforts.

Economic convergence remained an important task for the V4 after their EU accession in 2004. They have had different growth paths, but all of them are still relatively far from EU average and, consequently, far from the economic development level.[1]

As EU member states, the V4 countries have become part of all EU policies (in some cases with transition periods). Cohesion policy is the main tool for increasing economic cohesion within the EU. In line with their relative economic development level and with their objective to approach the economic development level of the Western countries of the EU, the V4 countries focus on using EU cohesion policy tools; they are also among the strongest supporters of the continuation of this policy after 2020 with abundant financing.

Economic cohesion is one of the theoretical "Optimum Currency Area" conditions of becoming a member of the Euro zone.[2] Introducing the Euro is an obligation taken on by these countries when they signed their accession treaties; however, the intentions are quite divergent among the V4 countries. Much depends on the debates based on recent documents published by the European Commission,[3] and on the future of the initiatives proposed by French President Emmanuel Macron in September 2017 (Macron 2017).

Security

Since 2004, maintaining and strengthening established Euro-Atlantic links are permanently on the V4 agenda. The V4 countries have been active in drawing attention to issues beyond the EU, in line with the Visegrad Declaration (2004). Of course, there have been issues in which the positions of the V4 countries have diverged. Even when the divergence seemed large, however, it has not threatened the original objective of being a firm part of the Euro-Atlantic security bloc. Members of the group several times expressed their intention to enlarge the area of security to their neighbourhood (The Visegrád Group Intensifies Its European-Wide Political Actions 2017).

Political "Style," Governance

The Europeanization of the "style" and the substance of political life has also been an important challenge within the V4. The experiences of the decades

spent in a highly centralized, mono-party system had their effect. Leaders had to learn the rules of the political game in a multiparty system. This has not been easy, and it would be too optimistic to say it has been solved.

EU accession had a number of preconditions (the so-called Copenhagen criteria) related to the political system.[4] These criteria have been helpful on the way to the stabilization of the institutions of democracy in the region. EU accession has also been an acknowledgment of the progress made by candidate countries, including the V4.

Since 2004, questions about political "style" and governance have been put differently. After EU accession, the leaders of the V4 countries rapidly learned to use "Brussels" as a scapegoat—a well-known element of political rhetoric for decades in many "old" EU member states. Of course, the successful representation of a country's interests in an international organization needs rhetorical elements, even if in some cases the efficiency and the final effects of harsh rhetoric can be questioned. It is sometimes difficult, however, to differentiate between "pure rhetoric" and the real intentions of governments.

This problem appears in all V4 countries to a different degree, and even the "roles" change from time to time. The important thing is to be able to identify common (V4) interests and to represent them successfully while respecting national and EU-wide interests. The real strength of the V4 as a subgroup of EU member states depends to a great extent on the successful practical realization of this objective.

Communication between the V4 countries is therefore key. Where interests overlap, coordination and cooperation and, potentially, a joint position of the V4 countries are desirable.

Relations to Neighbouring Countries

Relations between neighbouring countries, including relations between the V4 countries, have been a delicate issue. The peace treaties ending the world wars created dramatic territorial challenges in the region, with Hungary (for instance) losing more than two-thirds of its surface and about 60 percent of its population in 1918. The resulting tensions among ethnic minorities, including millions of people who had become ethnic minorities in their new country, persist.

After the collapse of the Soviet bloc, the rules for relations with neighboring countries changed. Although there have been ups and downs, the overall trend of the last twenty-five years has been positive. Most important for Hungary, given the large number of ethnic Hungarians living in other countries, EU membership for most countries in the region has eased the difficulties

of contact with Hungarian minorities. Schengen area membership has been another important step in this regard.

In such a changed environment, relations between neighboring countries have acquired new dimensions. These countries, and especially the V4, strive to add a kind of "local content" to the EU framework, to jointly represent their common interests in EU debates, and, last but not least, to act together to become "policy makers" within the EU.

"Alliance within the Alliance"

The Visegrad cooperation was launched a good quarter of a century ago; it has achieved its original objectives and developed further aims. As the key objectives have been the same for all participants, there were no major debates. The overall functioning of the cooperation was good. It has always been clear that the V4 cooperation cannot be a substitute for Euro-Atlantic integration though. It was conceived as an instrument used to access other instruments (the EU and NATO) expected to deliver the conditions the V4 countries have been striving for since 1989.

Since 2004, the role of the V4 cooperation has been transformed. V4 members have become part of the EU, and the Visegrad Group gradually emerged as a level between state interests and the EU. It serves as an instrument to represent common interests and is thus a "power multiplier." In this sense, the V4 cooperation can be seen as an "alliance within the alliance."

Of course, while they may appear as a relatively homogeneous bloc from the outside, the V4 countries show considerable differences. The Visegrad Group therefore cannot represent all of the interests of all of its members. There is a distinction between the representation of similar or at least converging national interests, where the V4 can play an active and efficient role, and the representation of "specific national interests." Member states represent their own interests; however, if there is enough substance as a basis for cooperation, the Visegrad Group provides a specific level of the representation. The more regional interests coincide, the more stable the region becomes, and the stronger the V4 becomes, increasing its "embeddedness" in EU policy making.

CONCLUDING REMARKS

The Visegrad Group has gone through substantial development since its establishment. The participating countries have been through different and sometimes difficult development phases; that the original three founders

have become four is only the most visible. Despite all the challenges, they followed a path that led toward the fulfilment of their common key objective: their integration into the Western world where they felt they belonged. The tangible prerequisites were membership in the EU and NATO. The path to membership was not even; however, all of them attained EU and NATO membership by 2004.

In 2004, therefore, one of the big questions was whether the V4 still had a place and could play an active role. Based on the experiences since then, the answer is "yes." The V4 has played an important role in many aspects of life (see table 6.2).

Table 6.2. Matrix of Issues and Integrations/Institutions—a Subjective Evaluation

	Economic development	*Security*	*Governance, political "style"*	*Relations to neighbouring countries*	*"Alliance within the alliance"*
V4	+	+	+	++	+++
Council of Europe		+	++	+	
CEFTA	++			++	+
OECD	++				
NATO		+++		+	
EU	+++	+	++	++	

Source: Szemlér 2017: 144

The inner logic of the "alliance within the alliance" concept gives the Visegrad Group its sense and purpose. Any particular actions, or "national divergences," must be taken into account if the countries do not want to deviate from the track they chose almost three decades ago.

NOTES

1. For country-specific historical and current data, see: http://ec.europa.eu/eurostat/statistics-explained/index.php/GDP_per_capita,_consumption_per_capita_and_price_level_indices.

2. The most widely cited first description of the conditions of an Optimal Currency Area was first provided by Robert A. Mundell (1961).

3. The White Paper on the Future of the European Union and a series of Reflection Papers following it (European Commission 2017 a–f).

4. For a brief presentation of the Copenhagen criteria see, for example, the database Eur-Lex at http://eur-lex.europa.eu/summary/glossary/accession_criteria_copenhague.html.

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Chapter Seven

The Eurasian Dimension

The Eurasian Economic Union as a Model of Integration

Cyrille Vignon

Eurasia covers 36 percent of the earth's terrestrial surface. On these vast stretches of land, civilizations rose and fell, mingled and fought. Eurasia never achieved unity, but has known long periods of interconnectedness and centrality in world affairs. As an ideology, Eurasianism places Russia at the center of a landmass populated by Slavic and Turkic nations that make up a civilization neither fully European nor fully Asian. Eurasianism *per se* was born in reaction to the fragmentation of the Russian Empire in the 1920s. The "Classical Eurasianists" (Nikolai Trubetskoi, Petr Savitskiy, Georgi Vernadskiy, Vladimir Iliyn, Fedor Stepun, etc.) of that day were not against the dismantling of the empire but wanted to retain its geopolitical construct. They resisted fragmentation as detrimental to the unity of the civilization. The project was continental in nature and vision, as well as hostile to Europe.

A second wave of Eurasianism or Neo-Eurasianism appeared in the early 1990s. It was a reaction to the fall of the Soviet Union and offered the same argument: holding on to unity in spite of the new independencies (Bassin 2003). The main proponent of this updated version is the contemporary ideologue Alexander Dugin (Dugin 2014). Rather than being hostile to Europe as a cultural understanding, though, Neo-Eurasianism is a response to the "West" and more precisely to "Atlanticism" or the strategic alignment of Europe as a junior partner to the United States. This vision resonates in the current Russian political leadership and partly determines its ideological commitment to the EEU. Another (technocratic) view of the Eurasian project focuses on a pragmatic idea to fit in the globalized economic system as a region. Nursultan Nazarbayev, the leader of Kazakhstan, subscribes to this understanding of Eurasianism (Mostafa 2013).

ATTEMPTS TO REINTEGRATE EURASIA

In its demise, the Soviet Union lost 20 percent of its territory and nearly 50 percent of its population. This strategic loss brought the country from a position of global relevance to one of regional focus (Chiarello 2015). The ideological constructs centered on Russia have established and maintained strong ties with the four subregions composing its sphere of influence: the Baltic states, the Eastern European states, the Caucasus, and Central Asia (Trenin 2001). There were many attempts to reintegrate the post-Soviet space either in part or as a whole, but they brought mixed results. Most regional integration projects in the post-Soviet space increased economic and political tensions rather than resolving them. In the past decade, a new wave of integration endeavors proposed narrowed membership but deeper integration: the Eurasian Economic Union is the latest in this trend.

The Commonwealth of Independent States (CIS) was founded shortly after the demise of the USSR. One of the overarching goals was the creation of a common economic space, but the CIS never wielded enough supranational authority. The newly independent states were reluctant to give away sovereignty, and their interests were not aligned with those of Russia consistently (Weitz 2014). Although many agreements were signed, few were implemented. Russia's attempts to maintain the economic ties established in the Soviet Union were perceived as dictates and foreign intervention. The CIS famously was described as an instrument for a "civilized divorce" between former republics of the Soviet Union (Weitz 2014). Although post-Soviet states remained dependent on Russia, they did not want further integration—quite the contrary.

In the 1990s, Eurasia represented only 14 percent of Russian foreign-trade turnover (Selivanova 2014). Domestic reforms and modernization were deemed more important to heal the wounds of such abrupt changes. Russia tried to "integrate the West," and nurtured relations with the United States and Europe (Melville and Shakleina 2005). In 1993, the disunion within the CIS prompted the United States to assert that the area should not be considered one of privileged interests for Russia. Georgia, Ukraine, Azerbaijan, and Moldova (GUAM) consequently felt emboldened to unite and oppose the hegemonic Russian influence in the CIS with U.S. support.

In 1996, Russia shifted its strategy to "multispeed integration." Little by little, the idea emerged that a smaller community of states actually willing to integrate would be more effective (Tarr 2016).[1] Among the Central Asian countries, Kyrgyzstan, Tajikistan, and Kazakhstan have participated in most of the integration efforts, while Turkmenistan and Uzbekistan have shown reluctance (Indeo 2016). First among these was the Eurasian Economic Com-

munity (EurAsEc) launched in October 2000 to coordinate economic policies by reducing custom tariffs, taxes, and duties. The membership (Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan) was more focused than that of the CIS, but the effort stalled.

The accessibility of markets inherited from the CIS meant the balance between trade creation and trade diversion would not be beneficial to the small states. Only about 50 percent to 60 percent of the common external tariff lines were applied. With no effective regulatory body equipped with supranational authority, interest in the scheme dropped (Tarr 2016). This coincided with greater European Union (EU) involvement in the region through the European Neighborhood Policy (ENP) devised in 2003. The "Color Revolutions" in Georgia (2003) and Ukraine (2004), moreover, received favorable attention from Western capitals and contradicted with Russia's regional interests (Chiarello 2015). The 2008 crisis, the subsequent fall of energy prices, inroads made by the EU's Eastern Partnership, and Chinese investments in Central Asia all added to the political pressure in the region.

These challenges also increased the rationale for a regional answer from Russia, though (Wiśniewska 2013). In 2006, a customs union between Russia, Kazakhstan, and Belarus was announced. Some argued that Kyrgyzstan, Tajikistan, and Uzbekistan were not sufficiently advanced economies to join. The first two, however, were willing to take part (Indeo 2016). It took three years for the members to agree on a common code, and one year later the customs union was launched. By July 2010, regulatory bodies were created (Chiarello 2015). In 2011, the customs barriers came down. The customs union enshrined the possibility of travel among the member states with only an internal passport, and a commitment to enforce World Trade Organization (WTO) regulations even where they conflicted with members' laws.

Building on those developments and on the tangible success of the customs union, Vladimir Putin endorsed deeper integration and freedom of movement for capital and labor in his campaign for the presidency in November 2011 (Crisis Group 2016). In 2012, a Single Economic Space (SES) was launched. Beyond the freedoms of circulation, it aimed at synchronizing policies in macroeconomics and, later, in transport and energy (Chiarello 2015). It was a major step in the sense that the Eurasian Economic Commission (EEC), born of the SES, was given supranational authority. It replaced the customs union commission and was tasked with developing the union and the SES, as well as with ensuring the correct implementation of the treaties. The Eurasian Economic Union (EEU) treaty was signed by Russia, Belarus, and Kazakhstan on May 29, 2014. Armenia joined in October, and Kyrgyzstan in December 2014. The EEU was launched on January 1, 2015.[2]

One essential difference between the customs union and the EEU is that the former was an intergovernmental agreement while the latter is governed by a supranational institution. The degree of independence of this institution and the decision-making mechanism is of paramount importance (Weitz 2014). The main governing body is the Eurasian Economic Commission (EEC) headquartered in Moscow and staffed with over one thousand officials from the member states. Its mission is to oversee the integration process and represent the bloc in trade negotiations. Each country is represented in the commission by two members, called ministers. Each minister heads some of the twenty-five departments over which the Eurasian Economic Commission has jurisdiction. Decisions are adopted and binding if they receive two-thirds of the commission votes (Popescu and Institute for Security Studies 2014).

Each state can veto a decision, however, in the council of the Eurasian Economic Commission. The council is composed of the deputy prime ministers of each country. To avoid deadlock, consensus is sought before a decision is brought to a vote. The technocratic mechanisms for dispute resolutions are often sidelined, however, as critical or controversial issues tend to be resolved at a higher echelon. The next level up is the Eurasian Intergovernmental Council (composed of prime ministers), which convenes twice a year. The highest body is composed of prime ministers; they meet at least once a year and form the Supreme Eurasian Economic Council. A court, headquartered in Minsk, was established to ensure that the agreements are respected. It can issue rulings in economic disputes and interpret the treaties in case of discord, but it has yet to remind a member state of its duty (Chiarello 2015).[3]

Integration Modeling

Economic theory posits a hierarchy of degrees of integration, depending on the commitment of the participants. The most basic is setting up a free trade agreement (FTA). In this arrangement, participants reduce or abolish taxes on goods reciprocally traded but keep authority over their tariffs with other countries. The next step is a customs union, whereby an external tariff is negotiated in common and must be applied in exchange for free trade within the union. Then a common market can be set up, providing freedom of movement for capital and services across the union. An economic union is the combination of the two preceding formats plus a common labor market. A common currency can be introduced as well. Greater integration holds the promise of economic benefits, but comes with increased complexity and loss of sovereignty over segments of policy. A customs union, therefore, although a step further than a free trade area in terms of integration, is a step back in the openness of trade. While internal barriers are brought down, a common external

tariff is set. The average tariff of a customs union is likely to be higher than the average tariff of each member, moreover, since the lines are negotiated jointly and each country lobbies to protect its industries (Tarr 2016). The key to success for a customs union, therefore, is the degree to which trade is facilitated inside the union; this must exceed the trade diverted by the new external trade barriers.

The mechanism of trade creation is straightforward. The abolition of trade tariffs within the union lowers the prices of goods and increases the competitiveness of producers inside the union; therefore, demand should grow, and money will be better allocated globally (Pomfret 2014). At first glance, the establishment of the Eurasian Customs Union (ECU) was positive; a two-thirds increase in intra-ECU trade occurred in 2010–2011, the year following its establishment. The European Bank for Reconstruction and Development (EBRD), however, considered that merely a consequence of the growth trend in the world economy in a postcrisis situation. Intra-ECU trade decreased by 5.5 percent in 2013, in fact, and by nearly 12 percent in 2014 (Berglof 2012).

Trade diversion happens when the goods inside the union become cheaper in the absence of tariffs but are nominally less competitive. The existence of a much bigger economy among smaller ones is more conducive to trade diversion. This is perverse, because production thus becomes less efficient. The combined loss for the displaced exporter and loss for the customer outweighs the gain of creating a new tie inside the union (Pomfret 2014). In the ECU, 80 percent of the common external tariff lines were based on the Russian tariffs, which were the highest of the three founding states (Chiarello 2015). The average tariff level of Kazakhstan thus rose from 6.2 percent to 10.6 percent (Wiśniewska 2013). This raised the price of imported Chinese goods while Russian goods became cheaper. This was compounded by a weaker ruble, which further favored Russian exports within the ECU.

INTEGRATION REALITIES IN THE EEU

There is a conflict between the ECU's commitment to be a WTO-compliant mechanism and the tariffs now in force. So far Russia (2012), Kazakhstan (2015), Armenia (2003), and Kyrgyzstan (1998) are members of the WTO. Belarus has been an observer since 1983, but there are doubts about its future membership (Emerson 2015). All members negotiate external tariffs with the WTO as part of the accession process, but the EEU's external tariff remains substantially higher than the one set by the WTO. This could lead to demands for compensation by other WTO members, and therefore, the new

EEU members are asking Russia to compensate them (Popescu and Institute for Security Studies 2014).

The WTO also has ruled that a country cannot establish a free trade agreement with a non-WTO country or with another customs union unless it is willing to extend the agreement to the whole of the WTO, which is problematic in terms of Belarus's membership. Russia negotiated a transition when it joined the WTO in 2012. The lower tariffs to which Russia committed will allow the EEU external tariff to decrease accordingly. By 2020, it is projected to drop to 7.9 percent as the WTO commitment is enforced (Tarr 2016). This should decrease the trade diversion toward Russia and open the EEU to competition.

With the general tendency toward liberalization, external tariffs have tended to decrease. Barriers to trade are increasingly of non-tariff nature though. They include quotas, licenses, sanitary and phytosanitary (SPS), and technical barriers to trade (TBT). The EEU is in the process of harmonizing nontariff barriers, but little progress has been made; they are still used as levers to regulate trade for political aims. While licenses and quotas were used to regulate trade more widely, SPS regulations have gained prominence because they appear less arbitrary and less politically motivated (Cadot and Gourdon 2014). The bans clearly serve a political purpose, however, and are used as bargaining chips in strategic negotiations or retaliation for political actions (Starr and Cornell 2014).

Over the past decade, for instance, the Russian Federal Service for Veterinary and Phyto-sanitary Surveillance (*Rosselkhoznadzor*) has implemented numerous bans on Belarusian and Kazakh products. These bans have elicited virulent protests and countermeasures in the case of Belarus, often spiraling into trade wars. To protect its national meat industry, Kazakhstan banned Russian products on SPS grounds, triggering Russian countermoves along the same lines. Since the Ukraine crisis, moreover, the countersanctions installed by Russia on European agricultural imports have led to the reintroduction of custom controls, since Belarus and Kazakhstan have not implemented the sanctions. Russia suspects Belarus of repackaging EU foodstuffs to sell on the Russian market; therefore, it declared the import of suspicious goods from Belarus improper under SPS rules.

ENERGY INTEGRATION

In 1969, the Central Asia Central system of pipelines (for natural gas) was commissioned; it eventually channeled virtually all of Central Asia's exports to Russia through Kazakhstan. Moscow would buy, transport, and sell Central

Asia's gas production through its own pipelines toward Europe. This arrangement offered Russia a steady supply of gas as well as political leverage. In the mid-2000s, Russia set out to become the world leader in energy markets. It sought to leverage its central position by performing a "Europeanization of oil prices" for its CIS partners.

The Russian government gave Gazprom exclusive rights for gas exports and became its main shareholder in 2005. Russia maintained its position as the only available transit state and dealt from a position of strength. Gas originating from Uzbekistan and Turkmenistan is also ferried via Kazakhstan on its way to Russia through the Central Asia Central Pipeline (CACP), which is controlled by Gazprom. Kyrgyz oil and gas resources are under Russian exclusive concession until 2028, and the Kyrgyz national energy company has been bought by Gazprom in exchange for a $600 million investment in the country's energy infrastructure. In Kazakhstan, Gazprom operates a joint venture called KazRosGas, and Lukoil owns 10 percent of Kazakhstan's total crude oil production capacity (Pastukhova and Westphal 2016). Russia also has a dominating position in the Armenian energy market (Starr and Cornell 2014). Retaining and expanding control over production and transportation assets thus limited outside influence in the region.[4] It turned out, moreover, that it was cheaper to buy from central Asian countries and resell to Europe rather than develop new fields at home (Smith and Kusznir 2015). Still, the CACP is not utilized enough, and it needs investments and technologies that Russia does not have.

The Baku-Tbilisi-Ceyhan (BTC) pipeline was one of the first projects that allowed hydrocarbons to be marketed bypassing Russia, but its quantities are negligible (Jaffalian 2004). The two energy-rich countries of Central Asia, Kazakhstan and Turkmenistan, also have looked at alternative energy roads bypassing Russia. In 2007, an agreement was signed with China for a Central Asia China Gas Pipeline (CACGP). In 2009 the gas started flowing, and since 2012, China imports more than half of the Turkmen gas production (Smith and Kusznir 2015).

The EEU, however, projects a common market for energy. Three main forms of energy will be included: electricity in 2019, oil in 2024, gas in 2025. The exact nature of this market is yet unclear and still subject to intense negotiations, as energy represents, respectively, 70 and 80 percent of exports in Russia and Kazakhstan and therefore a crucial element for their economic strategy (Wiśniewska 2013). The common market will only regulate the trade of energy resources between EEU member states and not with third parties (see table 7.1).

Access to the Russian labor market is a matter of crucial importance to certain Central Asian states. The money sent back by expatriate workers

Table 7.1.

	Reserves in TCM (Trillion Cubic Meter)	Production in BCM / Y (Billion Cubic Meter)	Domestic consumption in BCM /Y (Billion Cubic Meter)
Russian Federation	32.6	578.7	409.2
Azerbaijan	1.2	16.9	9.2
Turkmenistan	17.5	69.3	29.2
Kazakhstan	1.5	19.3	5.6
Uzbekistan	1.1	57.3	48.8
EU	1,5	132,3	386,9
China	3,5	134,5	185,5

Source: BP Statistical Review of World Energy, June 2015

(remittances) is a key source of wealth in Central Asian states, both members and nonmembers of the EEU. They amount to 28 percent of Kyrgyzstan's GDP, 42 percent in Tajikistan, and an estimated 15 to 25 percent in Uzbekistan. They are less significant in Kazakhstan and in Turkmenistan. In theory, migrants from Central Asia enjoy visa-free travel to Russia, but residency requirements and administrative paperwork mean that a significant portion work in Russia illegally. This is why the simplified work-visa procedures for the citizens of Kyrgyzstan and, potentially, Tajikistan matter so much. Currently, there is a difference between the union's members and nonmembers that serves as an incentive to join.

The Eurasian Economic Union has a population of 183 million and a GDP of $4.1 trillion. Among its main aims are overcoming trade barriers, facilitating labor migration, and greater economic integration in general. The improvement of the legal framework and harmonization of customs and trade regulations should yield positive impact in the long run. Theoretically, conflicts between EEU members become less likely with greater interconnectedness, as mechanisms of conflict resolution are institutionalized and an international court gains authority (Crisis Group 2016).

The new wave of Eurasian integration that has begun with the customs union is more focused in its membership, more specific in its formulation, broader in the issues tackled, and aims at compliance with international standards (Weitz 2014). More political capital has been invested in it, especially by Vladimir Putin and Nursultan Nazarbaiev. It seems that the EEU has a high degree of public approval, across a large spectrum of political sensibilities. Some see it as a way to become a pole in a multipolar world, or a link between Europe and the Asia Pacific region. Liberal voices in Russia see the Eurasian union as a possible vehicle for modernization through a "competition of jurisdictions," wherein states rival each other in best practices and better business environments to attract businesses. There is hope that the commission might balance the tendency of some sectors of the Russian executive toward politically motivated regulation (Daly 2014).

Economically, though, results have been mixed at best. Because previous integration frameworks had opened markets previously, the expected boost in trade did not occur (Tarr 2016). In the aftermath of the creation of the customs union, intraregional trade reached $62 billion in 2011. It decreased by 26 percent in 2015, however, and the tendency is still downward. Trade fell by 34 percent with nonmember countries (Crisis Group 2016).

Low energy prices, along with currency destabilization, have added stress on the nascent economic union. Russia produces 85 percent of the EEU's GDP, but has been hit hard by declining oil prices, since these contribute about 30 percent of its revenue. Kazakhstan and Belarus are also energy-dependent economies. Energy, which accounts for nearly half the intraregional trade, is out of the union's regulatory reach for now (Wiśniewska 2013). Mineral resources account for two-thirds of all products exported by the member states, and they represent a third of the intraregional trade as of 2015. The rest of the regional trade consists mainly of machinery, vehicles, chemicals, and metallurgical and agricultural products (Daly 2014).

The conflict in the eastern provinces of Ukraine struck a great blow to Russia's image among its EEU partners as well. Sovereignty concerns arose in countries with a substantial Russian minority, and the crisis undermined the credibility of the Russian commitment to take trade-related decisions in common (Indeo 2016). In Central Asia, although the proportion of Russians has decreased steadily, the group still counts seven million out of the total population of sixty-six million (Mitchell 2014).[5] Because members are not certain that the integration effort will be economically beneficial in such a climate, they have to be incentivized into cooperation which is a further burden on Moscow (Popescu and Institute for Security Studies 2014).

EXPANDING EURASIA

Tajikistan seems the most likely candidate to join the EEU, but it might be more of a burden to the union. This small, open economy is still the poorest in the post-Soviet space. GDP per capita is $2.982. The national economy revolves around light industries (machinery, aluminum, fertilizers), crops, and livestock. The country has enjoyed a solid 8–10 percent economic growth over the last decade nonetheless, sustained by exports of cotton and aluminum. Domestic consumption, construction, and the services sectors all depend on the remittances of Tajiks working in Russia though. In 2013, these amounted to $4 billion, or about 25 percent of the country's GDP, and expatriated workers represented half of the country's workforce. International aid programs make up a further 10 percent of its budget revenue. Its territory is landlocked and poorly connected. About 90 percent of the exports to the EEU depend on one railway connection through Uzbekistan, which raises transit costs frequently. Nearly 90 percent of Tajikistan's petroleum products are imported from Russia, creating an obvious dependency (Zhang 2015).

EEU membership would mean unrestricted legal access to the common labor market and the associated social rights. With a rapidly growing population and 150,000 youth on the labor market each year, finding jobs is a matter of national security. It is estimated that entering the union would provoke an additional surge of migrants from Tajikistan of 15–20 percent. While trade with China, Afghanistan, and Pakistan may decrease due to higher EEU tariffs, the local industries' exports to other member states could be boosted. In the long term, a common energy market and investments would be positive developments.

Given the regional economic crisis, though, it is probable that the union is in no hurry to bear the burden of integrating another weak economy (Crisis Group 2016). Although there seems to be support in the Tajik leadership for an EEU bid, moreover, the prospect of bigger Chinese investments may shift their focus.[6] Tajikistan likely will join the EEU, but the country will wait until benefits clearly outweigh the drawbacks. The progressive alignment of the EEU's external trade tariff, for instance, would soften the blow to non-EEU trade.

Other post-Soviet countries look less likely to join. Ukraine is torn by war, and its short-term prospects are unclear; its current leadership has chosen a European path. The Baltic are in the EU, and therefore out of question (Popescu and Institute for Security Studies 2014). Moldova and Georgia have signed association agreements with the EU. Azerbaijan shuns integration attempts.[7] Uzbekistan's late president, Islam Karimov, was open to negotiations on an FTA, but the country is now isolationist (Indeo 2016). The coun-

try depends largely on remittances coming from Russia that comprise 15–20 percent of its GDP. In 2013, moreover, a Sino-Uzbek declaration "On Further Development and Deepening Bilateral Relations of Strategic Partnership" was promulgated. It included a commitment not to become part of alliances detrimental to the sovereignty and security of the counterpart. An understanding of security that includes economic interest (which is the stance of China) would point to the investments of China in Uzbekistan as incompatible with the EEU.

The EEU is active in creating links beyond the post-Soviet space, though. In 2015, a free trade agreement with Vietnam was signed, and negotiations are reportedly underway with Israel, India, and Egypt (Vasilyeva and Lagutina 2016). In June 2016, Vladimir Putin announced that he wanted to extend EEU partnerships to countries with which Russia already enjoyed fruitful relations, such as China, India, Pakistan, and Iran.

CONCLUSIONS

Russia is viewed in the West as a revisionist power that seeks to undermine the established post–Cold War order. The events in Georgia in 2008, in Kyrgyzstan in 2010, and in Ukraine from 2013 are seen as instances of reasserting a policy hostile to Western interests (Starr and Cornell 2014). They also could be seen as signs of the structural competition between the EU's Eastern Partnership and the project of Eurasian integration.[8] Both initiatives pursue the goals of integration in overlapping spaces, but with antagonistic centers, norms, and values. Through association agreements and deep and comprehensive free trade areas with its eastern neighbors, the EU seeks to increase political association and economic coordination. These agreements would exclude EEU membership. Without being necessarily conducive to membership in the EU, moreover, the Eastern Partnership requires aligning standards and legislation with those of the EU, as well as political commitments to "better governance." These efforts are financed in large part by the EU.[9] The EEU has regulatory requirements based on the Soviet-era standards (GOST) but no provision for governance issues (Crisis Group 2016). The EEU external tariff is a supranational prerogative, so members cannot sign free trade agreements at the bilateral level (Emerson 2015).

Russia sees the EU's neighborhood policy as an attempt to expend its sphere of influence at Russia's expense. Western commentators argue that the reluctance of Russia to participate in unions stems from its imperial impulse to be at the center of them. They see Russian policy as having returned to a view whereby sovereignty is dependent on power, instead of being an

unconditional principle of statehood (Blank 2014). A hard realist perspective, coupled with this understanding of Russia's actions, may portray the EEU as an attempt to render a Ukrainian scenario impossible. Eurasian states with strong leaders and weak institutions have intensive ties to Russia, but this commitment rests on the personal leadership of aging cadres, especially in Kazakhstan. The EEU would institutionalize these bonds in an attempt to make sure they survive leadership changes (Popescu and Institute for Security Studies 2014). Another understanding, perhaps closer to the official aim of the union, is that institutionalization is the best way to integrate the region. The transfer of economic sovereignty and decision-making power to a supranational institution not only demonstrates the dedication of the member to the new framework, it is the only way to produce binding legislation (Chiarello 2015).

Both hypotheses are plausible, and only time will tell which rationale is driving the integration. It is difficult to know, for instance, to what extent the mixed performances of the EEU are conjectural (oil prices and sanctions) or structural (trade diversion vs. trade creation). The general increase in external tariffs has not been met with a surge in intra-EEU exchanges—quite the contrary. As the external tariffs of the union are reduced gradually, reflecting Russia's WTO commitments, the situation could change for the better; or that could depend on improvements regarding nontariff barriers, governance, and business climate.

The theory of economic unions holds that open-ended unions with closely integrated internal markets fare better than unions with high external barriers to trade. Theoretically then, the way forward would be to pursue deeper market integration. Decreasing transaction costs (both tariffs and nontariffs) and rendering external tariffs nondiscriminatory for third countries would be steps in the right direction. An "open regionalism" direction should enhance the EEU's economic relevance, but it may undermine the Russian economic relevance in Central Asia (Pomfret 2014). Arguably, the impact of the devaluation and trade diversion could be mitigated by a common currency, but Kazakhstan is categorically against it. Ultimately, economic progress for the EEU hinges on many factors, including openness to other regional bodies and trade regimes, a shift from geopolitical to economic incentives, a reform of governance and a real fight on corruption, streamlining labor migrants' law, and strengthening of institutions with means and authority to implement policy.

NOTES

1. In line with the 1996 strategy of ad hoc integration, Russia launched the CSTO in 2002. It is a military alliance on the basis of the Collective Security Treaty signed

in 1992. Although the membership diminished significantly in this new operational form (Azerbaijan, Georgia, and Uzbekistan eventually chose to discontinue their participation).

2. Kyrgyzstan joined formerly in August.

3. The union is young and can be expected to gloss over disagreement to show unity in order not to damage its credibility.

4. Downstream assets (pipelines directed to consuming markets going in its territory) as well as upstream investment (production capacity).

5. Out of these seven million, four million live in Kazakhstan where they makeup 21 percent of the population; in Kyrgyzstan, 12 percent, in Uzbekistan, 6 percent, in Turkmenistan 4 percent, and in Tajikistan 1 percent.

6. When the EurAsEc was discontinued, the Customs Union launched and the EEU announced, the Tajik president asked six expert groups to assess the economic consequences of joining the union.

7. Russian-Azerbaijani security relationship is complicated. Azerbaijan is part of NATO partnership for peace and refuses to enter the CSTO. It has a working relation with the European Union Turkey and Iran.

8. The Eurasian integration process was poised as a proposal to construct a sort of dual-headed Europe that would allow a quicker integration of the Eurasian members into Europe. This held some attracting power to CU countries but not to those closer to Europe. Additionally, the neighborhood policy of Europe consisting of concentric circles of norms-based integration conflicted with the Eurasian project.

9. Participants to the partnership have received €3.2 billion of EU funds so far. EU External Action (2016, October 19). Eastern Partnership—EEAS—European Commission.

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Chapter Eight

The Southeast Asian Dimension

The ASEAN Model of Integration

Joel Ng Kuang Jong and Joseph Chinyong Liow

The Association of Southeast Asian Nations (ASEAN) is one of the most successful regional organizations of the developing world. In academic literature, though, ASEAN typically is constructed as either a puzzle or an exception. It is not the European Union (EU), and attempts to evaluate it either by European parameters or by theories driven by the European experience tend to result in anomalies or banal observations (Jones and Smith 2006). The reaction has been to pitch ASEAN as exceptional. In her influential work, Alice Ba expressed how ASEAN cooperation defies the expectations of traditional approaches in international relations (IR):

> Realists find few common material interests; liberal approaches find few democracies (and problematic ones at best); comparativists find in Southeast Asia's human diversity a weak cultural foundation for unity; institutionalists find in ASEAN few of the consequentialist rules and arrangements that, to them, are key to facilitating cooperation between competitive and divergent states. (Ba 2009)

They are asking the wrong questions, she contends, trying to overlay conventional explanations on exceptional characteristics. Yet if Southeast Asia is exceptional, then it offers little for international relations theory. Some of the constructivist attempts to find that the major external powers have become socialized into ASEAN norms look weak now, and do not analyze how ASEAN norms might change or be changed by the interaction with external powers (Katsumata 2009).

This chapter argues that ASEAN is actually less exceptional than is sometimes claimed, but it is hard to find an understanding because the subjective language that might describe other regional organizations as well as ASEAN

has been obscured by the European approach. That language is *functionalism*, but with important caveats and significantly stripped of its major Eurocentric assumptions. In international relations, functionalism starts from how the primary actors think: it focuses on their understanding of cause and effect, and the design of institutions for solving problems. Functionalism might best be described as an "analysis of the dilemma faced by authorities of the territorial state" (Imber 1984, 104).

Functional cooperation, for instance, is the central logic of ASEAN regionalism; however, its goals differ from those suggested by European functionalism. It is amenable to change, though, if the problems facing the organization require it. Sorting the hierarchy of problems will indicate where the likely changes will come.

To the degree that ASEAN has not yet internalized norms as part of its identity, ASEAN could consider changing norms to address the problems it faces. This may result in structures unwanted by its original purveyors or by the external powers that pressured ASEAN to rethink those norms. ASEAN is less puzzling when understood in functionalist terms.

EUROPEAN FUNCTIONALISM

"Functionalism" was born from a normative agenda, pushing for a particular solution to a particular problem. The major functionalist strand stems from Arthur Stinchcombe's (1987) famous dictum that a functional explanation is one in which the consequences of some behavior or social arrangement are essential elements of the causes of that behavior. Yet unlike the optimal strategies of rational-choice consequentialism, it has tended toward a soft rational choice, or of satisfying minimum thresholds for making decisions. From a diplomat's perspective, the lack of capacity or desire to reduce choices to quantified costs tends toward a consideration of presented alternatives rather than the search for an "optimal" one.

David Mitrany developed functionalism in international relations as a path toward federalism, which was a fashionable idea for promoting global peace at the end of the Second World War. He saw that federalism as an end-point was extremely ambitious, however, and that it would be resisted by those committed to sovereignty and thus required intermediate forms to get there (Mitrany 1948). The solution, he argued, lay in what became known as "functionalism": limited cooperation in functional areas based on common problems, where a latent pooling of sovereignty over time could result in a federal system. For Mitrany, form followed function. As Imber (1984) summarizes:

> [T]ransforming the international anarchy, in which the use of force was a legitimate and regularly used instrument of state policy, could not be achieved by countervailing coalitions nor by voluntary submission to law, and least of all by appeal to world opinion. Rather, the possibility of changing state policies depended upon providing sufficient incentives for national governments to revise their guarded and limited understanding of the national interest. (104)

What was fundamental was the explicit appeal to the construction of those interests (an overlap with ASEAN's constructivists), which resulted in the formation of international, functional organizations that could manage world affairs. Mitrany hoped these shared utilities would break down the rigid structure of state sovereignties.

Mitranian functionalism was criticized for implying that there was generally one best solution to a particular problem and that such a solution would be shared by the participating states (McLaren 1985, 143). This did not undermine functionalism as a problem-based analysis, though, if one acknowledged that alternative solutions might still have equivalent effects and were therefore functionally equivalent.

Ernst Haas developed the theory of functionalism further in the 1960s. His form, labeled "neo-functionalism," was specific to European integration, particularly the European Coal and Steel Community (ECSC). Like Mitrany, he argued that creating interdependencies between two antagonistic nations would guarantee peace (Schmitter 2005, 257). This was not the limit though; Phillippe Schmitter (2005) describes the neo-functionalist process as follows:

> Member states may set the terms of the initial agreement and do what they can to control subsequent events, but they do not exclusively determine the direction, extent and pace of change. Rather, regional bureaucrats in league with a shifting set of self-organized interests and passions seek to exploit the inevitable "unintended consequences" that occur when states agree to assign some degree of supranational responsibility for accomplishing a limited task and then discover that satisfying that function has external effects upon other of their interdependent activities. Haas captured this potentiality dramatically with his concept of "spill-over." He hypothesized that, with the help of an active and resourceful secretariat and support from the organized interests affected by such externalities, national governments might (fitfully) learn and (reluctantly) agree to change their original positions. According to this approach, integration is an intrinsically sporadic and conflictual process, but one in which, under conditions of democracy and pluralistic representation, national governments will find themselves increasingly entangled in regional pressures and end up resolving their conflicts by conceding a wider scope and devolving more authority to the regional organizations they have created. (257)

This account was elite-driven, involving a precedent-driven path dependency in the form of decisions and interdependent activities. This specific European version of functionalism ("neo-functionalism"), with the essential European characteristic of "spill-over," no longer had the global reach of Mitrany's version. Its scope was limited to explaining the behavior of states committed to "market and political integration," a condition difficult to apply beyond Europe (Sandholtz and Sweet 2013, 19). It was more academically defensible, but less broadly applicable.

Haas argued that the ECSC alone was "*a priori* capable of redirecting the loyalties and expectations of political actors" (Schmitter 2005, 256). This language would be familiar to ASEAN constructivists, who emphasize the use of norms and identity to perform a similar function. What neofunctionalists did, however, was attribute the change in interests not merely to norm-following behavior, but to values derived from novel structures such as the ECSC. It was a public goods argument: as these intergovernmental structures created public goods, those goods had the capacity to change the interests of its actors.

Schmitter took the argument further, arguing that national actors form regional institutions to achieve common objectives. The presence of contradictions, however, produces tensions that complicates the attainment of common objectives (Schmitter 1970, 839–40). The decision to expand the central (supranational) authority is determined by "crisis-induced decision-making cycles" (843). If national actors fail to respond to these crises, the regional project is liable to disintegrate.

European neofunctionalism, while built around a general ontology of norms being used for problem-solving, introduced a particular problem and a particular solution that made it difficult to apply beyond Europe. The underlying mechanism was that

> [F]or functional spill-overs to occur, integration in one policy area needs to produce negative externalities for other policy areas. These negative externalities then produce functional pressure to cooperate as well in the other policy areas in order to make full use of the benefits of regional integration. (Krapohl 2017, 6–7)

Early neofunctionalists attempted to apply their theory to other regions, but they could not find spill-over effects built on economic interdependence (Krapohl 2017, 7).

SOUTHEAST ASIAN FUNCTIONALISM

ASEAN, like Europe, was formed as a security community; however, it had different methods and faced different problems. Southeast Asia's newly in-

dependent states, which had fought hard for independence, were not prepared to cede sovereignty immediately. While there were attempts at regionalism based on ethnicity (e.g., uniting the "Malay" nations), these were short-lived. Only SEATO, which was formed at the behest of the United States, could overcome the lack of trust among the new states. Eventually, they discovered regionalism as the framework for security, believing that limited cooperation in functional areas based on identifying common problems would result in greater regional stability. There was never any notion of pooling sovereignty over time, however, and certainly no plan to have a federal regional structure.

ASEAN is recognizably *functionalist*, in Stinchcombe's broad sense of the term; its forms developed as responses to potential consequences. The "ASEAN Way," for instance, has been used to describe the decision-making process. The formal norms of ASEAN are elucidated in the Treaty of Amity and Cooperation (1976): respect for sovereignty, noninterference, peaceful settlement of disputes, and renunciation of force. These are problem-solving norms and, as such, require a larger set of procedural characteristics associated with ASEAN, namely: "discreteness, informality, pragmatism, expediency, consensus building, and non-confrontational bargaining styles" (Kratochwil 1989, 69).[1]

Amitav Acharya traces the origins of the informal procedural characteristics to functionalist or problem-solving logics as well. Discretion and nonconfrontation are necessary to provide a united front to external powers. Informality is a requirement for intergovernmental flexibility in addressing problems. Pragmatism and expediency focus the grouping on solutions based on results rather than ideological underpinnings. Consensus-building is the core that ensures that no state's interests may be ignored on crucial matters of security (Acharya 1998, 58). ASEAN's informal preferences, as distinct from the European model, however, meant that there was originally no explicit identification of a "public good" that ASEAN provided its members beyond a commitment to security. The "ASEAN Way" was designed for different purposes: to strengthen sovereignty and to deepen intergovernmental interactions through socialization.

Functionalism's fortunes in European academic thinking waxed and waned over the next forty years, with two revivals (dubbed "neo-functionalism," and "neo-neo-functionalism"). ASEAN carried on with its functionalist approach, but never adopted the theoretical creep European academics appended to functionalism in the intervening years. As the particular theory was expanded and revised, in fact, it grew further from ASEAN's approach. The idea of functional cooperation did not diminish, though, and misunderstandings continued to resurface.

In ASEAN, meanwhile, efforts to distinguish the ASEAN model from Europe's led to a rise in constructivist arguments that sometimes incorporated

Table 8.1. Comparison of European and Southeast Asian Functionalisms

Type	*Goals*	*Assumptions*	*Mechanism*	*Agents*
European	Security, integration	Sovereignty must be mitigated	Functional cooperation	Technocrats located in central authority
Southeast Asian	Security, economic growth	Sovereignty must be reinforced	Functional cooperation	Member states meeting inter-governmentally

realist accounts of power distribution to explain the socialization and norm-developing behaviors of its member-states and near neighbors. The similarities and differences in European and Southeast Asian functionalism are summarized in table 8.1.

UNTANGLING THE FUNCTIONALISMS

The study of Southeast Asia's international relations is dominated by realist and constructivist accounts (for example, Peou 2002; Eaton and Stubbs 2006). The absence of formal mechanisms in ASEAN has tended to rule out neoliberal accounts, which emphasize the institutional designs derived from shared interests. ASEAN's informal processes, virtually entirely intergovernmental and with few codified conventions, resist efforts to model ASEAN structures. Realists, focused as they are on power and structures, have a similarly dim view of ASEAN. Its informality is interpreted as weakness, and the behavior of its largest member state, Indonesia, is anomalous to a realist account, which expects it to be more assertive. Attention therefore turns to the neighborhood of much larger powers such as the United States, China, Japan, and, increasingly, India.

Constructivists have a more positive view of the region, emphasizing the importance of social processes such as identity formation and norm creation. Such accounts, if they are generalizable at all, require long lists of conditions, which renders Southeast Asia as a region with little to offer broader international relations theory. Interaction is taken as a given, but less well-explained is the question of how they reach decisions (generically ascribed to the "informality" characteristic).

Yet constructivists require an implicit functionalism in their explanations as well. Consider Evelyn Goh's (2013) explanation of how power transitions affect the shifting regional order in East Asia:

> First, institutions form the nexus of addressing the central conundrum of how to justify as well as tame power; bargains struck within institutions critically constitute international order because they provide a normative-contractual means of constraining and legitimizing unequal power. As sites of codified norms for regional interaction and governance, regional institutions are unique manifestations of the social compact being renegotiated. Second, the privileged role of great powers within an international order derives from their claims to special responsibilities, which are accepted by other states. Their central special responsibility is the provision of public goods, the critical assessment of which provides a key means of analysing changing patterns of great power authority—not just capability—within the region. (22)

While she positions herself in the English School of international relations, she draws clear means-ends relationships that emphasize that the form of the institution follows from its functions. Institutions are developed to tame or justify power, and great powers' responsibilities are the provision of public goods. In one case, she overtly draws on functionalist language, with only a token nod to identity:

> Reflecting on the widespread notion that the removal of the Cold War divide and the rise of China has stimulated a greater sense of East Asian regional identity, Chapter 4 studies the functional development and political construction of a regional community by focusing on its most substantive manifestation, financial regionalism after the 1997 Asian financial crisis. (Goh 2013, 25)

The variable between form and function is the recognition that multiple actors have diverse types of goals, which leads to a contestation and negotiation of the final agreed functions. Yet, insofar as the "ASEAN Way" is a pragmatic approach, it is based around problem-solving. Unlike the European model, it did not acquire a teleological bent and encompassed a different set of problems facing newly independent states in the shadows of great powers. If the problems facing Southeast Asia were different from Europe's, a functionalist account could not suggest the same institutional structures would result.

The starting point for Southeast Asia, with greater political and cultural diversity, meant fewer shared values to work from, so more needed to be negotiated or identified through process. This sets ASEAN apart from early European technocratic approaches, where it was presumed that "optimal" functions could be sought and there would be rational decisions based on efficiency and impact. The European approach tended to presume a significant degree of common values, which then leads to simple questions of efficiency, whereas the Asian approach starts from an assumption of diversity or even rivalry, in which functions are then negotiated.

A general functionalist hypothesis, then, is as follows:

P1: Given a single actor, the instruments (institutions) used will reflect their preferences and goals.
P2: Given a single domain but with multiple actors with different interests, the institutions observed will reflect a negotiated settlement between rival interests or preferences.
C: The changing distribution of weight of interests and preferences are the basis for changing institutional arrangements, even given an unchanged set of actors in a domain.

ASEAN's founding members were motivated by the quest for regional security (Acharya 2014). Yet in terms of positive goals for the organization, the Bangkok Declaration (1976) that established the organization stated only that it would "promote peace and stability through abiding respect for justice and the rule of law." There were no explicit issues, institutions, or mechanisms for the provision of security except abiding by the principles of the UN Charter.

The declaration did state, however, that ASEAN's goal was "to accelerate the economic growth, social progress and cultural development in the region through joint endeavors," and promised cooperation "on matters of common interest."

The structure implies the functionalist logic of promoting security through functional cooperation, though it did not tack on the other goals of moving toward federalism, limiting and pooling sovereignty, or the development of a technocratic supranational bureaucracy. ASEAN has gone further in its community vision, formally splitting the public goods it provides along two tracks: activities providing for a "political-security" community, and activities for an "economic" community (ASEAN 2009). While ASEAN's founding rationale was security, economic goals provided a way to cooperate and to address antagonistic tensions. As economic cooperation grew in prominence, its goals became more ambitious (forming an "ASEAN Economic Community," promoting a common market base) and, increasingly, ASEAN could be described in terms of the nature of the public goods it delivered.

Security remained the higher order priority, though, even as the functional areas of cooperation developed around trade. ASEAN norms were designed around security, even as the discourse revolved around economic cooperation (Acharya 1998, 57–58). Yet there remained an essential tension: The norms, rules, and structures required for deep economic integration were different from those required of a political or security community. Assessments of ASEAN's norms in relation to economic integration performance have been, perhaps not surprisingly, bleak (Aggarwal and Chow 2010).

ECONOMIC GOALS AND POLITICAL NORMS

ASEAN norms of informality and consensus developed in the 1970s as security concerns; the Vietnam War and what was known as Confrontation overshadowed regional developments. These norms formed the basis of all regional interaction, including economic cooperation, to which they were ill-suited. Prior to the signing of the ASEAN Charter, just 30 percent of ASEAN agreements were implemented (Desker 2008). Cooperation projects, if they required all the members to agree, faced difficulties if a single member objected.

Political economists have noted the problem as a "tragedy of the anticommons." In the simplest form, "An anticommons problem arises when there exist multiple rights to exclude" (Buchanan and Yoon 2000: 2). In contrast to the better known "tragedy of the commons," where lack of clear property rights leads to overuse of a resource, in the anticommons problem, ownership rights are too fragmented, leading to underuse of the resource.

The anticommons problem in ASEAN is exemplified by the debate over consensus. While usually it is understood to mean that all agree on a given issue, in practice it means only that no one objects. In effect, every member has a veto over any decision (Woon 2016, 157). This leads to a "lowest common denominator" approach, where the actor with the thinnest understanding of the agreement has unusual power to determine what is agreed. This slows down the more ambitious states, who may seek much thicker agreements. The result can be an anticommons problem: the underutilization of a resource or public good.

If states had fixed interests, it would be extremely difficult to break a consensus deadlock; hence the proliferation of constructivist accounts in ASEAN that detail how preferences might change through a socialization process. The other possibility, emphasized by a satisficing-oriented functionalist approach, is to change the decision-making structure.

While not explicitly labeled as "anticommons" problems, underuse of public goods had already been recognized in the 1980s when difficulties arose in achieving joint industrial ventures and tariff reductions among the founding member states. Singapore's Lee Kuan Yew is said to have been the first to suggest softening the consensus-only approach, proposing (when ASEAN had just five members) a "Five Minus One" principle (Acharya 1998, 63–64). Singapore, generally seen as the most determined driver of economic integration, argued for more effective ASEAN decision-making in 1990s to avoid drifting apart (Ba 2009, 138–39). This approach was necessitated by the ASEAN expansion to include Cambodia, Laos, Myanmar, and Vietnam, all of which had significantly lower levels of development than the original

ASEAN members. While this led to concerns about a two-speed ASEAN, the "ASEAN minus X" principle had emerged to avert an anti-commons problem.

POLITICAL GOALS AND ECONOMIC NORMS

While political norms were chosen, at least initially, to deal with the challenges facing ASEAN, the norms required for economic integration have been limited. Attempts to broaden them have succeeded only rarely. Consider the "rule of law," thought of in its simplest sense as the nonarbitrary application of the law (Ng 2012). Any modern state would profess adherence, and it appears as both a purpose and principle in Articles 1(7) and 2(h) of the ASEAN Charter. It is elaborated in the 2009 *Roadmap for an ASEAN Community*:

> ASEAN's cooperation in political development aims . . . to ultimately create a Rules-based Community of shared values and norms. In the shaping and sharing of norms, ASEAN aims to achieve a standard of common adherence to norms of good conduct among member states of the ASEAN Community. (ASEAN 2009, 6)

Yet what would enforcement entail? If, for instance, a private firm felt it was discriminated against by an ASEAN member state, contrary to rules developed under the aegis of the ASEAN Economic Community, what recourse would it have? In a national system, courts are the obvious choice, and they would have to be independent of the state for fair adjudication. This is a well-recognized structure that provides the system of checks and balances essential to the rule of law. In ASEAN member states, however, the courts may not be independent of the executive, even formally, and therefore the firm may have to take its case to an international level for adjudication. In an international system, however, a court with authority to rule against a state would be a supranational authority. The only instance where the ASEAN investor-state dispute settlement system has been tested to date is the case of *Yaung Chi Oo vs Myanmar*, in which the claimant argued that Myanmar had not fulfilled its obligations according to ASEAN agreements. The tribunal ruled that it did not have jurisdiction in the case, though (Hsu 2013, 386–87).

Supranational institutions, ASEAN member states had decided, would be ruled out because they threatened the political community. If a supranational authority ruled against a member state, the working assumption was that the member state would ignore or reject the ruling. Because of the fear that an ASEAN member state might shun consensus, hurt ASEAN unity, or even

drop its membership, supranationality was ruled out as an institutional solution to any regional problems (Manalo 2009, 44). Informality, consensus, and quiet pressure were the chosen mechanisms for diplomacy and problem-solving.

The rule of law in ASEAN thus amounts to a commitment by member states to uphold it, but a rejection of any formal mechanism for its potential enforcement. This informal approach, and indeed the consensus-based decision-making process, requires that all parties are acting in good faith. If one party has no interest in meeting the common goals of the others, ASEAN has little recourse. The nonissue of a communique under Cambodia's chairmanship in 2012 was an unsubtle reminder of the weakness of this approach, requiring rapid shuttle diplomacy to recover cohesion (Liow and Gamage 2014).

The different decision-making mechanisms reflected the distinct functions they were intended to have. Consensus was necessary for the creation of a security community, but ill-suited to economic integration, which needed economic norms such as the rule of law and institutions to adjudicate disputes. These norms were ill-suited to a regional grouping of sovereign states. The parallel norms and their related mechanisms are summarized in table 8.2.

Table 8.2. Norms and Functions in the ASEAN Approach

Domain	*Public Good*	*Norms*	*Mechanisms*	*Structure*
Security	Peace, unity, Centrality	Sovereignty, informality, non-interference	Summits, consensus, socialization	Flat
Economic	Economic growth	Rules-based community, Regional legislation	Treaties, ASEAN-X, Dispute Settlement Mechanism	Hierarchical

Given that informality and consensus was built around the notions of sovereign equality of states and has been the main bulwark against any attempts to change ASEAN's decision-making processes, the associated structures are said to follow a "flat" model. Solutions derived from promoting economic growth, which requires enforcement, regulation, and oversight, on the other hand, constitute a "hierarchical" model. The tension between flat and hierarchical structures in ASEAN reflects the tension between security and economic imperatives.

This comparison suggests a working hypothesis about the nature of change in decision-making in ASEAN. The preferences for changing the decision-making structure will reveal the hierarchy of goals. If ASEAN prefers

economic goals, it will opt for expediency, rule of law, and an authority to ensure, implying a more hierarchical structure. If it prefers the security goals, it will maintain the sovereign equality of states, consensus-based decision-making, and the flatter structure.

THE DEVELOPMENT OF THE ASEAN CHARTER

In drafting the ASEAN Charter, both consensus and the "ASEAN minus X" principles were recognized, but how the "ASEAN minus X" principle would be situated became a matter of debate. The ASEAN Charter was an important departure from informality, even if there would not be strong institutional mechanisms for enforcement, because it would formalize many of the norms of the region. The central idea was to give ASEAN a more coherent identity, including a legal personality, and thus ensure it could work effectively.

The 1997–1998 East Asian financial crisis had affected the region deeply, and economic instability, it turned out, could unseat even a long-standing leader such as Indonesia's Suharto. ASEAN's expansion in the 1990s had led to a serious test of its norms, particularly ASEAN's rigid stance on "noninterference" during the debate over the entry of Myanmar and Cambodia (Acharya 2014, 111–14). By the early 2000s, China was rising, cornering the bulk of new foreign direct investment to East Asia, and this was competing with ASEAN just as its economies had begun to recover from the financial crisis.

Economic integration therefore needed to be accelerated, but this was complicated by ASEAN's recent expansion, which increased the diversity both of economic forms and levels of development within the grouping. It was apparent that a legal framework was needed to support ASEAN decisions and conventions, which would require granting the organization a legal personality (Acharya 2014, 234). Because of the development gap between the newer and older members, flexibility was needed for the newer members to come to terms with ASEAN agreements, yet it could not be so flexible that there were no rules at all (Koh, Manalo, and Woon 2009, 85). This was essential if ASEAN were to develop a "community," as suggested in *ASEAN Vision 2020*. The process involved two stages. First, an Eminent Persons Group (EPG) was tasked to come up with "bold and visionary ideas to strengthen ASEAN" (ASEAN 2006, 2). Next was the actual drafting process, conducted by a High-Level Task Force (HLTF).

THE EMINENT PERSONS GROUP

An ASEAN charter was suggested by Malaysia in 2004 and then formally recommended in the Vientiane Action Programme (VAP) (Caballero-Anthony 2008, 71–72). The VAP provide for the formal plans for ASEAN Community in its original mandate (ASEAN 2004; ASEAN 2009). In this early form, however, the ideas around the security community were vague and underdeveloped, just two pages long. The economic community plans (in six pages) had eleven detailed areas of sectoral cooperation, tangible structures for their implementation, and areas for institutional strengthening. This asymmetry demonstrates a bias toward the hierarchical model. The functional requirements of the more elaborated economic community were greater than those of the security community, requiring detailed and stronger institutional mechanisms, and monitoring and enforcement procedures.

The 2005 Kuala Lumpur summit appointed an EPG comprised of senior foreign ministry officials and even a former head of state of the respective ASEAN member states, to come up with ideas for the charter and make recommendations for strengthening ASEAN. They eventually proposed a shape for ASEAN quite distinct from the existing organization. Ultimately, the EPG favored a bureaucratic logic for efficiency rather than a sovereigntist logic of consensual interaction between states, and came up with a hierarchical model for ASEAN.

The notion was that the organization should "realize an ASEAN Community and ultimately an ASEAN Union." This involved replacing the Heads of State Summit with a formal "ASEAN Council." It identified compliance as the primary barrier to achieving its visions. To remedy this, the EPG recommended *inter alia* that:

- The ASEAN Secretariat be entrusted with monitoring compliance with ASEAN agreements and action plans . . .
- ASEAN should have the power to take measures to redress cases of serious breach of ASEAN's objectives, major principles, and commitments to important agreements. (ASEAN 2006, 4)

It also recommended that "if consensus cannot be achieved, decisions may be taken through voting" (ASEAN 2006, 6). It finally suggested three "Councils of the ASEAN Community," tasked with delivering the three aspects of community: a security community, an economic community, and a sociocultural community (ASEAN 2006, 34). It also separated the economic and security spheres organizationally, even if it was acknowledged that the two were interdependent.

The EPG report was a recommendation to institute a hierarchical ASEAN, streamlined for the effective delivery of tangible public goods, particularly in the economic realm. The EPG drafted a template for an ASEAN charter, providing for the structures they recommended, and Ali Alatas even suggested they should draft the charter (Woon 2016, 19).

THE DRAFTING OF THE ASEAN CHARTER

The questions about consensus decision-making, the voting mechanism, or "ASEAN minus X" continued into the drafting phase. The High-Level Task Force (HLTF) contained a representative from each member state. Unlike the EPG, which had no formal constraints on its ideas, the HLTF reported to the ASEAN foreign ministers, and national positions were defined (Chalermpalanupap 2009, 124). Under these circumstances, questions on the decision-making structure, if they could not be resolved by the HLTF, were referred to the ASEAN Foreign Ministers Meetings (AMM). The first AMM interface with the HLTF in March 2007 dropped the idea of an "ASEAN Union," but agreed there needed to be a mechanism for noncompliance and when consensus could not be achieved (Koh, Manalo, and Woon 2009, 54).

The fourth HLTF meeting in April 2007 dealt with economic integration. The Economic HLTF asked the Charter HLTF whether "ASEAN minus X" could be implemented as a general policy, and whether the ASEAN Secretary-General and Secretariat could be strengthened to monitor compliance in line with the EPG recommendations (Koh, Manalo, and Woon 2009: 55). Tommy Koh, the chair of the Charter HLTF, recounted:

> The response of the Charter HLTF was somewhat sceptical. My sense is that there was a certain lack of empathy between some members of the Charter HLTF, all of whom are from their foreign ministries, and our colleagues from the economic track. This could have been due to the fact that in some ASEAN countries, coordination between them is not optimal and there is considerable rivalry between them. (Koh, Manalo, and Woon 2009, 55–56)

This may emphasize the social aspect of ASEAN, but it does not explain why differences might exist in the first place that made coordination difficult. An explanation for the divide could be cast in functionalist terms: foreign ministries, concerned with norms that promote security, could not reconcile their vision with economic ministries concerned with norms for integration. Whether socialization and interaction could bridge the divide was secondary.

The pressure from the economic ministers continued until the final HLTF meeting in Vientiane (Koh, Manalo, and Woon 2009, 65–66). In the final

charter, the "ASEAN minus X" principle was included only for the economic domain, with the caveat that consensus was required to employ the principle. The proposal to give stronger powers to the secretariat was rejected. The two outstanding issues related to noncompliance and the failure to reach consensus. In both cases, it was determined that the ASEAN Heads of State Summit would decide what to do, though the AMM ruled out suspension or expulsion as possible instruments (Woon 2016, 159).

The drafting process reaffirmed the intergovernmental nature of ASEAN, predicated on sovereign equality. This was the flat model, with only a nested hierarchy of intergovernmental summits mirroring the structures of the domestic organization of the member states. The ambitious designs of the EPG failed to materialize.

CONCLUSION

> ASEAN has fallen short of the ambitions that it has proclaimed for itself, particularly in terms of driving regionalism and regional integration. A major reason for this is the fact that political cohesion and economic integration are pursued independently of each other. (Severino 2007, 406)

Functionalism is a sufficient explanation for ASEAN's institutional features, including some apparent contradictions and dilemmas. The roles of identity and values tend to be overstated, and therefore constructivist accounts run into problems with defectors, or continually overstate the degree of ASEAN unity. In focusing on norms rather than norm functions, moreover, they have tended to take an uncritical view of the efficacy of those norms in achieving multiple or divergent objectives.

The hypothesis that changing the decision-making structure would reveal the hierarchy of goals was proven by comparing the EPG and HLTF processes. Given the predominance of economic goals in the VAP, the EPG ended up recommending norms and hierarchical structures favorable to economic integration. The HLTF drafting the charter, however, in consultation with ASEAN foreign ministers, reverted to the flat structure required for the security community.

The normative requirements for security and economic goals in ASEAN differ. Rather than a hierarchy of norms developing, ASEAN concluded a hierarchy of problems (i.e., security and unity concerns trumped economic expediency), which is then reflected in how they reconcile contradictory or divergent norms. Functionalism accounts for the innate tension within ASEAN: hierarchical norms are better for economic goals, but flat norms are better for sovereign security, in the opinion of the member states.

The predilection for sovereign equality has led ASEAN to reject supranationality, which distinguishes this form of functionalism from Europe's. The historically or domain-specific aspects (particularly in neofunctionalism) could be removed to reveal a thorough-going account of Southeast Asian functionalism. If spill-over effects were what accelerated European integration, the rejection of such potentialities in ASEAN readily explains the slower pace of change. Rather than a set of suboptimal solutions, according to hard rational choice, ASEAN opted to be satisfied from a range of possible alternatives and was given hard constraints by its member states, who were not assumed to be committed to economic and political integration.

The complex set of functions in a regional organization suggests a tendency toward conservatism. In the ASEAN charter process, despite the "bold and visionary" starting point, much of the resulting document was a codification of existing norms. ASEAN's institutional choices reflect the preferences of the system as a whole, having economic and security goals but with conflicting norms related to the attainment of each. This has been reified into tensions between respective ministries in some member states.

The preference for consensus and informality reflects the higher-order concern for security and unity amongst its member states, and suggests they may be less convinced that the provision of economic public goods will shift preferences and promote deep integration. A critical reading might conclude that the priorities and resultant mechanisms indicate who wields the power to determine which concern is greater.

Criticisms of ASEAN over past controversies, such as Myanmar's military junta, or the slow pace of economic integration, have tended to treat one kind of public good as more important than others, or else take those others for granted. The tendency is to harangue ASEAN for such inefficient or ineffectual structures (for example, Aggarwal and Chow 2010; Sharpe 2010; Jones and Smith 2007). Yet the dueling security and economic goals explain that structural tension, even if it may not satisfy outsiders who have different priorities.

PROSPECTS FOR ASEAN REFORM

The functionalist account offers clues as to how change might happen. As Schmitter (1970) has suggested, change occurs around crisis-induced decision-making cycles. The contemporary transnational problems in Southeast Asia include tensions in the South China Sea, the rivalry of external regional powers, the Rohingya in Myanmar (through refugee flows), and environmental concerns. If economic issues predominate, the impetus to strengthen the

economic norms will increase. If security problems predominate, however, then ASEAN's existing practices for resolving tensions and avoiding confrontation will remain.

Crises will drive change. If either the economic or security domain, using its attending norms, fail in the provision of public goods. Transplanting the norms from one field into the other will be a challenge. There are perennial calls for extending the "ASEAN minus X" formula to be applied in non-economic areas like preventive diplomacy or counterterrorism (Emmers 2017). The ASEAN Charter does not prevent noneconomic domains from using variable formulas if there is consensus to do so.

It may be risky to wait until significant problems strain the institutional apparatus to rethink those norms. Failing that, the degree of contestation and negotiation required to reach that point and the attendant costs of renegotiation make it unlikely that member states will reopen the debate.

UNINTENDED CONSEQUENCES?

The final part of the toolbox of functionalism is the study of unintended consequences. There is a suggestion that regional integration is best explained at the nexus of intraregional logic and extraregional logic: a region's interface with external actors. That extraregional logic creates a tendency to produce what are known as "Rambos" in game theory: members of the region who have no incentive to cooperate due to favorable relations with external powers (Krapohl 2017, 13–16). ASEAN is not immune to this effect, where the temptation to defect is present (Chiou 2010, 378). The rise of China and its expectation that states in its orbit will support Chinese goals may increase this pressure. Sensitive issues like the South China Sea have already resulted in the breakdown of ASEAN consensus.

If ASEAN's toolkit, developed around security goals, fails to provide for even that minimal public good, then one would expect functional pressure for change. With high pressure to defect or not cooperate, the consensus mechanism cannot work. If functionalist "spill-over" is particular processes creating negative externalities in another area that then create pressure for the other area to conform, then the suggestion is that the internal pressure of accelerating economic integration and the external pressure of great power influence will lead members to question their commitment to consensus (Krapohl 2017, 6–7). The unintended consequence of this is that ASEAN, if it sought new methods, will develop them out of existing ones. At present, only indigenous alternatives to the flat structure ("ASEAN minus X" and related hierarchical suggestions) would transform the organization.

This would result in an ASEAN that is no longer flat, and that would be against the great powers' interests, regardless of which school of international relations one follows. Realists see ASEAN's flat structure as a weakness because it prevents assertiveness, but constructivists see it as a strength as it provides a platform for socialization and a nonthreatening arena for great powers to meet (Goh 2011). Depending on one's theoretical viewpoint, abandoning the flat structure would either allow ASEAN to be more assertive, or make it a poor platform for great power interaction.

NOTE

1. Norms themselves can be understood to be "problem-solving devices for dealing with the recurrent issues of social life: conflict and cooperation" (see Kratochwil 1989, 69).

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Chapter Nine

The Comparative Demension of European and Asian Regionalisms

Practical Implications

Ekaterina Koldunova

At the turn of the centuries, the rise of regionalisms beyond Europe became an obvious fact. This gave rise to the comparative studies of regions and the way they organized themselves both in terms of institutional structures and integration, and more informally. There have been a number of publications focusing on the specific features of regional development, regional integration, and the role of regional dynamics in world politics (Fawcett and Hurrell 1995; Voskressenski 2014; Solingen 2015; Voskressenski 2017). The focus of many of these studies was how Asia, and more specifically Southeast Asia, tried to emulate the European Union's (EU) experience in terms of building institutionalized regional cooperation. They also examined how Europe and other regions diverged in their regionalization efforts and regional institutional designs (Acharya and Johnston 2007; Dent 2008; Baikov 2012; Aris 2011; Kahler and MacIntyre 2013). Some studies specifically focused on the comparison of the EU and ASEAN, although whether the EU could and should serve as a reference point for such comparisons has been debated (Wong 2012). There is still little analysis of the contemporary map of regionalisms in Europe, Asia, or wider Eurasia, however; studies have not assessed the state of the European project after the Euro crisis of 2008–2009, the UK's Brexit decision, or the development of highly diversified Asian regionalisms. These regionalisms are no longer limited to Southeast Asia or the activities of the Association of Southeast Asian Nations (ASEAN), but provide an empirical research area for political and political economy analysis.

This chapter tries to bridge the analytical gap by examining the European and Asian (Southeast Asian, East Asian, South Asian, and northern Eurasian) regionalisms and regional integration blocks in terms of their impact on international relations. It argues that the rise of transregional projects across Europe and Asia (Transatlantic Trade and Investment Partnership [TTIP],

Trans-Pacific Partnership [TPP], "One Belt, One Road" [OBOR]) brings new turbulence to interstate and –regional relations, and requires new mechanisms of cooperation and coordination not only between states but also between transregional projects and regional integration blocks.

DEVELOPMENT OF NON-WESTERN TRANSREGIONALISM

Historically the interregional or "transregional" instruments used to be mainly EU-centered (Doidge 2011, 8–9). They concentrated on the dialogue between the EU and other regional entities, and did not presuppose the creation of working instruments for reconciling divergent interests. Examples include the European Community dialogue with the Associated African States and Madagascar dialogue, which started in 1963, or the European Community's interaction with the Gulf Cooperation Council, initiated in 1988. The interregional relations of the 1990s had a more structurally complicated footing, like the Asia-Europe Summit (ASEM), and were more ambitious. They remained functionally limited, however, consisting of primarily apolitical spheres of interregional dialogue.

To that point, the EU and ASEAN were the most articulated and institutionalized regionalisms in wider Eurasia. The former traced its history to the 1952 European Coal and Steel Community (ECSC) agreement and to 1957 when Belgium, France, Italy, Luxembourg, the Netherlands, and the Federal Republic of Germany agreed to create the European Economic Community; ASEAN started in 1967, after the representatives of Indonesia, Malaysia, Singapore, Thailand, and the Philippines signed the Bangkok Declaration. Since that time, attempts to structure regional cooperation have mushroomed. The past half-century shows, however, that regional organizations, though often taking the EU as their benchmark, quickly diverged with regard to the formalization of relations between member states and institutions (Wong 2012).

There is still debate as to what extent these organizations, representing mainly non-Western regions, proved effective; nonetheless, they significantly altered the international landscape by the fact of their emergence. In the 2010s, for instance, regional interaction gave way to transregional initiatives like the U.S.-driven TTIP and TPP, or China's OBOR initiative. In this respect, wider Eurasia, including Europe and Asia, represents an interesting case of the coexistence of well-established and emerging organizational regionalisms, as well as various types of regionalisms and transregional projects. The EU, ASEAN, and South Asian Association of Regional Cooperation (SAARC) are clear cases of regional integration with both economic and political underpinnings. TTIP, TPP, OBOR, and the Russian-inspired

Eurasian Economic Union (EEU), on the other hand, are driven more by the ambitions and internal dynamics of single countries. Given their economic reach, these projects may form the basis of a new stage of regional and trans-regional development in Eurasia.

EUROPEAN, ASIAN, AND EURASIAN REGIONALISMS IN COMPARATIVE PERSPECTIVE

Europe is the most institutionalized region in the world. The EU, as the main embodiment of this institutionalization, provides an example of a sophisticated form of regional integration. In six decades, it has not only passed through all stages of economic and political integration but also generated European law, a phenomenon absent everywhere else.

Several factors stimulated functional integration in Europe (Mitrany 1965). Perhaps foremost was the idea that economic cooperation could ease the perennial conflicts between France and Germany, and help restore Europe economically after the Second World War. By 2007, the EU enlarged to include almost all current members of the Union[1] and engaged in a prolonged debate over whether to adopt a constitution. This would have signified that the EU was turning into a federation on the scale of an international region. Controversies among member states and opposition by France and the Netherlands meant the EU constitution remained on paper; instead the 2007 Lisbon Treaty, which enlarged the EU competences vis-à-vis nation-states, was enacted.

European integration was not just a product of interstate cooperation though. It generated a critical mass of noninstitutionalized networking activities between nonstate actors and subnational regions. In the normative political domain, the EU united well-established democracies and those European countries that, in the 1990s, went through the process of democratic consolidation. This gave birth to a debate concerning the EU's normative role in the world and the concept of "civilian power" (later reformulated as Normative Power Europe) (Bull 1982; Manners 2002; Telò 2006). This concept, developed by Ian Manners and a number of other researchers, assumed that the EU was a normative, rather than military or civilian, power bloc; it tried to diffuse "normative values" in its external relations (Birchfield 2013). The "core norms" include the rule of law, human rights, and democracy, while the secondary norms are social solidarity, antidiscrimination, sustainable development, and good governance (Manners 2002).

The EU has worked out politically and economically articulated policy toward its immediate neighborhood, which included post-Soviet states, Tur-

key, the Middle Eastern, Northern African, and Mediterranean states. The European Neighborhood policy initiated in 2004 and financially reinforced in 2011 aimed at enhancing political, economic, and social interactions with these areas. With Turkey, the EU first engaged in the association process and, in 1999, the Helsinki Summit acknowledged Turkey as a candidate for the EU membership. The accession process, however, did not move significantly further and terminated after an attempted military coup in Turkey in 2016 and subsequent purges in the Turkish army. In 2009, the EU launched its Eastern Partnership program focused primarily on such post-Soviet states as Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. In building transregional interactions, the EU hoped to spread its achievements of regional interaction to the surrounding areas, thus stabilizing its neighborhood through institutional instruments and mechanisms of cooperation. The common feature driving the EU's relations with its neighbors was that the EU acted as the reference point while the others needed to bring their political, economic, legal, and social practices into conformity.

A number of developments seriously hindered the EU's image as a reference point for other regional integration blocks though. The first was the Euro-zone crisis and the concurrent global financial crisis of 2008–2009. The second was the 2014 political crisis in Ukraine, which became a point of serious divergence between the EU and the nascent EEU. Finally, the UK's decision to leave the EU after a 2016 referendum devalued the perception of the EU as a successful regional integration project. Political and intellectual elites in other parts of the world consequently concluded they might need different paths for regional integration (Hoang, Thuzar, Das, and Chalermpalanupap 2016).

Southeast Asia was the second region to embark upon a path of regional organization. Over fifty years, ASEAN became Southeast Asia's core institution for addressing regional political and ideological divisions, and finding a way to remain relevant in the postbipolar world. ASEAN, though, did not move to become a supranational entity (Beeson and Stubbs 2012). It stuck to relatively simple forms of economic integration, like free trade areas, acceptable to all member states and let them engage in similar relations with external actors to achieve economic growth.

Brunei joined ASEAN in 1984; in 1995 Vietnam became a member; and, in 1997, Laos and Myanmar. Cambodia joined in 1999 after overcoming a serious internal political crisis. By 2000, ASEAN had reached its physical limits of expansion, with only one country in Southeast Asia, Timor-Leste, left under consideration as a full member. For reasons of deep economic cleavages (in 2016 in terms of the GDP per capita Singapore surpassed Cambodia by forty times), regional integration was slow. Along with the 1992

decision to launch an ASEAN FTA, Southeast Asia benefited from *de facto* integration (Daisake 2006). Tight intraregional ties emerged from the process of specialization and cooperation within transnational production chains in the 1980s. The combination of institutionalized and noninstitutionalized regional interdependence led Christopher Dent to claim that a special type of regionalism, different from its European analogue, had emerged in this part of the world (Dent 2008).

As an amalgam of economically weak and politically diverse actors, ASEAN considerably diverged from the EU in dealing with its immediate neighborhood and building transregional relations. For ASEAN, external partnerships were important in securing external markets for their export-oriented economies, extracting technological and investment benefits, and for managing political issues that required international interaction wider than the ASEAN framework. This so-called "functional expansion," a mix of neighborhood policy and attempts to reach out to stronger powers, became a hallmark of ASEAN transregional relations in the 1990s (Khong and Nesadurai 2007).

This "functional expansion" manifested in several individual and collective cooperation frameworks with ASEAN as their core. They included the ASEAN+1 Dialogue Partnerships, the ASEAN+3 (China, Japan, South Korea) mechanism, the East Asia Summit (ten ASEAN member states plus China, Japan, South Korea, India, Australia, New Zealand, the United States, and Russia), and the ASEAN Regional Forum comprising twenty-seven participants ranging from the EU to North Korea. By 2000, ASEAN had established separate dialogue tracks with Australia, Canada, China, the EU, Germany, India, Japan, New Zealand, Norway, Pakistan, Russia, Republic of Korea, Switzerland, and the United States.

All of these external partners were important for ASEAN for particular reasons. Keeping the United States active in the region was important for local political elites from the viewpoint of securing access to the U.S. market, but also for security considerations. The United States's reduced engagement during George W. Bush administration (2001–2009) and lower interest in regional, multilateral organizations under Donald Trump (elected in 2016) caused serious concerns among policy makers and intellectual elites in Singapore, the Philippines, and other ASEAN member states (Tay 2010). Until 2010, ASEAN perceived China's rise as unambiguously positive; China presented yet another driver of economic development for ASEAN. Japan remained relevant in terms of investments, technology transfer, and the organization of production chains in the region, while the EU became yet another key investor and external marker for ASEAN's export-oriented economies. Other partners, whether South Korea, India, or Russia, were making, as

Alexei Bogaturov (2009) put it, regional space "denser" without letting anyone dominate in the regional constellation of powers.

ASEAN, which was neither structurally nor economically strong, managed to unite these external partners mainly by appealing to normative principles, the so-called "ASEAN Way." This nonbinding, informal approach to decision-making via consultations was appropriate for a wide range of participants. ASEAN was central to the growing number of regional and macroregional institutions for another reason, though. External partners, who exceeded member states' economic potential, considered ASEAN an acceptable framework for cooperation in a region that was prone to political and economic division (Acharya 2017).

The ASEAN experience inspired neighboring South Asian states to start building institutions for regional cooperation. In 1985, on the initiative of Bangladesh, seven South Asian countries (Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka) created SAARC. Afghanistan joined in 2007. The idea driving regional cooperation in South Asia was that groups of small and mid-range powers would counterbalance the regional hegemon, India; this has not been realized. Growing cleavages between India and South Asian Muslim countries drifting toward the Middle East contributed to the functional deficiency of SAARC. Noninstitutional factors, like transnational threats or migrations, also acted as dividing rather than uniting forces. The established regional institutional structure thus lacked the social and economic conditions for any kind of integration.

SAARC also failed to build any kind of international agenda or normative framework that South Asia could export to its immediate neighborhood. Because intraregional cooperation stagnated, India, the core regional state, opted for a pan-Asian (later reformulated as Indo-Pacific) strategy. The Indo-Pacific vision directed India toward Southeast Asia, Australia, and East Asia, underscoring the economic dynamism and strategic interests that might align India with this part of the world.

The EEU, created in 2015, united the post-Soviet states of Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia; it was a latecomer in the map of regionalisms. By the time it emerged, the framework of European integration was highly structured, and the Asia-Pacific region was organized as an ASEAN-centered regional network. The Russian political and intellectual elite debated whether and what form Russia should be linked to other integration projects in Europe or Asia. This resulted in a set of ideas that should have created institutional connections for Russia with other parts of Eurasia. One called for the creation of a "common space" with Europe; another for something similar with Asia. The 1994 agreement on the EU-Russia partnership was neither renewed nor replaced when it expired in 2007, however, and,

Russia still lacked a comprehensive structural interdependence with Asia. This strengthened the voices arguing that Russia must act as an integrator (Larin 2016).

The EEU was the result. Where some experts on Russia and Europe worried the EEU would become a new emanation of the Soviet Union, it became rather an institutional framework for economic integration. This framework did not lead to any supranational bodies; the key drivers of integration emanated mainly from the historical economic connections and comparable, though quite low, level of economic competitiveness of the states involved. This compatibility theoretically allowed for more intramural trade among the countries whose commodities were not highly competitive in external markets.

The EEU's policy toward its neighborhood was ambivalent. In some cases, like Ukraine, its competition with the EU over this so-called buffer zone resulted in political crisis. In the Caucasus and Central Asia, the EEU managed to include Armenia and Kyrgyzstan, states economically weak and dependent on Russia. Its influence and possible expansion in Central Asia faced serious constraints when it became clear that China's OBOR project was targeting Central Asia as one of its geographical priorities, bypassing Russia.

This provoked a new wave of discussions in Russia concerning the way its integration projects could connect with the integration process in Asia, if not with the EU (Karaganov 2016). By that time, the EU had already imposed sanctions on Russia because of the 2014 political crisis in Ukraine, and a referendum resulted in Crimea's incorporation into Russian territory. In 2015, Russia and China agreed to link the EEU with OBOR, leaving the form of the link for further discussions. In May 2016, during the ASEAN-Russia summit in Sochi, Russia proposed a connection between the EEU, the Shanghai Cooperation Organization (SCO), and ASEAN. In his address to the Federal Assembly later that year, Russian President Vladimir Putin advanced the idea of "multilevel integration in Eurasia." This left room for consideration at various levels of decision-making in Russia and Asia. ASEAN leaders questioned the forms and scope, looking more at the economic than the political and strategic aspects. During the following years both political and intellectual elite of several ASEAN member states (Singapore, Cambodia, and Thailand) expressed their interest in establishing bilateral free trade areas with the EEU using the EEU-Vietnam FTA experience (in action since October 2016) while the EEU-SCO-ASEAN link remained marginal in the discussions.

In relations with SAARC Russia sought observer status throughout the past decade but eventually stopped trying after 2015 when India and Pakistan, key countries of South Asia, started the process of accessing the SCO.

There is, therefore, a spectrum of regional integration organizations, with divergent attitudes to neighborhood and other regional blocs, and diverging

perceptions on how the mutually overlapping interests could be reconciled. The EU is a strong regional bloc with an economically weak periphery. Its transregional ties tend to subvert the periphery to the core, while its normative power is about diffusion rather than convergence. ASEAN is a weak-core regional bloc with a stronger periphery. It has transregional ties institutionalized on relatively equal grounds, with a stronger focus on consensus. SAARC is also a weak-core regional bloc, but with a weak periphery. Its loose interrelation resonates in weak transregional connections and trust deficits among many neighbors. Nepal, Bhutan, and Bangladesh are weak buffer states. This drives India's ambition for a wider transregional strategy in East Asia and Eurasia, but not the regional bloc to which it belongs. The EEU is an economically weak core regional bloc with one politically strong organizing center, Russia. Low economic competitiveness drives the EEU to search for consensus-based transregional connections with the EU, and with China and Southeast Asia; so far these are more theoretical than practical.

RISING REGIONAL PROJECTS: COMPETITION, OVERLAPPING, COOPERATION?

The second decade of this century was a watershed for regional integration worldwide, with the rise of transregional projects of a new type. The U.S. advanced two multilateral free trade initiatives: the TTIP with Europe and TPP with the Asia-Pacific states. In 2013, China's president, Xi Jinping, announced the OBOR initiative. These projects overlapped with existing regional integration processes.

The United States initiated the TPP in 1998, but did not invest much in the negotiation process. In 2011, President Obama revitalized TPP negotiations as a part of his "Pivot to Asia" strategy. He managed to enroll twelve Asia-Pacific countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. TPP, along with the TTIP negotiations with Europe, represented a qualitatively different approach to trade and economic liberalization. The United States was interested not only in the free trade of already assembled production; it wanted domestic regulation in the countries involved that would ensure the optimal functioning of complex production chains (Baldwin 2011). This was important for the countries of the world technological core, like the United States or Japan, to be able to transnationalize production without losing their technological lead. Less technologically advanced countries, like Vietnam or Malaysia, would gain stable access to the American market. Consolidating U.S. leadership positions in the Asia-Pacific in general, TPP could have created serious cleavages within

ASEAN, but President Trump withdrew the United States from the agreement, effectively rendering it null.

The OBOR is a different approach to the transregional cooperation. The initiative targeted Central Asian and Southeast Asian states on two tracks: by land via Central Asia to Europe; and by sea via the Pacific and Indian oceans. As Russia, the EU and other regional actors voiced concerns over being bypassed or being disrupted, however, the OBOR developed more branches. Its aim is to build stronger infrastructure connections from China across Eurasia to Europe. This would ensure smoother trade and help China extend its model of development beyond its national borders. In 2016, though still not formalized, the OBOR received financial support from the new Asian Infrastructure Investment Bank (AIIB). Initially this Chinese-backed institution united fifty-six countries in support of infrastructure development in the Asia-Pacific region growing to more than eighty members by the end of 2017. In May 2017, the first OBOR Summit took place in China with the participation of heads of state and government and ministerial level delegation from more than fifty countries.

OBOR raised strong concerns across Eurasia, though, as Eurasian states recalled concepts like the "China-centered world" and "China's peaceful rise." It provoked considerations of the normative implications for the countries involved. China's traditional approach of dealing with its partners bilaterally alarmed the EU, ASEAN, and the EEU alike. The uneven implementation of the OBOR project, moreover, with the priority given to certain countries, raised concerns. One possible result would be that OBOR fixes China's higher technological niche in the international economy in the same way TTP would have fixed the U.S. position, thus turning Russia, Central Asia, and Southeast Asia into an assembly line and resource appendage for China.

The emergence of numerous transregional projects, along with the precedent of interregional relations resulting in violent conflicts as in Ukraine, generated a debate on how to reconcile regional integration blocs as well as mediate between regional and transregional projects. At least three solutions emerged, with varying degrees of convergence.

The U.S. version of transregionalism (TPP) meant adherence to U.S.-imposed standards in trade and economic liberalization, as well as the exclusion of those who could not ensure compliance. It presupposed U.S. structural leadership (Strange 1987), fixing niches for countries and providing access to the American market in exchange. The Chinese version created infrastructural interdependence between China and the surrounding regions. It did not hinder existing integration arrangements in the EU or Eurasia, at least in the early stages of OBOR; however, its strategic implications raised concerns that it would fix China's leading regional position, and create "winners" and

"losers." The Russian version of transregionalism (the EEU), a so-called "integration of integrations," is conceptually tolerant of existing regional integration blocs, but originated from an economically weak actor with no clear, practical path to implementation.

CONCLUSION

The preceding analysis poses at least two questions with important practical implications: why do competing regionalisms arise; and how can they avoid conflict? Regionalisms tend to reflect the social specifics of the states involved. Different social and economic conditions, and different political systems result in different economic and foreign policy strategies, not only at the level of a nation-state but also at the level of regional integration blocs. Regional blocs create markets bigger than a single nation-state, but do not presuppose higher competitiveness, which is a result of a complex constellation of factors including comprehensive national innovation systems. The transnational organization of production chains only adds to existing imbalances, creating regions like the Asia-Pacific, which can adapt to them, and disrupting others, like northern Eurasia. Creating a regional integration bloc, therefore, is no longer enough to secure competitiveness in the international system; that requires stronger ties with other segments or regions.

The varying political and economic competitiveness of regional integration blocs creates competition, as the case of Ukraine has demonstrated. The past half-decade has witnessed a rising competition between transregional projects as well, exposing a contradiction between transregional projects and regional integration blocs. The American and Chinese transregional projects offered a new type of political and economic spatial organization, stretching beyond regional integration. However, the growing international interdependence evident in the coexistence of old and new projects of spatial organization of political and economic space has not generated, so far, practical mechanisms for linking regional integration organizations and transregional projects in a cohesive and conflict-free system. American, European, Chinese, and Russian answers to this challenge vary in normative, political, economic, and practical aspects, but none of them provides a solution acceptable to all.

NOTE

1. The last EU member, Croatia, joined in 2013. Previous enlargements incorporated the United Kingdom, Denmark, and Ireland (1973); Greece (1981); Spain and Portugal (1986); Austria, Finland, and Sweden (1995); Hungary, Cyprus, Latvia,

Lithuania, Malta, Poland, Slovakia, Slovenia, Check Republic, Estonia (2004); Romania and Bulgaria (2007).

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Part III

NEW WAYS OF INTEGRATION? EMERGING OVERLAPPING AND TRANSREGIONAL PROJECTS

Chapter Ten

The Silk Road Economic Belt and the Maritime Silk Road Initiative

Evaluating the Transregional Potential of Chinese Projects

Anna Kireeva

In 2013, Chinese leaders proposed the Silk Road Economic Belt Initiative (SREB) and the Maritime Silk Road (MSR) for the 21st Century Initiative with an emphasis on historical ties. These new concepts are intended to improve China's multimodal connectivity with Europe, as well as other territories and expanded maritime space. Collectively called the Belt and Road Initiative (BRI) (initially known as One Belt, One Road; 一带一路 in Chinese), the initiatives have emerged as key components of China's foreign policy and economic strategy.

The BRI is designed to deliver the "Chinese dream," the great rejuvenation of the Chinese nation. It also should promote the two core goals: completing the "*xiaokang*" (moderately prosperous) society by the centenary of the Chinese Communist Party's formation in 2021, and create a rich, strong, democratic, civilized, harmonious, modern socialist state by the anniversary of the PRC's establishment in 2049. The Chinese leadership emphasizes the concept of codevelopment and a win-win, mutually beneficial cooperation for all the participating states. The BRI is supposed to provide stimulus for infrastructure development and structural innovations, improve the business environment of the region, facilitate an unimpeded trade flow, make the distribution of production factors more efficient, accelerate the development of landlocked and remote regions, lower costs and barriers to trade and investment by creating value-added chains, and strengthen people-to-people exchanges.

The MRS was proposed initially as a means to strengthen maritime partnerships and enhance political, security, economic, technical, and scientific cooperation with ASEAN states. The ultimate goal is creating the "community of common destiny" in Asia (Chaturvedy 2014).

The BRI has realized its financial institutionalization with the establishment of the Silk Road Fund (with a capital of $40 billion) by the Asian Infrastructure Investment Bank (AIIB) and special lending schemes from state development banks. The major conceptual document published in March 2015, "Vision and Actions on Jointly Building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road," lays the foundations and outlines strategic priorities for the BRI. It emphasizes mutual benefits and prosperity, joint development, and win-win cooperation based on market principles, the inclusive character of the initiative, and China's provision of public goods. It includes sixty-five countries, which produce 65 percent of world GDP and comprise 70 percent of the world population. The document describes the projects as "a flying eagle" with two wings and China as its head. The BRI is designed to enhance connectivity with Southeast and South Asia, Eurasia, the Middle East, Africa, and Europe (MFA of China 2015).

GOALS BEHIND CHINA'S BELT AND ROAD INITIATIVE

China's BRI should be analyzed in the context of China's stance toward alternative integration projects. The Transpacific Partnership (TTP) is often viewed in China as a major challenge, with the United States and Japan trying to use TTP as a rebalancing tool to contain China and shape power politics in Asia-Pacific. The Regional Comprehensive Economic Partnership supported by China is viewed as a counterweight to TPP, based on open regionalism and capable of bringing tangible benefits for the development of Asia. The position of international analytical community toward RCEP has become more ambivalent, however; there has been some criticism toward this ASEAN-centric format, the difficult process of decision-making, and difficulties during negotiations. China still supports RCEP but is not quite satisfied with its progress; its focus since 2013–2014 has been the BRI (Ye 2015, 215–16).

The BRI comprises three set of goals: China's economic development; foreign economic, trade, and investment policy; and foreign policy and geopolitics. The BRI was declared against the background of the "new normal" of China's slower growth rates and serious structural problems. The goal was achieving better quality growth. It is to stimulate China's economic development by creating a shift from extensive development to a high-tech intensive model and acquiring innovative capacities. China's goal is to transform into a developed country without falling into the middle-income trap. The BRI therefore aims to continue the extensive development model of exports in an expanded transregional space, while simultaneously establishing the conditions for a transfer to a more balanced development model based on increased

domestic demand. The key is to create macro- and transregional value chains with China as a center of advanced manufacturing and innovation. This would enable China to capture the higher end of the production chain and became a standard-setter through the export of goods with higher added value. The BRI also will provide an opportunity to tap into new markets, although competition there is already stiff (Zhao 2015; Salitskii and Semenova 2016; Zhao 2016; Chung 2015; Nitta 2016, 3).

The initiative could help China mitigate existing economic problems. China has an overcapacity in construction and related industries, as well as in heavy industry, transport, and energy manufacturing. The PRC government's stimulus policies of 2008 only generated overinvestment and added to the surplus in production capacity, thus undercutting China's productivity. It enjoys cheap infrastructure successes and is ready to propose to build it in other countries with Chinese labor force to other states, with comparatively low prices for consumables and materials in several years (Zhao 2015; Salitskii and Semenova 2016; Zhao 2016; Chung 2015; Nitta 2016, 3).

China has seen a sharp increase in wages, however, thus losing its competitive advantage in a number of labor-intensive industries, such as textiles and electronics assembly. As a result, there has been decreasing investment in manufacturing, followed by a reduction of China's share in production of goods with low added value and low-quality manufacturing production. China's goals are to develop high-tech industry and innovations. China hopes that infrastructure investment abroad will develop new bases for sectors with excess capacity and surplus outputs, as well as stimulating industries with higher added value. Chinese projects imply using Chinese materials, services, equipment, machinery, and labor.

These will be employed not on the territory of China, but on an expanded macro- and transregional scale, creating external sources of growth by an infusion of Chinese capital and labor force in addition to the internal ones. Transferring production abroad in the industries that are losing competitiveness will allow China to dispose of excessive, power-consuming, labor-intensive, and dirty industries with unfavorable environmental impacts and, at the same, develop innovative industries with higher added value (Zhao 2015; Salitskii and Semenova 2016; Zhao 2016; Chung 2015; Nitta 2016, 3). This would enable China to export goods with higher added value and services, including electronic components, durable consumable goods, equipment and machinery for heavy industry, building and engineering, and thus upgrade its involvement with regional and global value chains, but it needs to break into new markets. Infrastructure projects will make it possible for China not only to export advanced machinery and engineering services, but also they will open the way for Chinese trade and investment into yet unfamiliar

markets (Arase 2015, 31). The AIIB is to promote external demand for Chinese production and enable Chinese enterprises to increase operations abroad in building infrastructure (Kawai 2016, 13).

A major task for China is to find new internal and external sources of growth to sustain and increase the competitiveness of its economic model. Chinese experts believe that external sources of growth can be found in developing countries; if China has a stake in their development, it will benefit as well from their economic growth (Zhang 2015). The BRI thus can be considered a new stage of China's "go out" policy and "opening-up" to further integration with the global economy through foreign direct investment (FDI). From the launch of the "go out" policy in the early 2000s, China has emerged as one the major world investors. In 2015 its outward investment surpassed inward for the first time. China's outward FDI is expected to be more decentralized and market-driven, with an expanded and diversified landscape. A new phase of the Chinese "go out" policy is to be developed with massive private capital, public-private partnerships, and moving ecologically unfriendly production out of the country.

China possesses large foreign exchange reserves, valued at $3.2 trillion in the middle of 2016. China is shifting from U.S. Treasury bonds to other assets, however, as it is mostly taking losses on the U.S. government bonds because of the revaluation of the Renminbi (RMB). China intends to make more profitable use of its foreign exchange reserves to increase its economic returns and to serve its geopolitical needs at the same time. The overall spending on the BRI is expected to total between $4 and $6 trillion. The second key financial goal is the promotion of RMB internationalization, as China plans to provide financing and conduct bilateral agreements in RMB (Zhao 2015, 5–9; Zhao 2016, 11; Arase 2015, 32).

Another important goal of the BRI is rebalancing China's economy and promoting growth in the Chinese interior. The division of labor inside China is being transformed, with the less-developed western and central provinces becoming leaders in growth rates as labor-intensive production has been moving there. There is still potential for extensive development. The SREB plays the key role in promoting the development of the "backward" western provinces, first and foremost Xinjiang. Economic development and intensified links with neighboring provinces, Central Asian states, and Pakistan are expected to ease ethnopolitical conflict and stabilize the situation there.

The Guangxi-Zhuang Autonomous Region and Yunnan Province are to play the key role in realizing the MRS. A backward landlocked southwestern Yunnan Province is to become the hub of land transport corridors and the place where the Trans-Asian Railway originates, connecting China with Southeast Asia. Yunnan also serves as a bridgehead to the Bay of Bengal via

Myanmar, the wider Indian Ocean, and it is at the heart of the Bangladesh-China-India-Myanmar Economic Corridor. China's six economic corridors focus on different Chinese regions (Arase 2015, 37).

The BRI also envisions a new (Chinese) model of economic growth and integration in Asia, Eurasia, and beyond. Traditional regional integration models based on concluding the FTAs do not necessarily apply to Asia, where the countries are dispersed geographically and diverse in terms of economic development level. The model of connectivity, integration, new growth, incentives, and momentum through large-scale infrastructure building may better apply to the region. It could reshape the regional growth mechanism and lead Asia into a stage of new growth. China's grand ambition is to lead Asian economic growth and deepen regional integration (Zhao 2016, 31; Arase 2015, 33).

The BRI reflects the change in foreign policy priorities, elevating China's relations with neighboring states, and coordinating its "great periphery" of Northeast Asia, Southeast Asia, South Asia, West Asia, and the Pacific Region. It will integrate the two ideas of "maritime breakthrough" and "positive march westwards." It was in 2013 that China began to refer to its periphery as the "priority direction" with the idea of building a community of "shared destiny." As the result of the global financial crisis of 2008, there has been declining demand in the developed countries for Chinese goods, and developing Asian economies emerged as one of the key sources of demand and growth—potentially the key market for China's exports. China has found, however, that economic relations do not generate mutual trust and translate into geopolitical influence consistently, as exemplified by the prevailing distrust of China within ASEAN. Chinese analysts therefore stress that China must build its reputation by starting to provide more "public security goods" (Zhao 2015, 10–12).

The Maritime Silk Road's key goal, for instance, is fostering maritime partnerships amid aggravated maritime security tensions escalated because of the South China Sea maritime dispute and concerns about China's military buildup. Most ASEAN states have growing concerns about the PRC's security policy. With the help of primarily economic measures such as free trade agreements, infrastructure investment, and maritime cooperation, China hopes to diffuse tensions, improve relations with Southeast Asia, and create a positive image in Asia in general (Zhao 2015, 11–12; Chaturvedy 2014, 14).

Another important geo-economic goal is gaining access to trade routes and shipping lanes other than those controlled by the United States or its allies, in particular for energy and agricultural imports. Developing alternative trade routes could help China break away from the so-called "Malacca dilemma" formulated by the former Chinese leader Hu Jintao. This implies the West's

ability to block the Malacca Strait, which accounts for more than 85 percent of oil supplies shipped to China, by the United States and its allies. Having a stake in building corridors and seaports would enable China to secure trade routes, shipping lanes, and energy markets in Southeast, South and Central Asia, the Middle East, and Africa (Khurana 2016.).

Most Chinese experts stress the exclusively economic character of this initiative; however, there are other assessments pinpointing the necessity to provide security for Chinese projects. Chinese military experts claim that the BRI expands the strategic security space around China, stabilizes energy supplies, ensures economic security, and undermines the West's "strategic containment" of China by the creation of the Greater China. It has been designed to support China's strategy for a new role in the world system and more assertive foreign policy. The BRI has emerged as a diplomatic brand that encompasses all new projects, and will help unify logistics, energy, and humanitarian projects that, in combination, will provide China with a belt of loyal states in expanded Eurasian space as well as guarantee energy supplies (Denisov 2015).

REALIZATION OF THE BELT AND ROAD INITIATIVE

In 2015–2016, the Chinese proposed to connect the BRI with other regional integration groupings, projects, and initiatives already in place: the Eurasian Economic Union, the ASEAN Connectivity Master Plan, and Kazakhstan's Nurly Zhol ("Path of Light"), as well as domestic development plans like the Indian project "Mausam," and even India's Act East Policy. China's policy has been relatively successful, and there have been a number of declarations of convergent interests and agreements to connect the projects, with India being the major exception.

The first results of the BRI show that the land dimension has seen greater progress than the maritime. The China-Pakistan Economic Corridor (CPEC), worth $62 billion, can be regarded as the major accomplishment of the SREB. The CPEC is comprised of a number of infrastructure projects, including building the deep seaport of Gwadar and dry ports, building and upgrading railway lines, road networks, public transport in major cities, establishing industrial enterprises, extracting industries, agriculture, carrying out irrigation projects on Pakistan's territory with Chinese investment, and humanitarian exchanges. Transport networks are to link seaports in Gwadar and Karachi with Northern Pakistan, Xinjiang Province in China, and beyond. Energy projects comprise about half the sum—$33 billion—and include constructing power plants (mostly based on coal), liquid natural gas (LNG) terminals, oil and LNG pipelines, oil refineries, and hydroelectric and wind-power projects.

The CPEC came into operation in 2016, when the first cargo arrived in Gwadar headed for South Asia, the Middle East and Europe, thus effectively creating an alternative trade route. For Pakistan, which experiences chronic energy shortages negatively affecting its economic growth, these projects are a priority. The CPEC has been the most ambitious development project in Pakistan, with funding equaling all of its FDI since 1970. It is also the largest outbound investment by China. It is expected to create about 2.3 million jobs during 2015–2030, and to generate additional economic growth of 2 percent, with financing provided by concessionary loans.

There has also been a lot of debate about the conditions of the agreements, however; critics point to nontransparent financing conditions, possible competitive disadvantages for Pakistan's production (e.g., textiles) in comparison to cheaper Chinese exports; the possibly overwhelming influence of Chinese business on Pakistan's agriculture, small businesses, and industry; the lease of agricultural land to Chinese enterprises operating throughout all stages of the supply chain; the increase of monitoring and surveillance systems in major cities; and the emphasis on resource-extraction projects using Chinese labor to provide China with cheap supplies. By investing in Pakistan, though, China first and foremost hopes to secure the interests of its western provinces, primarily Xinjiang, by serving their raw material needs and stepping into the value-added sectors (The Dawn 2017).

China and Kazakhstan, moreover, have agreed to connect the SREB and Kazakhstan's "Nurly Zhol" domestic infrastructure development project. Kazakhstan, the largest landlocked country in the world and lacking for investment into infrastructure, was quick to strike deals to transfer fifty-one Chinese products worth $26.5 billion to Kazakhstan. Twelve of the projects underway focus on processing industries—for example, building a copper-smelting plant, construction of a polypropylene plant, and the modernization of an oil-processing plant. The implications are twofold: First, they will boost the development of Kazakhstan, ensure the creation of fifteen thousand new working places, and upgrade the qualifications of the Kazakhstan workers. Second, there are serious environmental concerns, however, connected with the transfer of "dirty" industries. China's active engagement on a bilateral basis, moreover, caused fears in Russia that it could be pushed out of the region (Masanov 2017).

In May 2015, in order to avoid being bypassed by China and afraid of losing influence in Eurasia and Central Asia, Vladimir Putin and Xi Jinping, who thinks that Russia is important to China, signed together the Declaration on Cooperation connecting the Eurasian Economic Union and the SREB. It lacks substantial projects, though, listing only potential spheres of cooperation such as trade, investment, logistics, and finance (Kadochnikov, Salamatova, and Spartak 2016).

Russian experts have different views on connecting the EEU and OBOR. Some embrace the SREB, seeing the benefits of creating a single space of "Central Eurasia" and potentially "Greater Eurasia." They believe it will foster synergy, cooperation, sustainable development, and regional security. Others maintain that the BRI is designed to serve primarily China's economic and geopolitical interests, and not necessarily the interests of the other states involved. Yet Russia cannot risk losing the benefits of economic cooperation with China and being marginalized in Eurasia; therefore, it has to find modes of cooperation that will benefit its modernization. China is primarily interested in projects that use its labor, technologies, and machinery, however, and the idea of Russia providing security benefits and China providing the economic ones is not appealing for Russia. If Russia and China can each accommodate their interests in the EEU-BRI cooperation, though, it could bring tangible benefits for all (Petrovskiy, Larin, and Safronova 2016, 234).

During the Belt and Road Forum in May 2017, Russia's President Putin spoke of promoting a Greater Eurasian Partnership, which would emerge from coordination of the EEU and the BRI. The projects are yet to be realized, however, with even the pilot project, the Moscow-Kazan high-speed railway, being postponed several times. The EEU and China reportedly agreed on the principles of the economic partnership agreement in October 2017. They are considering some twenty projects in logistics, industry, trade, and energy. The agreement is scheduled to be finalized in 2019.

The Maritime Silk Road has seen more limited progress. Southeast Asian countries require infrastructure investments to complete the integration of their economies within a single economic and infrastructure complex. With ASEAN's focus on increasing connectivity according to the Master Plan on ASEAN Connectivity and the Master Plan on ASEAN Connectivity 2025, ASEAN states lack funds for infrastructure development; funding from existing institutions is not sufficient. Thus, there is a high degree of convergence between ASEAN's master plans on connectivity and the BRI (Zhao 2015, 13–17).

The major accomplishment so far has been progress in building the Trans-Asian Railway connecting Kunming and Singapore with the central route (via Laos, Thailand, and Malaysia). China has not been successful on the western and eastern routes (via Myanmar and Vietnam respectively). In 2015–2016, China and Laos agreed to build a $7 billion high-speed railway connecting Kunming with Vientiane and stretching toward the border with Thailand. China and Thailand negotiated the $5 billion reconstruction and upgrade of the first part of the high-speed railway from the Laos border to the eastern coastal regions, with Malaysia-Singapore high-speed railway projects still under consideration. Indonesia, having made an agreement with China on constructing a high-speed highway from Jakarta to Bandung, is planning to

develop no less than thirty ports and considering Chinese projects among others. In 2015, China pledged $50 billion in investments for Indonesian ports.

The high points of Malaysia-China cooperation have been the joint modernization of the Kuantan port and establishing the Kuantan Industrial Park with $3.77 billion in investment. Despite the proposed high-tech industrial development, most investment has been allocated to the steel industry, port modernization, infrastructure, textiles, and ceramics, with a small share going to renewable energy. Other major projects include creating a maritime industrial park in Malacca with the help of Guangdong Province, building the electric industrial park Guangdong-Malacca, and constructing a deep-sea port in Malacca. China has been operating oil and gas pipelines in Myanmar since 2015 and 2013, respectively, thus gaining access to the resources from the Kyaukpyu port in the Bay of Bengal. In 2015 it secured the projects for building a deep-water port in the Bengal Bay and creating an industrial zone in the Kyaukpyu port.

In October 2016, China and Cambodia agreed on a number of joint projects under the auspices of the MRS and Cambodia's "Rectangular Strategy" aimed at domestic economic development. Philippine President Rodrigo Duterte also expressed interests in the MRS as part of an attempt to reinvigorate economic and political ties with China. Although many ASEAN countries endorsed the Maritime Silk Road, ASEAN as a whole is unlikely to take this step. There are concerns among ASEAN nations about China's assertive policy in the South China Sea, with many countries involved in the territorial dispute. They fear that increasing, asymmetrical economic dependence on China will have negative consequences for national economies and evolve into political dependence. The BRI often is regarded as the attempt of China to further its interests at the expense of other states. ASEAN states, nonetheless, likely will participate in the MRS, as it promises immense economic opportunities (Zhao 2015, 24–27; Chaturvedy 2014, 14). There has been progress implementing the MRS with the smaller South Asian states. China has been quick to move to Sri Lanka and started large-scale projects there: modernization of the Colombo port to a deep-water one, establishing a $1.4 billion "Colombo Port City," and finishing the Hambantota deep-sea port worth $1.5 billion. Being unable to repay the debt, in December 2017 Sri Lanka had to lease the Hambantota port to Chinese companies for ninety-nine years, with them having a 70 percent stake in a joint venture with the state-run Sri Lanka Ports Authority. In effect it will enable China to collect most revenue from the port operations, becoming the primary stakeholder. Sri Lanka has become the hallmark of the debt trap issue, when the inability of smaller states to repay the debt enables China to take a long-term control of the strategic point, significantly increase its foothold in the region, and realize strategic goals of the BRI. Similarly, in April 2017 state-owned China

Overseas Port Holding Company, which has been building the Port of Gwadar since 2013, reached an agreement with Pakistan's government that it is to receive a forty-year lease of the port till 2059. During this period, China will retain about 90 percent of revenue from the port's maritime operations and 85 percent of revenue from the management of the adjacent free trade zone. These examples show that, even as Sri Lanka and Pakistan gained new infrastructure, it is China that will get most economic benefits.

China also has a number of projects with Bangladesh and the Maldives that are often considered part of the so called "string of pearls" strategy. Coined by the United States and widely used by India, this concept entails China getting a foothold in the Indian Ocean and beyond via infrastructure projects and economic activity, and later expanding its military posture. Indian experts claim it implies the encirclement of India and point to the appearance of Chinese nuclear submarines in the Colombo port starting in 2014, alongside increased China-Pakistan military cooperation and a greater Chinese maritime presence in the Indian Ocean. India also objects to the implementation of the China-Pakistan Economic Corridor, as it is partly located on the territories claimed by India. Indian experts label the BRI as China-centric, aimed at advancing primarily Chinese interests. India does not support the BRI or the MRS (Chaturvedy 2014, 14; Zhao 2016, 25–30).

China is also reaching out to the Middle East, Africa, and Europe with projects under the auspices of the BRI. Increasing Chinese presence in Africa has been one of the main features of the two last decades, and China aims to capitalize on existing projects and extend its footprint on the continent, particularly in eastern Africa. China established its first naval base in Djibouti in 2016, and it has undertaken port and railroad development projects in Tanzania, Mozambique, and Ghana, as well as taking on the project of upgrading the Suez Canal in Egypt.

China has secured infrastructure projects in Europe as well, purchasing the major share of the Piraeus port in Greece and helping reconstruct the Hungarian-Serbian railroad. China's European projects so far have been small-scale, focusing on improving existing linkages. Establishing transport links with Europe is of utmost importance to China, though, as it is the European market that is the final destination for many Chinese goods (Klemensits 2017).

THE TRANSREGIONAL POTENTIAL AND POSSIBLE IMPLICATIONS OF THE BELT AND ROAD INITIATIVE

A full-scale realization of the BRI has the potential to increase China's political, economic, and technical cooperation with ASEAN, South Asia, Eurasia,

the Middle East, Europe and Africa—a huge macro- and transregional space. The BRI represents an ambitious plan to provide the foundation for China's growing global role. A huge number of projects with BRI countries have been regarded as its first successes. It is still too early to judge, however, if the initiative will be fully realized, as a number of obstacles exist. Whether China is capable of investing money in a huge array of projects, for instance, is debatable. The Silk Road Fund has made only six allocations in three years. Another issue for China is how to make all the projects financially viable and provide for their security (Nitta 2016, 9).

The debate on how the states "along the belt and road" should respond to the initiative is indicative—a state negotiates a compromise with China, both in politics and economics, on how to manage bilateral relations and participate in the BRI on more beneficial conditions. This compromise could come in the form of joint development of projects, joint enterprises to provide services (e.g., engineering) and management, or China providing technologies. Some analysts believe that the projects connecting the EEU and SREB such as the Moscow-Kazan high-speed railway fit into this perspective.

The Belt and Road Initiative is one of the most ambitious transregional projects in the contemporary world. Its realization would result in increased connectivity of the loosely connected macro- and transregional space should China and other states decide to invest. With strategic infrastructure being its primary focus, the BRI has led to the emergence of new and the revival of old projects for road networks and high-speed railways, along with the creation and modernization of deep-water seaports. According to the Asian Development Bank, Asia will require $8.3 trillion in infrastructure investment, with an additional $290 billion in regional transport and energy projects (Zhao 2016, 13–17). There is an argument of some analysts that these investments may help to channel investment into continental Eurasia thus sterilizing an excessive financial capital in infrastructure projects. Others believe that China's policies could promote the establishment of new value chains, and more investment and financing opportunities that could stimulate growth and development of the huge transregional continental space of the "Belt and Road" making the region geopolitically equal to EU and the USA. Increased people-to-people connectivity may also alleviate fears of China's rise and thus to increase stability in Asia and Eurasia.

Negotiating reasonable conditions, however, may prove difficult. Smaller countries may find themselves in the position where they are tempted to invite Chinese investment at the cost of its increased economic and political clout, as shown by Gwadar in Pakistan and Sri Lanka port development projects. The second scenario is thus both more likely and more disturbing.

The BRI will serve as a platform for China's expanded investment into the economies of Central Asia, ASEAN, South Asia, and Africa, not only in infrastructure, but also in production and services. It has the potential to strengthen China's economic position dramatically, and that could be followed by increased influence in politics and security. The difference in the economic scale between China and any given country means that China enjoys both superior leverage vis-à-vis any Asian or Eurasian state and leadership in any Eurasian multilateral setting. The BRI is a government-centered initiative, and the allocation of resources is done on an individual, case-by-case basis. The BRI reflects China's desire to create China-centric, albeit "open" order in Asia. In this scenario Asia might need China's consent to allocate its resources, and might have to conform to China's core interests to enjoy the "public goods" of the "community of common destiny." Regional states will have to respect China's interests (e.g., historical interpretations, territorial sovereignty) to gain access to China's market as well. As China has shown recently with the Philippines, Japan, Vietnam, and South Korea, it can and will employ economic pressure to "punish" countries for "incorrect" foreign policy decisions (Arase 2015, 32–35).

The slogan of the BRI that China is becoming the engine of development and integration of Eurasia is one thing, but putting it into practice may lead to demodernization and the primary development of resource extracting and processing industries to satisfy China's needs (Larin 2016). It may be a win-win, but it is China that is supposed to secure most benefits. The AIIB also may have a negative impact by fragmenting financial institutions, weakening economic governance in Asia, lowering of standards, and damaging the environment (Kawai 2016, 25). The strategic aspects of the BRI will make it possible for China to increase its maritime presence on a grand scale, particularly in the Indo-Pacific. Trading ships may be followed by paramilitary vessels such as coast guard and patrol vessels, of which China already makes frequent use to substantiate its claims in the East and South China seas (Tiezzi 2014). Apart from that, there are strategic goals of creating a favorable geopolitical environment and changing the attitudes of regional states toward China. According to Indian experts, what China is in fact seeking with the BRI is pre-eminence in the Indo-Pacific and the establishment of a hierarchical, China-dominated regional order (Khurana 2016, 16-21).

CONCLUSION

The Belt and Road initiative has been designed to advance China's economic, trade, investment, geo-economical, foreign policy, and geopolitical interests.

It is supposed to contribute to realizing the "Chinese dream" of the great rejuvenation of the Chinese nation and the two centennial goals. Against the "new normal" of the economic slowdown, the BRI is set to provide China with new external sources of growth in the expanded geographical space. It should rebalance the Chinese economic model through a focus on the western and central regions, stimulate high-tech industries and the innovative sector of the economy, leading to further modernization. All of this will allow China to avoid the middle-income trap, access new markets, and deal with excess capacity by developing new applications for Chinese labor. The government will be able to apply its currency reserves more profitably and, in the long run, upgrade China's involvement in production networks. China envisions the deeper integration and broader development of Asia and Eurasia, with China providing public goods. Establishing alternative trade routes, alleviating concerns about China's more assertive foreign policy, and improved foreign relations are further possibilities. The BRI has the potential to connect the expanded transregional space of Asia and Eurasia with the Middle East, Africa, and Europe, and stimulate its development. It is the most ambitious development project in the world.

It also can be regarded as a China-centric initiative, intended to create a hierarchical China-centric order. Possible strategic consequences include falling into asymmetrical economic dependence on China, an increased Chinese political and military presence, and Chinese maritime dominance, all of which would have long-term consequences for security in Asia.

The BRI implies gains for all states involved, but how balanced are the benefits going to be? China's conditions indicate that China is to benefit most, while other states face the "BRI dilemma." A state may agree to China's conditions, thus risking China's takeover of its economy and perhaps foreign policy as well if it is to enjoy the "public goods" of the BRI and the "community of common destiny." Otherwise, a state should be prepared to enter long negotiations with China. Nonparticipation could, in the long run, be fatal.

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Chapter Eleven

Becoming Land-Linked Instead of Landlocked

Where the Eurasian Economic Union Meets the Chinese Silk Road Economic Belt

Cyrille Vignon

Subject to much attention but often misrepresented, the ancient Silk Roads were, rather than a single well-established route, a network along which goods and ideas were exchanged for about twelve centuries. As far back as the fifth century BC, empires centered in modern-day Iran had created efficient east-west connections and joined the Caspian and Mediterranean seas to the Persian Gulf. When Alexander the Great died after having defeated the Achaemenid Empire in Persia (323 BC), some of his veterans settled in the new city of Alexandria (now in Tajikistan). The Hellenic warriors thus founded the Seleucid Empire in these lands and extended their control "as far as the seres" as the ancient Greek historian Strabo reported (Grainger 2009).

The Greeks referred to the Chinese as "seres," and silk was "Serica." That civilization was named after its most famed good. Long used as an item of trade for its value, lightness, and softness, silk grew popular among the ruling elite of the young and growing Roman Empire as a symbol of wealth and power. The fabric was also used as a currency in remote regions where barter was still a fact of life (Frankopan 2016).

Many other goods moved along these roads. Inventions like paper and gunpowder, commodities like spices and slaves, metals, and precious stones circulated. Religions struggled for influence and empires for control of the routes. The intensive human contacts along the road spread diseases as well. The land-based transportation routes were the main veins through which commerce between west and east Asia took place (Sahbaz 2014). These dynamic connections between East and West were critical to the emergence and prosperity of the civilizations of China, Persia, Arabia, the Indian subcontinent, northern Africa, and Europe. The name "Silk Road," however, was coined in 1877 by Ferdinand von Richthofen, a German geographer, and has been intimately linked to the historical record of Central Asia ever since.

Despite the real importance of the Silk Road in the past and its popularity among scholars and strategy planners today, the contemporary relevance of land-based trade in Eurasia is at best questionable. Maritime shipping now constitutes the backbone of globalized trade. In 2014, the trade of Central Asia with the rest of the world represented 0.5 percent of the total by volume and only $200 billion in value. Every year an estimated fifteen million TEU containers (Twenty-foot Equivalent Unit) travel between Asia and Europe. The terrestrial route accounts for a few thousand containers every year, thus having a great potential to expand (Thorez 2016).

Both in volume and in value, there is a massive gap between the terrestrial and maritime trade options. Maritime trade is more than six times cheaper than rail transport (Vinokourov 2016) because the infrastructure in the Eurasian landmass is not up to standards, and choke points are many. Upgrading and maintaining infrastructure is too costly for Central Asian nations alone without external investments, and regulations and infrastructure differs from one country to the next, creating vulnerabilities.[1]

LOOKING FOR THE RATIONALE: A THREAT-OPPORTUNITY MODEL

China is both pushed by challenges to its economy and security environment and pulled by the opportunity of the new Silk Road project. The global economy was painfully hit by the financial crisis of 2008. China was no exception, but China recovered quickly. Growth decreased sharply over the next five years, however, and has now settled around 7 percent per year since 2014. In the past, the massive amounts of foreign currency earned from the positive trade balance were reinvested in the national economy in the form of infrastructure. Lately the internal demand for infrastructure decreased as the cost of equipment rose, though. The construction sector and infrastructure overcapacities further slowed the country's growth. The eastern coastal harbors are saturated, as the demand for transportation is double the capacity of the facilities (Kazutomo and Wilson 2009). The Chinese leadership is aware that lower economic growth may fuel discontent with the government or even social unrest (Aoyama 2016). This "new normal" demands substantial adaptation (Kratz 2015).

The Xinjiang Uighur Autonomous Region is another security concern for Beijing. It is the largest and westernmost administrative district of China, but only 4.3 percent of its territory is hospitable to life (*People's Daily* 2000). It ranks twenty-fifth out of twenty-nine regions in terms of gross domestic product. Muslim Uighurs are a declining demographic majority, and their

claims to independence have been repressed harshly, fueling unrest and even a strong terrorist menace.[2] Central Asia hosts a substantial Uighur diaspora of three hundred thousand people (mostly in Tajikistan and Kyrgyzstan), however, and a vast border of 3,700 km, making it a cross-border issue.[3] China is concerned as well about Afghanistan's instability, and Central Asia might provide a safe haven for terrorists and separatists preparing operations in Xinjiang or against Chinese assets abroad (Indeo 2015). The fear of popular discontent was clear during the 2005 Kyrgyz "Tulip Revolution" and the uprising in neighboring Uzbekistan; China politically supported the harsh response of the Uzbek authorities amid condemnation by the West.

China's fast growth has meant a consequential increase in its demand in energy, and self-sufficiency gave way to dependence on imports in 1993 (Andrews-Speed, Liao, and Dannereuther 2003).[4] Increased attention has been devoted to diversifying its supply sources and routes.[5] China is wary of its reliance on the Persian Gulf countries because of the region's political instability. Maritime shipments comprise 80 percent of its oil supplies. These may be threatened by piracy, and the Strait of Malacca is a major choke point for Chinese supplies. As of 2012, 57 percent of its imported oil sailed through the strait (Heinrich and Pleines 2015).

For these reasons, China seeks to increase its land-based supplies. The value of imports from Russia rose during 2000–2012 (Brugier 2014).[6] Central Asia as well represents a great opportunity for securing new sources and routes of supply. The Turkmen natural gas flowing through the Central Asia Gas Pipeline (CAGP) accounts for 50 percent of the Chinese gas intake, which makes the trade relation crucial to both countries (Indeo 2016). Substantial investments have brought the production of Chinese oil and gas companies to 40 percent of the total output of Kazakhstan (Open Dialogue 2013). The pace and scale of this involvement does not please certain elements within the Kazakh elite, and China has been pressured into selling shares in an energy company at a loss. The security of the investments abroad is therefore a new concern. Consequently, China proposed in the 2015 white paper on the BRI (Belt and Road Initiative) to guarantee the security of investments by law (National Development and Reform Commission 2015).

Sino-American relations have grown tense in the past decade as China grew more assertive and the United States more wary of Chinese commercial and political power. China's economy is still quite dependent on U.S. consumption, which accounts for 20 percent of Chinese exports (Observatory of Economic Complexity 2017). The Belt and Road Initiative is, in this view, an effort to extend its "strategic security space" westward (Habova 2015).

The Chinese government hopes to achieve security through economic development. Rather than enforcing security at all costs in Xinjiang, for

instance, the government has invested $91 billion in roads, railways, hydropower facilities, and other trade-related projects within Xinjiang to improve its connectivity (Brugier 2014). Beyond Xinjiang, the Asian Development Bank has identified a tremendous demand for infrastructure in developing Asian countries. As of 2013, Beijing's investments in the infrastructure of the western regions of China amounted to $1.4 trillion.[7] By 2020, the region will need $8 trillion in investments, and the current investment mechanisms (mainly Western-led) cannot meet this demand (Bhattacharyay, Kawai, and Nag 2012).

The region's geographic position is an asset in projecting the new Silk Road into South and Central Asia and the Middle East, but poor connectivity has impeded development. In highly integrated and developed regions like the European Union, intraregional trade accounts for 45 to 55 percent of the GDP. By contrast, even if the Central Asian states are landlocked and thus less prone to engage extraregional trade partners, the intraregional trade represents only 4 to 8 percent of the region's GDP. Quite tellingly, although only Kazakhstan and Turkmenistan are resource-rich, the non-energy-related exports of Central Asian countries account for only 20 percent of Central Asia's GDP (Sahbaz 2014).

Europe and Asia are the largest consumer and production markets. Russia and Central Asia are the weak links between them. Consequently, the revitalization of the railway links between East and West may transform Russia and Central Asian countries into a platform for industrial production and transit. The construction of dry ports, coupled with logistics centers including storage capacity, customs services, and intermodal connectivity, has begun. China's excess capacities in infrastructure building and its massive reserves of currency thus are no longer a liability, but can be converted into assets as part of an ambitious financing program. While the economic model that provided thirty years of double-digit growth no longer works in China proper, conditions favor exporting the infrastructure-building model to Central Asia and Russia.

In China, a transition to higher value-added production is well underway (Moati and Mouhoud 2005). As living standards rise in China, companies can find cheaper labor elsewhere. The share of finished products (consumption goods) reached 54 percent of the total trade in 2014, up from 43 percent in 2005 (Kratz 2015). The gradual refocus on production and consumption of higher-value goods decreases the relative cost of shipping. For such goods, the capacity to respond quickly to demand becomes more important, and rail delivery is twice as fast as the sea option. Rail transport also has a 20 percent smaller carbon footprint than maritime transportation. That can be converted into a bonus when sold on the new China carbon emissions market (Fialka

2016). The current cost of transportation of a TEU is between €700 and €1,300 by sea and an estimated €3,500–5,000 by rail (Sahbaz 2014). The Belt and Road investments are projected to reduce the cost of rail transport and greatly increase its capacity; the question is whether the upgrade will offset the gap in price.

In the most optimistic scenario, the SREB will channel about 4 percent of the trade between China and Europe (Vinokurov 2016). The general direction of the SREB is clearly western, both within China and beyond, but three corridors take a southern direction, as China's border regions there reportedly lobbied to be included in the project (Kratz 2015). These three are The "Kunming Initiative," or Bangladesh-China-India-Myanmar (BCIM); the China Indo-China Peninsula Economic Corridor (CIPEC) (Taillard 2009);[8] and the China-Pakistan Economic Corridor (CPEC), which takes a southwest direction. The initial deal, signed in April 2015, was worth $46 billion and later upgraded to $62 billion (Siddiqui 2017).[9] It will focus on the SREB corridors that traverse Eurasian Economic Union (EEU) territory: The New Eurasian Land Bridge and the China-Central-West Asia corridors.

FINANCING THE INITIATIVE

Chinese sources have claimed $900 billion will be invested in projects related to the BRI (He 2015). Funds reportedly will be channeled through a series of financing mechanisms, both private and public, Chinese and multilateral. The most hyped initiative has been the creation of the Asian Infrastructure Investment Bank (hereafter AIIB), launched in October 2013 to address the demand for infrastructure in Asia. China has committed $50 billion to the bank and focused on transportation, energy, and water-supply projects (Cohen 2015). The funding quickly gained traction; fifty-seven countries have chipped in, including the UK, Germany, France, and Italy. The United States has refused to participate. China holds 30 percent of the weighted voting shares and thus has great influence on the bank's policy. The next largest share of votes is India's, at 8.5 percent. Although China retains a dominant position in the organization, its weight does not allow it to unilaterally dictate an economic policy, and consensus is projected to be sought when possible. Doubts about the standards (corruption, stability of recipient governments, redundancy, social costs, and oversight) are fueled by the controversial record of the Chinese Development Bank and the Export-Import Bank in South America and Africa (Leland 2016). The participation of leading economies within the European Union will probably help steer its funding toward projects that take into account social, environmental, and good governance parameters.

The Silk Road Fund, announced in November 2014, was endowed with $40 billion in sovereign Chinese funds to finance BRI projects. A $20-billion Energy Development Fund focused on energy infrastructure was initiated, reflecting the crucial role of energy in the BRI. The BRICS New Development Bank, with projected capital of $100 billion, also will be called upon to contribute to projects in Eurasia. At the bilateral level, Xi Jinping struck investment deals of tremendous proportions under the banner of the SREB: $15 billion with Uzbekistan; $30 billion with Kazakhstan; $3 billion with Kyrgyzstan; and undisclosed amounts with Turkmenistan (Rejepova 2013; Yakobashvili 2013). Tajikistan was granted a $900 million loan to help finance the construction of roads leading to the capital, Dushanbe. These roads will be constructed by Chinese companies (Indeo 2016). The initiative thus has substantial economic commitments, and the AIIB is designed as a multilateral and open mechanism.

THE SREB MEETS THE EEU

The sheer scale of the SREB initiative is bound to radically strengthen the influence of China in Central Asia. This threatens Russia's historic position in what it views as a sphere of "privileged interests." Central Asian countries are worried as well about the impact it may have. The EEU and the SREB are competing economic endeavors in the same region, seemingly demanding an either-or choice. Russia and China, however, have pledged to "linkup" the two initiatives. Sino-Russian relations are not constrained by the U.S. presence at a regional level, but they are still at odds with the U.S.-dominated world order. Mounting pressure from the West on Russia and the wide containment effort against China thus drive the two closer. The initiatives they proposed are a response to this geopolitical landscape and address the complex economic dilemmas they face.

Some argue that the European Economic Union is a geopolitical tool under Russian control, designed to retain the position in Central Asia it inherited from the Soviet Union. They point to the design of the union as protectionist and, therefore, aimed at keeping the Chinese from affecting Central Asia's economic relations with Russia. This is substantiated by the alignment of the external tariffs with Russian average levels (Blank 2014). For most countries taking part in the union, it has raised the barriers to market entry and displaced non-EEU exporters in favor of EEU partners, with Russia the main benefactor. The EEU has complicated Chinese commerce with Kazakhstan and Kyrgyzstan for this very reason (Popescu and Institute for Security Studies 2014). EEU membership, for the smaller Central Asian states, can be a shield against Chinese economic penetration.

In the same way, though the exact projects of the Silk Road Economic Belt are still unclear, the sheer size of the investments is a source of concern for Moscow, as it will likely see its influence diluted in this ocean of FDI. The projected Chinese penetration could disrupt the union (Rickleton 2014).[10] The announcement of the SREB in September 2013 initially was understood in Russia as a threat rather than an opportunity. A senior Russian official described the SREB as "just another attempt to steal Central Asia from us" (Gabuev 2016). The emergence of active Chinese-backed financial institutions bent on internationalizing the Renminbi through greater international exposure and foreign investments might terminate plans for an EEU currency. Russia also fears that the proposed routes would diminish the centrality of the Trans-Siberian railway as the main land corridor to Europe at a time when the government has committed to invest $20 billion in renovating it (Gabuev 2016).

The proven energy reserves in Central Asia are crucial for Chinese plans; however, Russian energy interests are threatened by Chinese capital that controls about 20 percent of the oil and gas industry in Kazakhstan (Smith Stegen and Kusznir 2015). Transit used to cross the Russian territory, but now pipelines go east from Turkmenistan and Kazakhstan, effectively canceling Russia's geographic monopoly.[11] Since 2009, exports of Central Asian gas toward Russia have decreased by 60 percent (Michel 2014). Turkmenistan's gas (over 80 percent of the country's exports) is now mostly China-bound: 78 percent of the gas exported, in value, ends up there (Zhang 2015).[12] The Middle Kingdom's business interests, energy demands, and vast resources are pushing out Russia's inherited rents in Central Asia. Some fear that the SREB is a Trojan horse (in the guise of mutually beneficial development) that will provide economic and political leverage in the recipient countries. Both Russia and Central Asian countries fear increased Chinese financial influence but hope to benefit from these investments.

The initial Russia response to the BRI was anything but welcoming. The Ukrainian crisis and hostile response from the West to Russia's intervention, however, prompted the Kremlin to re-evaluate its relations with China. Maintaining good relations with China is now crucial to Russia's ability to engage with the rest of the world (Voskressenski 2012). Energy interests are also at play. Demand in Europe is stagnating, while China's consumption keeps rising. Most of the oil fields in western Siberia, which are easier to operate, have peaked; they accounted for 68 percent of the Russian production in 2008, but are projected to decline to 60 percent by 2020. Russia therefore is rebalancing production toward eastern Siberia and the Far East.

Russia's trade volume with China grew from $6.2 billion in 2000 to about $60 billion in 2010, mainly due to the growth of Russian oil exports from 1.3 million tons to 12.8 million tons. From the point of view of Russia, another

positive consequence of the BRI is that Central Asian energy resources will be further pushed toward China and away from Europe. This reinforces Russia's position in the EU energy market, where prices are much higher than on the Chinese market (Ghiasy and Jiayi 2017). Developing energy ties and pipelines can be used as an "Asia Card" in negotiating with the EU, which consumes 85 percent of the oil and 70 percent of the gas exported by Russia.

The Chinese academic debate on the SREB clearly shows that relations with Russia are crucial to Beijing as well, though. Given the leverage Russia has in Central Asia, the BRI would be severely compromised if Russia was to oppose it (Gabuev 2016). The Belt and Road Initiative is at least in part a response to existing security threats, but building infrastructure on foreign territory becomes a liability in an unstable region. China is constrained here by its proclaimed foreign policy principle of nonintervention and by the deep mistrust in Central Asian public opinions about its intentions. China can but observe Russia's efforts as a regional security provider. The Chinese security agenda is expressed through the Shanghai Cooperation Organization (SCO). China says it does not seek leadership, and intentionally avoids framing such cooperation as a geopolitical projection of power (Gabuev 2016).

BECOMING LAND-LINKED INSTEAD OF LANDLOCKED

As it dawned on both leaderships that both stood to gain from cooperation, a process of rapprochement was initiated. In February 2015, three months after the formal creation of the EEU, a scheme to link the BRI and the EEU was announced by Igor Shuvalov, an economic advisor to Russian president Vladimir Putin. A Sino-Russian declaration adopting the idea was signed during Xi Jinping's visit to Moscow in May, and Putin commented on the "possibility of harmonious alignment." Xi declared that "by strengthening the cooperation between the Shanghai Cooperation Organization and the Eurasian Economic Community, we can gain a greater space for development" (MFA People's Republic of China 2013).

The EEU is an attempt to reintegrate the economies of the post-Soviet part of the Eurasian landmass (Crisis Group 2016; Valdai Club 2015).[13] The objective of the SREB is to enhance connectivity, both physically and economically, across the Eurasian megacontinent (Gabuev 2016).[14] The development of transport and logistics and the unification of markets and standards are mutually beneficial. The proposed Eurasian Customs Union means that Chinese goods need to cross only one border before reaching the EU, if they transit EEU territory. The common market also implies a unified regulatory

framework for investments and trade. The SREB promises to enhance connectivity with other regions, provide more business opportunities, diversify the economies of the region and integrate international supply chains. For the landlocked countries of Central Asia especially, the prospects of greater trade are attractive.

The future of the linking policy remains unclear, though. Both the EEU and the BRI are anchored in a multipolar worldview as links between Europe and the Asia Pacific region (Lo 2016). It is not certain, however, that both leaderships have the same understanding of where the poles should be and how connectivity is to be achieved (Daly 2014). The engagement of China with Eurasia has been overwhelmingly bilateral thus far. Whether China will start to consider the EEU as a real partner is unclear. It does not stand to gain by yielding to multilateralism when it has more leverage in bilateral negotiations. China repeatedly proposed the SCO as a conduit for cooperation in Central Asia, but the two countries have different approaches to the framework. Russia pursues an agenda of military and security cooperation; China wishes to increase trade (Indeo 2015).

CONCLUSION

The BRI is facing defiance from local populations in Central Asia as well as security uncertainties in Afghanistan and in the Caucuses. The EEU lacks external investments and faces governance impediments. Some scholars see an inevitable clash between the two initiatives, if not the two powers, but at the moment, neither can afford a conflict in relations, and the benefits of cooperation could be immense. The economies of China and the EEU countries could be complementary, and the current economic structure in China offers the opportunity for massive investments that could benefit both. A single customs union, a unified administrative framework, and one border crossing to EU territory are substantial advantages. The fruits of integration rarely are distributed evenly though. Some areas or social groups may fall behind, and such fragmentation can be addressed only at the regional level (Voskressenski 2017). The EEU nonetheless may be a vehicle for Eurasian states to navigate the tumultuous global system and engage with other regional groupings (EU, SCO, ASEAN, BRICS). By embracing the proposed flows of investment, infrastructure, and economic activity emanating from China under the Belt and Road Initiative, Eurasia could achieve transregionalism and pave the way for its return as the crossroads of world affairs.

NOTES

1. The reality of China-Euro trade seems to reflect these constraints. On the one hand, the two countries essential to Eurasian land trade—Kazakhstan and Russia—handled respectively 40,000 TEU and 3.5 million TEU per year in 2015. On the other, Canal of Suez, through which passes most of the Sino-EU traded goods, shipped 14.6 million TEU that same year.

2. In 2014 an attack resulted in nine dead and over 130 wounded in the railway station of Kunming.

3. Moreover, 78 percent of the Xinjiang production is already bound to Central Asia.

4. In 1990, China's demand for primary energy was of 872 MTOE (Million Tons of Oil Equivalent), while the 2008 estimate was 2131 MTOE. China's natural gas demand is bound to grow "from 85 billion cubic meters in 2008, to 216 billion cubic meters in 2020, and to 395 billion cubic meters in 2035." China's mid-term strategy is to augment its reliance on LNG to reach 30 percent in 2020 of natural gas imports and 50 percent in 2035. Four LNG terminals have been built along the Chinese coasts.

5. China's claims for diversification are legitimate and well founded. However, both security of procurement and security of transportation routes are often used as excuses to justify (at the domestic and global level) its territorial expansion (South China Sea claims) and the extension of its influence in neighboring regions (Central Asia).

6. But until recently, Russia barred China from investing and setting up joint ventures in its energy sector. But the Ukraine crisis barred Russia's access to Western credits and technology and pushed it to change its mind and be selectively open to Chinese investments.

7. But arguments have been made that these investments have not resulted in a substantial amelioration of the population's conditions of life and prosperity but almost only expanded the capacity to exploit natural resources in the region.

8. Bangladesh-China-India-Myanmar (BCIM) is the brain child of the Bangladeshi economist Rehman Sobhan, who argued for the development of the corridor in the 90s. It was adopted and included in the Silk Road framework and as such was given new impetus.

9. It concerns roads, railways, and pipelines and energy-transformation-producing capacity to be built by Chinese companies. The corridor will connect Xinjiang to the Pakistan deep water port of Gwadar already under Chinese management. The deal also included a $2B loan to build the Pakistani side of a gas pipeline from Iran. Although Pakistan is experiencing energy stress, that pipeline had been delayed because of threats of sanctions from the United States for trading with Iran.

10. As Russia's economic weight in Central Asia started to decrease, even before the announcement of the Belt and Road Initiative, in 2010, China had already become the main trading partner for all Central Asian states. Loans to the region through the SCO in 2009 and 2012 helped mitigate the economic hardships and positioned China in the driver's seat of economic impetus to the region.

11. This monopolistic situation gave Moscow authority over the price and volume shipped. Likewise, the control of downstream (transit infrastructure) and upstream (production facilities) assets gave Moscow consequent leverage on these countries policies in general. In Turkmenistan or Kazakhstan, energy is the key export commodity and hence a crucial source of budget revenue. In poorly diversified economies, the demand and price of energy determines the health of the country.

12. But Russia is still relevant in oil transit from Kazakhstan at 1.42 million barrels per day (BPD) while China's imports are much less significant: 400,000 BPD.

13. Institutionally, it is modeled on the EU with a supranational body vested with power to make policy and implement it. It aims at creating a common market, free movement of goods, labor, services, and capital, as well as reach a degree of coordination of economic policy.

14. The initiative proposes bilateral investment, infrastructure building, financial connectivity, and people-to-people contacts.

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Chapter Twelve

The Transregional Agenda for Southern Eurasia

What to Expect?

Pavel Shlykov

The Middle East and southern Eurasia (Central Asia geopolitically and economically connected with Eurasia) represent an area where polycentric organization has become a dominating feature of regional interactions. There are several powers (Turkey, Iran, Israel, and Saudi Arabia) actively struggling for dominance over an area mired in demodernization processes on the way to rapidly losing its state-centered shape. As compared to Europe or Pacific Asia, transregional processes in southern Eurasia are driven to a greater extent by transnational threats like international terrorism or illegal migration flows than by integration projects. The existing institutional frameworks are either geographically limited (for example, the Cooperation Council for the Arab States of the Gulf) or too broad (like the Arab League or the Organization of the Islamic Conference) and do not generate cooperative transregional agendas. As a result, the region finds itself under the influence of competing regional and extraregional powers, none of which can exercise full control.

REGIONALISM AND TRANSREGIONALISM IN THE MIDDLE EAST FROM A HISTORICAL PERSPECTIVE

One of interesting paradoxes in the historical development of the Middle East is that the high degree of regionalization is paired with a low level of regionalism. Regionalization, as a spontaneous bottom-up process, has various manifestations in the Middle East that originate from the diverse and centuries-long cultural linkages between populations of different modern states. All these features became apparent during the Arab uprisings of the 1950s and 1960s, in the rise of political Islam since the 1980s, and in the Arab revolutions (the so-called "Arab Spring") of the 2010s. Regionalism, how-

ever, as a top-down process of intergovernmental integration in the spheres of security, political, or economic cooperation resulting in the creation of regional and transregional institutions, is much less relevant.

The Middle East has a number of regional international organizations, including the Arab League, the Organization of Islamic Cooperation (OIC), the Arab Maghreb Union (AMU), and the Gulf Cooperation Council (GCC). Most have achieved little in regional integration. The regional organizations in the Middle East, for the most part, lack effective organizational infrastructure, have limited autonomy vis-à-vis their creators, and thus possess relatively weak supranational structures. Despite great potential for the regional cooperation based on historical, religious, and linguistic affinity, therefore, the Middle East represents an example of "a region without regionalism," and without any direct correlation between regionalization and regionalism (Aarts 1999, 911–25).

Such characteristics are the legacy of the European colonialism. For a long time, this inherited hierarchy of cultures and political power has determined the dynamics of interstate relations in the Middle East and limited the scope of integration initiatives, especially for those states taking the European experience as a model for integration. Besides functional and economic motivations, more influential drivers for integration and regional interplay in the Middle East were various supranational ideas: pan-Arabism, pan-Turkism, and pan-Islamism constituted the main features of the Middle Eastern regionalism in the twentieth century.

The Cold War period (1946–1991) was an important era for the development of regionalism in the Middle East. It was marked by pan-national projects like the United Arab Republic, and ideas for broader unification. The regionalism of the Cold War era in the Middle East suffered from a low level of institutional development shaped by large number of regional conflicts, the dominance of authoritarian regimes, and sustained external interference. The United States and its European allies pushed initiatives for a regional security system that transformed the regional order.

One example of Cold War regionalism is the Arab League, created in 1945. It became an institutional framework for pan-Arabism and embodied the protest of the Arab states against the colonial legacy and emerging neocolonial trends. Although the Arab League took a state-centered approach to the regional cooperation and prioritized state sovereignty, pan-Arabism remained the preferred ideological framework for the leaders of the Arab states and for the majority of the population. The Arab League debated regional cooperation and regional security issues, and participated in attempts to resolve the Arab-Israeli conflict. Nevertheless, it remained a relatively weak institution (Barnett and Solingen 2007, 180–220). Political solidarity based on an anti-

Israel position did not help build working mechanisms of regional economic integration. The project of creating a common market that took the European Economic Community as a model, via the 1964 Arab Common Market Agreement, therefore made little progress and had limited impact.

A more successful integration organization that united the key features of the regionalism of the Cold War period—bloc confrontation and the legacy of colonialism—was the Baghdad Pact of 1955. Known as CENTO (Central Treaty Organization), it was created by the UK and the United States (although the United States was not an official member) in conjunction with the chief representative of their interests in the region, Turkey. Ironically, the dictionary meaning for "cento" is "anything composed of incongruous parts," and CENTO, like the Baghdad Pact, was short-lived and ineffective. CENTO openly acted as an instrument for the containment of communism and the Soviet Union, which created a sense of colonial déjà vu for some states in the region (Jasse 1991, 140–56; Cohen 2007, 725–48; Kuniholm 1994).[1] Arab nationalist leaders like Gamal Abdel Nasser of Egypt and Syria's Shukri al-Quwatli tried to create alternative regional groupings. In 1958, for instance, Egypt and Syria established the United Arab Republic, which lasted until 1961. Yet another example is the United Arab States (UAS), a short-lived confederation of the United Arab Republic and North Yemen, which existed from 1958 until 1961. In 1958 Iraq and Jordan formed the Arab Federation (de facto—a confederation). It lasted for only six months. Various military-political alliances emerged during this time as well, especially when the Arab-Israeli conflict was on the rise in the 1950s and 1960s. These situational alliances were not sustainable, however, as they lacked an effective model for interaction.

Middle Eastern regionalism got a new direction in 1969 with the creation of the Organization of the Islamic Conference, later on renamed the Organization of the Islamic Cooperation (OIC). The OIC was a pan-Islamic alternative to the Arab League, but did not challenge the statecentric approach to the regional cooperation. The Islamic revolution in Iran in 1979 and a rise in political tension in the region spurred the countries of the Persian Gulf to create a structure for regional security, the Cooperation Council for the Arab States of the Gulf (the Gulf Cooperation Council, GCC). In 1985 Iran initiated the establishment of the Economic Cooperation Organization (ECO), which united Iran, Pakistan, and Turkey and was to create an alternative, non-Arabic model of transregional cooperation of Muslim states on economy and security.[2] The Middle Eastern regionalism of the Cold War period provided no case of successful institutional embodiment, though. The abundance of ethnic and religious conflicts made for perennial instability, and the intrusion of extraregional actors impeded integration initiatives. The post–Cold War period generated more complicated mechanisms of cooperation.

The end of the Cold War brought a boom of regional and transregional initiatives that students of international relations have labeled "new regionalism" (Robson 1993, 329–48; Marchand, Boas, and Shaw 1999, 897–910; Söderbaum and Shaw 2003). The phenomenon did not change the dynamics of the Middle Eastern regionalism much, though. The key factors hampering the development of regionalism remained intact. The high level of external intervention in Middle Eastern affairs was still there; regional powers had not changed their status in the regional subsystem or expanded their autonomy. Initiatives for democratization, which serve as a prerequisite for political integration, did not see much progress. The early 1990s, in fact, witnessed regionalism's degradation in the Middle East.

Created in 1989, the Arab Maghreb Union (AMU) proved ineffective due to the lack of consensus between its member states. Libya's regional ambitions and perennial conflicts between Morocco and Algeria did not help. Even less successful was the initiative of the Northern Yemen, Iraq, Jordan, and Egypt in 1989 to create the Arab Cooperation Council (ACC). The ACC did not survive its first year because of Iraq's invasion in Kuwait (1990) and the merger of the Southern and Northern Yemen (1990).

The post-bipolar world order thus did not bring much change for Middle Eastern regionalism. External influences still blurred its ability to act internationally. Even the borders of the Middle East became a subject of discussions in the West, and numerous projects to "reframe" the region as "the Euro-Mediterranean region," "the Greater Middle East," or "the New Middle East" appeared. These discussions revealed a deficit of indigenous initiatives for regional cooperation and the dominance of the external.

The GCC was the only exception. In the 1990s, it consolidated as an effective instrument of economic cooperation at the regional level (Melkumyan 1999). This did not change the overall picture, which showed the limited character of regional leadership and an inability to create effective organizational infrastructure for regional cooperation. These failings strongly resonated in cases of regional conflict. There has been an absence of "domestic" peacekeeping initiatives at the regional level in the Middle East, while Russia, the United States, and the European Union have made several proposals (Della-Giacoma 2017; Johnstone 2006).

The continuing high level of conflict and military tension in the Middle East, along with competition over energy resources, kept the region in the focus of the great powers and curbed any potential for regional cooperation. External interference either blocked regional cooperation initiatives or radicalized them. The approaches to the Arab-Israeli conflict, the Iraqi problem, and the Iranian nuclear program did not reflect the views of any regional power except Israel. As Louise Fawcett and Helen Gandois (2010) aptly put

it, "The Middle East did not generate the solution to the Middle Eastern problems" (625). As a result, regional organizations did not look like effective and legitimate actors in the eyes of the region's population.

The plurality of regional hegemons, along with their limited international capacities and the absence of a democratic consensus, did not help create effective regional cooperation frameworks. As the experience of regionalism development in Asia (ASEAN), Latin America (Mercosur), or Europe (the EU) shows, extraregional powers may spur the development of the regional organizations, but their evolution is possible only when the regional powers take charge of the process. The Middle East lacked such capable powers (Lustick 1997, 653–83).

Throughout the twentieth century, various countries tried to assume this role in the Middle East. Under President Nasser (1956–1970), Egypt was seen as a natural leader of the Arab world, but it lacked the military ability to sustain this role against Western interests in the region. Saudi Arabia claimed to be one of the centers of Islamic religion due to the locations of Islam's holy sites of Mecca and Medina. It also utilized energy resources to position itself as the regional hegemon and the leader of such structures as GCC and OIC, but its alliance with the United States has put off other Arab countries (Wilson 2006, 165–79). Syria and Iraq both tried to exploit Arab nationalism to demonstrate their special role in the region, but were forced to bow to outside interests. Iran referred to its special mission after the 1979 Islamic revolution, but Sunni states and the West have spurned this claim. Israel possesses all the material attributes of a regional leader but cannot act as one because of the religious divergence.

The singularity of the regional leadership does not necessarily precondition the success of a regional project; however, a regional core, which means several regional powers sharing a consensus on regional development, is imperative for effective regional cooperation. Germany and France, having overcome their historical differences, acted as such a core in the European integration process. In ASEAN, the founding member states compensated for the absence of one consolidating actor with a consensus approach to regional interaction. In the Middle East, the competition between key regional actors has prevented the formation of such a core. This coincides with the interests of external powers and thus reinforces conflict rather than cooperation.

The lack of readiness on the part of regional hegemons to sacrifice even partially their interests for the sake of regional consolidation is connected with the lack of democratic consensus, which acts as a catalyst for effective regionalism (Pevehouse 2005, 15–46). The Middle Eastern regional projects did not presuppose their own "Copenhagen" criteria, and Huntington's "third wave" of democratization did not change the political landscape of the

Middle East. The only regional country, apart from Israel, which has managed to step beyond the "non-free" group, according to the Freedom House classification, is Turkey.

Turkey's experience therefore deserves special consideration. Its drive for EU membership accelerated the processes of liberalization and democratization in the late 1980s. (Turkey made its official application to the EU in 1987.) From the beginning of the EU accession process, Ankara aspired to convert its success in political modernization and economic development into regional leadership. The Turkish regional project proved to be multidimensional and transregional, because it focused not only on the Middle East, but also on a wider area including post-Soviet Central Asia. Ideologically it appealed both to pan-Turkic rhetoric and to Turkish versions of Eurasianism. It also appealed to economic realism. This approach has enriched the Middle Eastern models of regionalism.

TURKEY'S EURASIANIST PROJECT: TRANSREGIONAL OUTREACH AND ITS LIMITS

Specific features of regional dynamics in the Middle East in the post-bipolar period gave an impetus to a new wave of transnational projects. "Turkish Eurasianism" and the "Turkish model" of development represent interesting cases in terms of scope and applicability as a possible core for regionalism in southern Eurasia.

"Turkish Eurasianism," though not a new idea in the geographic sense, acquired a geopolitical dimension only after the collapse of the Soviet Union. Since 1923, and up to the 1990s, the pro-Western course of the Kemalist and subsequent governments had estranged Turkey from the Turkic peoples of Soviet Central Asia and Caucasus. Ankara consistently rejected revanchist projects aimed at former Ottoman or Turkic-populated territories, many of which fell into the Soviet sphere. In 1991, however, the emergence of five independent Central Asian states and three Caucasian states spurred Turkey to search for new regional and transregional connections in Eurasia. Several of these states (Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan) were ethnically and linguistically close to Turkey, and relations with the European Economic Community were in decline; in 1989, it froze Turkey's application (Urazova 2012, 8–35; Winrow 1995; Robins 1993, 593–610). The newly independent states seemed a suitable area for testing a more proactive foreign policy (Kut 2002, 8–10; Kaliber 2013, 25–48).

Turkey's interest in Central Asia and the Caucasus had both normative and pragmatic underpinnings. Turkish public opinion and mass media reacted

positively to the idea of reconnecting with the Turkic population of this area. The Turkish political elite hoped to create new spheres of Turkish influence beyond Europe and thus raise its profile. Exporting the "Turkish model" of social, economic, and political development to the post-Soviet Turkic states thus became the core of Ankara's expansion dreams (Mango 1993, 726–57). In 1991–1994, Turkish officials undertook a series of high-level visits to Central Asia and the Caucasus, laying the groundwork for a sphere of influence. Turkey was the first state to acknowledge the independence of post-Soviet states, and it tried to become their indispensable political and economic partner. Turkey launched large-scale investment projects, provided internships for Central Asian servicemen in Turkish training centers, and funded scholarships for students from these countries to study in the Turkish universities. During the first three years of the Central Asian states' independent existence, Turkish officials made at least 1,170 official visits to these states and signed more than 140 partnership agreements (Robins 1993, 603; Aydin 1996, 162).

Focusing Turkish Eurasian discourse on the post-Soviet Turkic republics contributed to the revival of pan-Turkism. In the early 1990s, it once again became an influential national ideology in Turkey. Nationalist motives grew stronger in the academic conceptualization of Eurasianism in Turkey. In 1993, a special research foundation, "Eurasia-one" (*Avrasya-Bir*), started its activities with the aim of expanding Turkish influence in the Turkic world. The geographic description of Eurasia advanced in Turkey at that time underscored the strong Turkic element in this macroregion, including in its framework the territories stretching from Hungary to the Balkans, Turkey, the Caucasus, Central Asia, Iran, Russia, Ukraine, Afghanistan, Pakistan, and Mongolia (Özdağ 2004, 23). Turkish politicians did not approve pan-Turkism officially, but participated in the conferences and discussions organized by Turkish nationalists.

Turkism, if not pan-Turkism, thus became one of the key factors in Turkey's policy toward post-Soviet states. Unlike earlier versions of pan-Turkism, Turkism underlined a more pragmatic orientation of Turkey's foreign policy aimed at building tighter political and economic links with Central Asia and the Caucasus (Milliyet 1994, 19). Turkey surely helped these countries establish themselves as independent actors regionally and internationally, but these countries did not hasten to adopt the "Turkish model," being wary of Turkey's political expansion. By the mid-1990s, it became clear that Turkish economic potential was not strong enough to help the Central Asian and Caucasian states overcome their internal economic difficulties.

These limitations transformed the understanding of Eurasia in the Turkish political establishment. Since the mid-1990s, it perceived Eurasia as a geoeconomic springboard for building a better negotiation position in Turkey's

talks with the EU. Energy issues became most prominent in this respect when, in the late 1990s, both Russia and the EU built networks of oil and gas pipelines. Moscow tried to secure its exclusive right to control the energy resources of the region, while the EU tried to prevent this monopoly. Turkey wanted to utilize its strategic position between these two players as an energy hub, transporting Central Asian and Caspian resources to Europe.

This pragmatic understanding of "Eurasia" in Turkey's foreign policy also made possible better relations with Russia. In 2001, Turkish Prime Minister Ismail Cem proposed a strategic partnership of Moscow and Ankara for regional security in Central Asia. The proposal later became a part of "Plan of Action for Cooperation in Eurasia" signed by Russia and Turkey in November 2001 (Acar 2001).

In 2002, when Recep Tayyip Erdoğan's Party of Justice and Development (AKP) won parliamentary elections and formed a single-party government, the idea of a Eurasian union between Turkey and Russia received support at the highest political level. Not bound by any party coalition, Erdoğan felt free to advance his vision of Turkey's foreign policy. The chief architect of this policy was Ahmet Davutoğlu, a prominent Turkish professor of international relations, and later both minister of foreign affairs (2009–2014) and prime minister (2014–2016). He hoped to reduce tensions along the borders of Turkey (Davutoglu 2001, 65–97). Paying special attention to the territories and regions that historically formed the Ottoman Empire, however, raised concerns about the Neo-Ottomanism in Turkish foreign policy. Both Erdoğan and Davutoğlu rejected such claims, focusing more on Turkey's EU accession process.

Davutoğlu did not have any articulated vision of Eurasia initially. In 2010 though, addressing the Foreign Economic Relations Board of Turkey (*Dış Ekonomik İlişkiler Kurulu, DEİK*) in Ankara, he stated that it was necessary to establish a union of Eurasian states to create a channel of interaction between exporters and importers of energy resources; this would make Eurasia a "locomotive of world economy" (*Today's Zaman* 2010). Davutoğlu redefined Eurasia, or Afro-Eurasia as he put it, as a geopolitical region surrounding Turkey (Davutoğlu 2008, 78). It had two circles, the first of which included the Middle East and northern Africa, with Central Asia constituting a second, peripheral contour. Davutoğlu's vision of "Eurasia" thus considerably differed from the previous conceptual attempts to position Turkey as a part of the broader region, with more distinct allusions to the Ottoman past emerging in his, Erdoğan's, and AKP's rhetoric (Kalın 2008, 26). Under the influence of Neo-Ottomanism Turkey's foreign policy ambitions expanded toward a significant part of the Muslim world, overcoming a concentration on the Turkic republics of Central Asia and Caucasus.

The Arab Spring, however, posed a serious challenge to Turkey's Eurasianist project. Despite Turkey's growing influence in the region and a certain appeal to the "Turkish model" of sociopolitical and economic reforms, its limitations became obvious as well. Political and military crises, which engulfed Libya in 2011–2012 for instance, demonstrated that Turkey's foreign policy actions could be effective only with strong Western support. Turkish "soft power" also faced its limits in the Syrian crisis when it became obvious that Erdoğan, previously considered a close friend of Bashar Assad, failed to persuade him to embark upon a path of political reform.

THE RISING PROFILE OF TURKEY IN TRANSREGIONAL FRAMEWORKS

The rising turbulence in the Middle East in the 2010s and the limits the extension of the Turkish sociopolitical model and its Eurasianist vision had faced made Turkey look beyond the surrounding geographic area toward transregional initiatives. These took into account the success of multilateral structures, with the participation of emerging powers. Middle powers like Turkey, not being a part of such prominent frameworks as BRICS (Brazil, Russia, India, China, South Africa), often had to act on their own internationally. Turkey's membership in the G20, however, allowed it to build its relative international influence. *Ad hoc* coalitions with other emerging powers represented one more option for enhancing Turkey's international weight. Examples include Turkey and Brazil's 2010 agreement on the exchange of low-enriched uranium for nuclear fuel, and Turkey's 2016 coalition with Russia and Iran concerning crisis management in Syria. The strategic effect of such coalitions was not always obvious, though.

An absence of opportunities and resources for unilateral actions spurred middle powers to work out multilateral frameworks to compensate for their lack of influence as separate international actors. It forced them to create coalitions and interest groups within existing international organizations, thus developing a systemic influence on international political and economic processes (Mares 1988, 453–71; Keohane 1969, 291–310). In 2013, for example, Turkey, Mexico, Indonesia, South Korea, and Australia created a new multilateral framework of middle powers, MIKTA, aimed at overcoming the constraints of *ad hoc* coalitions. They wanted an institutional basis for joint international actions of middle powers representing different regions.

During the Cold War, multilateral cooperation between middle powers was a rare phenomenon. Examples include the Association of Southeast Asian States (ASEAN) created in 1967 and the Cairns Group of agricultural

production exporters established in 1986.[3] After the Cold War, the number of transregional projects including middle powers considerably increased. The post-bipolar world created a sense that small- and middle-range powers no longer had to follow the great powers; the middle powers in particular felt the chance had come to work out transregional projects determined by their national interests rather than any bloc solidarity. The international expert community supported that feeling engaging in a parlor game of creating new acronyms.

In 2005, Jim O'Neil coined the term "Next Eleven" (N-11) for Mexico, Nigeria, Egypt, Turkey, Iran, Pakistan, Bangladesh, Indonesia, Vietnam, South Korea, and the Philippines. The idea was that these countries, alongside with BRICS, had the potential to become world economic locomotives. In 2009, the head of the financial corporation HSBC, Michael Geoghegan, suggested CIVETS (Columbia, Indonesia, Vietnam, Turkey, and South Africa) for the countries with diversified and dynamic economies, and a young, active population (Russell 2010). In 2010, the analysts of Banco Bilbao Vizcaya Argentaria (BBVA) introduced EAGLEs (Emerging and Growth-Leading Economies) for Brazil, China, Indonesia, South Korea, Mexico, Russia, Taiwan, and Turkey. In 2011, the American financial company Fidelity Investments suggested for Mexico, Indonesia, Nigeria, and Turkey the acronym MINT (Wright 2014). The same year a number of big Muslim countries put forward the initiative to create an analogue of BRICS under the name of SAMI (Saudi Arabia, Turkey [Ankara], Malaysia, and Indonesia) (Siddiqui 2011). Finally, MIKTA, which initially was just a new cute acronym, became the youngest transregional group announced in 2013.

MIKTA bases its work on a long tradition of interregional cooperation using the triad "normative consensus, the principle of indivisibility and reciprocity," which implies the members of the group divide both benefits and burdens (Keohane 1990, 731; Caporaso 1992, 599–632). The first meeting of MIKTA states took place on the margins of the UN General Assembly in September 2013. South Korea initiated the process. Like Turkey, it was looking for the ways to enhance its international capacity beyond regional mechanisms. Indonesia, Mexico, and Australia had quite the same reasons behind their decision to join this informal group. The brief experience of MIKTA soon demonstrated that such groupings, however, needed channels for interaction with the great powers. MIKTA used the consecutive chairmanships of South Korea (2011), Mexico (2012), Australia (2014), and Turkey (2015) in the G20 to push the group's agenda. The case of MIKTA indicates that rising Middle Eastern countries like Turkey, having faced serious regional constraints, might look at transregionalism as a chance for better positioning in the world.

The example of MIKTA and the scope of its goals, ranging from strengthening bilateral to large-scale joint projects on development aid (Belma and Baba 2015, 18–19), displayed the development trajectory of the rising powers' transregionalism. MIKTA was not a breakthrough project for transregionalism; its development was rather a sort of "correction," squaring up to the experience of other transregional projects. Unlike IBSA, which focused specifically on the "South-South" model of cooperation, MIKTA emphasized transregional cooperation in its initial goals. MIKTA also tried to use the lack of direct involvement by the great powers for its own benefit. Thus, MIKTA started to act as a mechanism of a flexible, cross-regional consultative platform, which allowed any member-state to promote its initiatives and instantly create infrastructure for its implementation. MIKTA was thus far from the model of interstate cooperation with one unconditional leader and all its negative consequences.

CONCLUSIONS: ALTERNATIVE TRANSREGIONAL AGENDAS FOR SOUTHERN EURASIA

During the Cold War, the nature of regional cooperation in the Middle East was determined primarily by external factors—namely, the interests of the great powers. This was not conducive to anchoring regionalism among the main foreign policy strategies of the Middle Eastern states. The example of CENTO, which induced a highly negative reaction among regional states, was illustrative. In the post-bipolar period, the remaining and even rising influence of the nonregional actors (the United States, the EU, and Russia) has limited the consolidation of regional powers and hampered the development of regionalism. The high level of military tensions, along with the struggle for control of energy resources, has limited the potential for regional cooperation in the Middle East. Indigenous initiatives for development of regionalism came under external influence, especially in the spheres of economic cooperation, nuclear proliferation, and the Middle East peace process. Paradoxically, the ongoing crises in the Middle East failed to bring a search for effective solutions at the regional level. The low level of regional cooperation and the weakness of regional institutions caused the low demand for regionalism on the ground.

Another important factor constraining regionalism is the multipolarity of the Middle East, with the multiple "regional hegemons" who nonetheless demonstrate limited capacity for regional leadership. Intense competition among the key states of the Middle East hampers the emergence of a single leader or the formation of the core states. The end of the Cold War did not

remove the obstacles to regionalism in the Middle East. It rather facilitated the activity of a number of regional states striving to overcome these restrictions. The example of Turkey is illustrative.

Turkey tried to extend the "Turkish model" to post-Soviet Central Asia in the form of Turkish Eurasianism. This evolved into a combination of Islam, democracy, and economic liberalism. The limited success of the "Turkish Model" beyond its national borders, however, drove Turkey to search for other regional and transregional alternatives, first within the framework of the G20 and then through the creation of MIKTA. The influence and authority MIKTA possesses is much less than one of the regional organizations; however, the model of transregionalism and the experience of other multilateral organizations allows MIKTA to assume the role of an important player on occasion. The potential of MIKTA comes through moral leadership and smart and flexible strategies.

NOTES

1. CENTO officially included the UK, Iraq (until 1959), Iran, Pakistan, and Turkey. The United States was not an official member, but participated in all its chief committees.
2. Up to 1992, cooperation within ECO was mainly bilateral. In 1992, seven new members (Kazakhstan, Azerbaijan, Afghanistan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) joined and, thus, reinvigorated the cooperation.
3. The Cairns Group now includes twenty countries: Argentina, Australia, Bolivia, Brazil, Canada, Chili, Columbia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, the Philippines, South Africa, Thailand, Uruguay, and Vietnam.

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Part IV

THE EFFECTS AND OUTCOMES OF TRANSREGIONALIST LOGIC

Chapter Thirteen

Ideology, Identity, and Security in Eurasia

Evolving Regionalist or Transregionalist Agenda?[1]

Charles E. Ziegler

In the emerging literature on transregionalism, ideology, identity, and security tend to receive less attention than the economic dimension of transregional cooperation. While European regionalism is showing signs of strain in all three dimensions, Asian regionalism appears to be in the middle of a transformation. American hegemony in Asia is eroding and eventually may be replaced by a Chinese-dominated regional order, one that is expanding westward. Beijing's ambitious One Belt, One Road initiative (OBOR) envisions a transregional program that would link East Asia, Eurasia, and Europe through a complex network of rail, road, and port facilities, funded through China-supported international banks. The Collective Security Treaty Organization (CSTO) and Shanghai Cooperation Organization (SCO), transregional groupings already operating in the Eurasian space, will need to adapt to the Chinese economic leviathan or face prospective irrelevance. Significant differences in political ideologies, regional identities, and security perceptions will complicate efforts to develop the close associative ties between and across regions needed for a genuinely transregional framework (Dent 2003).

Academics have used a variety of terms to describe the phenomenon of cooperation and coordination among regions: transregionalism, interregionalism, cross-regionalism, macroregionalism, and others (Kuznetzov 2016). In this chapter, I follow the distinction advanced by Andrea Ribiero Hoffmann (2016), where interregionalism is defined as relations between two formal regional organizations, while transregionalism is the less-formal interaction between regions that involves state, regional, and non-state actors (601). The focus is on Eurasian transregionalism; since the literature on interregionalism contributes to the conceptualization of the transregional phenomenon, I draw insights from both.

These distinctions also relate to the delineation of regions. "Region" is a constructed, and contested, concept. Here, I refer to "Eurasia" as the former Soviet republics, minus the Baltic States, with specific attention to Russia and Central Asia, while recognizing that the concept of Eurasia is highly elastic. Ukraine, for example, is divided between a European and a Eurasian identity. Eurasia, then, is nested within "broader Eurasia," an even more amorphous grouping that includes Eurasia plus China, India, Pakistan, Iran, Mongolia, and Afghanistan. It is this transregional concept that is in the process of emerging from China's ambitious One Belt, One Road initiative.

GLOBALISM, LOCALISM, AND TRANSREGIONALISM

The world is experiencing conflicting trends. Globalization creates incentives to move beyond formal regional organizations like the European Union (EU) and the Association of Southeast Asian Nations (ASEAN) toward transregional arrangements such as the Asia-Europe Meeting (ASEM), the EU-ASEAN forum, and the Asia-Pacific Economic Conference (APEC). Among the newer, less formalized forums are the BRICS meetings and China's OBOR.

Regardless of the economic imperatives of globalization though, identities are connected more now to levels below the nation-state, whether it is the Catalans in Spain, the Scottish independence movement in Britain, or China's restive Uighurs. The "imagined communities" that constitute "nations," in Benedict Anderson's (2006) terms, more often than not focus on levels below the nation-state, leading to a fracturing of states. It is much easier for tribalists to construct identities along civilizational dimensions (real or imagined) than for liberals to build national identities out of pluralist societies.

Progress in strengthening global economic and political institutions has stalled. After fourteen years of World Trade Organization (WTO) negotiations, the Doha Round ended unsuccessfully in 2015. The European Union has faced a backlash from conservative, populist forces in France, Germany, and Hungary, while Britons have voted to leave the union altogether. Preferential trade agreements (PTAs) are less formal, more focused, and presumably more flexible, but economists consider PTAs inefficient, since they fragment the world or regions into competing trade blocs with conflicting or overlapping rules. Forces on both the right and left are suspicious of global and regional organizations, though for different reasons. All this implies that regionalism is facing difficult times.

Less binding transregional agreements could compensate, at least partially, for the lack of progress in the multilateral trading system, and may avoid the

narrower focus of PTAs. The EU's interregional cooperation with MERCOSUR (Latin America's southern common market), for example, intensified during periods when multilateral WTO negotiations stagnated (Doctor 2007). Another study analyzing previous trade agreements concluded the Trans-Pacific Partnership was "an attempt by the USA to shift trade cooperation away from the deadlocked WTO to a new venue where it can successfully write the trade rules for the future" (Allee and Lugg 2016, 8).

In contending with the imperatives of globalism, nationalism and nativism have become significant political forces in Europe and the United States. Fears of powerful, unaccountable actors beyond sovereign borders, a reaction to rising inequality within and among nations, and suspicion of immigrants who bring foreign languages, customs, and beliefs, have stoked a renewed politics of tribalism in the West. Asia, while not immune to such tribalism, is more attuned to the benefits of international engagement and appears more committed to building regional or transregional structures to cope with the demands of globalization. China, under President Xi Jinping, is positioning itself to assume a leadership role as the United States retreats from multilateral commitments and from global hegemony more broadly. Extended Eurasia is vital to China's long-term goals.

As China flexes its newly acquired great power capabilities, smaller and more vulnerable countries view Beijing's grandiose plans with some trepidation, though few have the ability to resist Chinese economic power (Kirişci and Le Corre 2018). The United States, under President Donald Trump, has abandoned the Trans-Pacific Partnership (TPP), leaving the remaining members to carry on with a Comprehensive and Progressive TPP led by Japan. Likewise, the Trans-Atlantic Trade and Investment Partnership agreement (TTIP) appears unlikely to succeed, although Canada and Europe have negotiated a Comprehensive Economic and Trade Agreement as a partial substitute. Trump has declared as well his intention to renegotiate the North American Free Trade Agreement (NAFTA). The Bretton Woods system of free trade and open markets thus appears to be eroding in favor of new trade (and possibly security) alignments that are less tied to the U.S. economy, and more subject to authoritarian and mercantilist pressures.

Eurasia has been the neglected "missing link" in the transregional structures of the northern hemisphere. The great majority of transregional arrangements are Europe-Asia (ASEM), the trans-Pacific (APEC), or Europe-North America (OSCE, NATO), with some effort to incorporate Latin America (EU-MERCOSUR) and Africa (EU-SADC) (Hänggi 2006). Most of Eurasia's regional projects have met with minimal success, and much research, both theoretical and empirical, remains to be done on the subject (Hancock and Libman 2016). There is, however, an emerging transregional structure

in Eurasia. This includes the Shanghai Cooperation Organization (SCO), the Collective Security Treaty Organization (CSTO), and institutions connected to China's OBOR initiative, such as the Asian Infrastructure Investment Bank (AIIB). Eurasia is increasingly receptive to Chinese-inspired transregional projects as U.S. hegemony fades. Over the past decade, America's position as global hegemon has declined, while China's economy has grown and its military capabilities have increased dramatically.

Economists often evaluate multilateral regimes by assessing their potential to reduce transaction costs and enhance efficiency. Although this is more important in a twenty-first-century environment where the exchange of goods, services, investment, and innovative technologies takes place at the regional or global level, political considerations are equally crucial. It is important to evaluate the potential impact of multilateral arrangements on security, for example, and to take into account the cultural or ideological differences among nations. Politicians may value such arrangements for the economic benefits that accrue to their country, but they also frequently consider the political or security benefits of these organizations, such as demonstrating regional leadership or preserving hegemony. A major EU success, often overlooked today, has been establishing permanent peace on a continent that had been subject to centuries of brutal warfare.

Transregional networks are less formalized and less institutionalized than many regional organizations. They tend to bring together disparate countries and create new opportunities (space) for civil society groups to advocate their causes (Miñambres-Garcia 2017). Trade unions and environmental groups in pluralist democracies have been vocal opponents of globalization and transregional trade agreements, sometimes far more than business groups. Ann Capling and John Ravenhill (2011), for instance, found that governments were most enthusiastic about TPP in the early stages of negotiations; business interests favoring the TPP were more muted in their support for the agreement than were civil society opponents. The authors contrast this with the "business-driven" experience of the European Union (572).

Strong nationalist views and concerns about ceding sovereignty to supranational actors may lead states to promote closed, rather than more open regional or transregional regimes. Closed regionalisms are "fortress" arrangements that impede global economic relations; examples include the General Agreement on Tariffs and Trade (GATT, superseded by the World Trade Organization), and the now-defunct Council for Mutual Economic Assistance (CMEA). Both organizations reflected the competitive and exclusive approach of their Cold War sponsors. Open regionalisms, in contrast, are more inclusive and serve to promote global economic cooperation; examples would include ASEAN, which has been willing to extend membership to states

with widely divergent political regimes and levels of economic development (Ribiero Hoffmann 2016, 605). China's approach, at least rhetorically, has reflected an open and inclusive approach to transregional cooperation.

The course of the Trans-Pacific Partnership reflects the shifting economic power balance in China's favor. The TPP was the flagship economic project of President Barack Obama's "pivot to Asia," and was welcomed by smaller Asian powers wary of China's rising influence (Capling and Ravenhill 2011). The TPP also could be interpreted as a response by the United States to China's dramatically expanding presence in Latin America. By advancing a neoliberal agenda through the TPP, Washington could have occupied the middle ground between bilateral trade arrangements and global regimes (the Doha round), while establishing rules undermining Latin American regional organizations such as MERCOSUR and the Bolivarian Alliance for the Peoples of Our America (ALBA) (Biegon 2017). Critics faulted TPP participants for conducting negotiations in secret and, more importantly, evading "the democratic political process of public and parliamentary debate" and undermining national sovereignty (Ranald 2015, 254).

With the United States having rejected the TPP, smaller Asian states are no longer able to hedge, and they might be more inclined to align with China. Tokyo is poised to lead efforts to retain the TPP, but Japan has neither the economic clout nor the military capability to substitute for the United States. Washington is even less committed to leadership in central Eurasia, leaving Russia and China to shape that political, economic, and security environment.

IDEOLOGY, IDENTITY, AND EURASIAN TRANSREGIONALISM

Ideology often is defined as a complex, interrelated, comprehensive set of beliefs and values about politics, economics, and society that either legitimizes or delegitimizes the existing order. When applied to regionalism and transregionalism, ideology matters to the extent that members either accept or question the regional or transregional framework.

In the European Union, for instance, regional integration became a key value, with the EU promoting its model of deep integration as appropriate for other regional organizations such as ASEAN. The EU's internal identity was strengthened, in effect, by promoting the model externally (Camroux 2010). In its various transregional projects (EU-MERCOSUR, EU-ASEAN), the European Union has sought to diffuse the values of regionalism, human rights, democracy, and liberal market principles. In contrast, south-south transregionalism has focused more on protecting national sovereignty—a form of

soft balancing—than diffusing Western, liberal, democratic norms (Ribiero Hoffmann 2016, 606–7).

In comparing NATO's multilateralism with Asian bilateralism, Hemmer and Katzenstein, using a constructivist approach, point to the collective identity of the North Atlantic countries as a critical factor in successful multilateralism, not shared interests, as realism would suggest. The Atlantic Alliance was transnational and, in the immediate postwar period, some foreign policy elites did not perceive North America and Europe as constituting a common region. American policy makers who viewed Europe and the United States as linked by civilizational values carried the day, however, securing approval of NATO as the dominant security organization. In contrast, linkages to Asia were constructed through negative racial perspectives that negated the possibility of an alliance of equals (Hemmer and Katzenstein 2002).

European integration was premised on values quite different from those informing American postwar policies. A central goal of the architects of European community was constructing a pan-European identity, to avoid the destructive nationalisms of the early twentieth century (Herrmann and Brewer 2004). Over time, the relatively narrow objectives of the European Coal and Steel Community (ECSC) evolved into the idea of a unified European political system, as embodied in the Maastricht Treaty of 1992. Although common identities take time to develop, the evidence suggests that most Europeans do identify with the broader European community.

Eurasian regionalism may not exhibit a racial perspective or a common identity, but member states tend to favor authoritarian political institutions, and they have mostly illiberal societies. Economic development and collective security are the professed goals of regional cooperation, but unspoken goals include preserving the personal authority of leaders and maintaining stability by repressing civil society. The Eurasian Economic Union's integrative potential has been limited by Russia's refusal to be constrained by the EEU framework, as well as by suspicions of Moscow and a determination to preserve national sovereignty, especially on the part of Kazakhstan and Belarus (Dragneva and Wolczuk 2017). Russia's vague idea of Eurasian unity may resonate in certain parts of Central Asia (Kazakhstan honors the intellectual legacy of Eurasianist Lev Gumilev, though his version of Eurasianism is an ethnic one), but it is not really comparable to the shared democratic values that motivate the EU states. In the Russian and Chinese approaches to Eurasia, civilizational identities and ideology, though frequently slighted in favor of the functional economic dimension, nonetheless are essential elements in emerging transregionalism.

RUSSIA'S EURASIAN PROJECT

Moscow's Eurasian transregional project, the Eurasian Economic Union (EEU), is clearly non-Western, or even anti-Western, in values and ideology. Russia's concept of Eurasian integration, though originally promoted by Vladimir Putin as an "open project" that would make Russia an inalienable part of Europe, by 2014 had become more of a response to geopolitical challenges (Putin 2011). EU and NATO reaction to Russia's annexation of Crimea and support for separatists in southeast Ukraine, which took the form of targeted sanctions and an enhanced military presence in Eastern Europe, shifted the Kremlin's emphasis toward the Asian dimension of the EEU bridge, though Putin has not abandoned the idea of restoring ties to the European Union. Within the EEU, however, Russia's behavior in Ukraine contributed to a deep sense of frustration and, especially in Minsk and Astana, seriously comprised Russia's efforts to be perceived as a benevolent hegemon.

Russia's claim to Eurasian hegemony derives from the notion of civilizational competition that suffuses Russian foreign policy with a cultural and historical perspective (Lavrov 2016; Katzenstein and Weygandt 2017). Sergei Glazyev (2015), an academic and advisor to President Putin on Eurasian integration, emphasizes the importance of Russia's civilizational identity. Russian culture as shaped by the Orthodox religion is open and nondiscriminatory, he argues, serving as a counterweight to the secular Western liberal order that seeks to impose its values on others. Russia's "(n)ational and state identity is impervious to globalization and cosmopolitan attempts to 'liberalize' the country and change its traditional features," Glazyev claims (85). As a civilizational leader, Russia is the core of the Eurasian integration project. Indeed, Russia has a stronger historical and cultural claim to a dominant regional position than an economic rationale. According to this line of thinking, Russia must reclaim its historic role as a conservative ideological and civilizational center to compete effectively with the United States, China, and the European Union.

While Russia's sphere of influence policies along the periphery will be resisted by the larger EEU members, these states are more comfortable with Russia's ideological model than that advanced by the European Union. In contrast to the EU's liberal, democratic ideas, the EEU reflects a more authoritarian and neomercantilist ideology derived from the Soviet experience. Although the member states identify with Russia's perspective on governance, asymmetry in economic and military power tends to complicate cooperation and institution building, a problem commonly found in transregional projects (Doctor 2007). Kazakhstan and Belarus, for example, are not convinced that integration with Russia will confer economic benefits, yet they are cautiously

willing to accommodate Moscow for political reasons. They were reluctant to follow Russia in imposing sanctions on Ukraine and the EU during the 2014 crisis, though ("Belarus and Kazakhstan" 2014).

CHINA'S EURASIAN PROJECT

China's plans for the One Belt, One Road initiative will further complicate the political and economic environment in central Eurasia. The OBOR is clearly transregional and, from the Chinese perspective, should be inclusive; Beijing has identified some sixty-eight countries it anticipates will take part in the project.[2] China's Xi Jinping has praised globalization, with its principles of capitalist market economics, but in practice China's trade policies have distinct mercantilist elements, and its governing model is clearly authoritarian. In his keynote speech to the 2017 Beijing Belt and Road forum, Xi emphasized the historical and civilizational dimensions of the Silk Road, and promised to build an "open platform of cooperation." Xi pledged: "We have no intention to interfere in other countries' internal affairs, export our own social system and model of development, or impose our own will on others," a veiled criticism of the West's tendency to promote the "universal values" of democracy and human rights (Xi 2017).

China's One Belt, One Road initiative is a broad, integrating concept, stretching geographically from China through Russia, South and Central Asia, to Europe, while bringing in the Caucasus and parts of Northern Africa (Yang 2015, 285–86; Kaczmarski 2017). The "Silk Road spirit" extolled by Chinese commentators embodies peace, tolerance, openness, and inclusivity in a more democratic international order; that is, harmony without uniformity, in place of the United States's supposedly hierarchical world. Xi's Silk Road Economic Belt strategy has promised "three no's" in China's relations with Central Asia: no interference in internal affairs; no effort to acquire a dominant role in regional affairs; and no creation of a regional sphere of influence (Yu 2015, 262).

Nadège Rolland (2017), in her impressive recent study of the One Belt, One Road initiative, observes that the project has both economic and security dimensions. The central elements of the OBOR are Xi's "five links:" policy coordination, infrastructure connectivity, unimpeded trade, financial integration, and people-to-people exchanges (46–47). The OBOR initiative positions China as successor to a faltering Western liberal order, with an outcome that is more likely to be illiberal and authoritarian. China's large state-owned enterprises (SOEs), for example, are expected to benefit from global integration and infrastructure development (Rolland 2017, 101–4). The Party leadership

thus can avoid genuine reforms that might impact the patronage and spoils system linked to SOEs (Zhang, Zhang, and Liu 2017).

The OBOR concept of transregional integration remains vague, though, with many uncertainties and contradictory elements. The Chinese model that emerges from the OBOR may well contribute to conflicts among the wide variety of states included in this ambitious project. Since authoritarian states restrict societal input into integration processes, moreover, those segments of society that are disadvantaged by globalization will have little political recourse. Severe constraints on civil society in Russia, China, and Central Asia would preclude environmental, agricultural, or labor lobbies, as well as other antiglobalization protests, from contesting the potentially negative consequences of ambitious, state-supported infrastructure plans.

The Russian leadership initially saw China's initiative as a challenge to its position in Central Asia, but by 2015 Putin had decided Russia could benefit from the OBOR (Peyrouse 2017). Russian-Chinese economic rivalry in the region had surfaced as early as 2003, when Beijing proposed establishing a free-trade zone and cooperation on major infrastructure projects within the SCO; these proposals were never adopted (Yu 2015, 260). Russia, in the past, has regarded Chinese influence as far preferable to an American presence in Central Asia; yet Moscow is aware that China has a stronger economic position in Central Asia than does Russia (Facon 2013). Even without an institutional mechanism, China dramatically expanded its trade and investment in the region, clearly overshadowing Russia, and the One Belt, One Road initiative would only strengthen Beijing's position. Moscow faces a dilemma of either cooperating with Beijing and seeing a further erosion of economic ties to the region, or opposing China and possibly fraying the strategic partnership against the United States.

America, however, no longer poses a serious challenge to either Russia or China in Central Asia. The U.S. Silk Road initiative—America's regional integration concept announced by Hillary Clinton in 2011—was intended to develop energy and transportation infrastructure across greater Central Asia in conjunction with Washington's campaign against the Taliban, and to maintain U.S. influence after withdrawing from Afghanistan. The American concept was narrow in scope and poorly funded, however, and never received an endorsement from President Barack Obama (Delaney 2017). In short, the United States had given up on the project even before Trump abandoned Central Asia. China, in contrast, had established in 2014 a Silk Road Fund under the People's Bank of China which, with an initial capital of $40 billion and supplemented with AIIB funds and the resources of the BRICS New Development Bank, dwarfed U.S. financial capabilities.

SECURITY AND TRANSREGIONALISM

Liberal institutionalist theory would predict that nations move away from conflict as they become more economically interdependent and more closely enmeshed in multilateral institutions (Russett and Oneal 2000; Copeland 2014). If regional organizations like the European Union tend to dampen conflict, then logically transregional structures should also reduce the chances of conflict. Earlier claims that security was moving beyond the realm of national security and becoming the responsibility of transregional structures, however, have not proved accurate (Hettne 2008). Larger nations, including the United States, Russia, China, and India, are ensuring their security through internal balancing, building, and modernizing their armed forces while developing new means of communications and cyber warfare.

The EEU has a security dimension for Russia; it could be described as more of a geopolitical exercise in restoring control and influence over the post-Soviet periphery than a serious attempt at building a functional economic organization. Putin sees regional blocs as competing, and the EEU was adopted as a response to encroachments on Russia's sphere of interests by the United States and the European Union (Dragneva and Wolczuk 2017). This defensive approach reflects a "fortress regionalism" mentality, where the post-Soviet area must be isolated and protected from the West (Kaczmarski 2017, 1369).

In his role as prime minister (2008–2012), Putin sketched out the Kremlin's reasoning for a common economic space in Eurasia, claiming Russia could serve as a bridge, connector or ligament (*sviazka*) between Europe and the dynamic Asia-Pacific region (Putin 2011). Russia's approach to Eurasian integration, however, has been very different from the EU approach of building bridges. Moscow's approach has been essentially zero-sum, as reflected in its heavy-handed policy toward Ukraine and its hostility toward a proposed EU association agreement. It is a (confrontational) geopolitical approach that conflicts with Putin's avowed goal of Eurasia serving as a bridge between Europe and Asia (Kazantsev 2015, 216–17).

When Putin announced his support of Eurasian integration in his 2011 article, there were three projects existing or contemplated in the Central Asian region: Russia's proposed Eurasian Economic Union; the American idea of wider Central Asia and the New Silk Road; and the Shanghai Cooperation Organization. Those political forces within Russia that dominated Putin's third presidential term, the *siloviki* (officers of the security services who are, by and large, hard-line realists), are security oriented. Unlike the liberals, who prefer a more open Eurasia integrated with the EU and are inclined to cooperate with East and South Asia, the conservatives seek to construct

"Fortress Eurasia" as a means of opposing the United States, NATO, and the EU. Andrei Kazantsev (2015) argues that Putin has staked out a position as centrist, combining elements of both schools. Of Russia's original partners in the customs union and the EEU, Belarus's Aleksandr Lukashenko tends to be aligned more closely with the zero-sum Eurasia perspective; Kazakhstan's Nursultan Nazarbayev, who favors a more liberal (economic) tendency, seeks to preserve good relations with Europe through multivector diplomacy (Kazantsev 2015, 212–14).

Russia's 2014 actions in Ukraine are more comprehensible when viewed in terms of security rather than economic competition. The prospect of Ukraine rejecting EEU membership in favor of a partnership agreement with the European Union (and by extension, closer ties to NATO) convinced the Kremlin it faced another major loss in the contest for influence among the former republics. The possible loss of the Black Sea Fleet headquarters at Sevastopol and a Crimea within a Western-leaning Ukraine were distinct threats. By resorting to coercion against Ukraine, though, Russia has limited the appeal of the Eurasian Union under its leadership (Dragneva and Wolczuk 2017, 11–12).

In the broader Eurasian space, there are few influential security institutions. The Russian-led Collective Security Treaty Organization (CSTO) is one, albeit fairly narrow organization. A second and wider grouping is the Shanghai Cooperation Organization, in which Russia and China share leadership. Article 4 of the CSTO charter states that in the event of aggression against one member, the others will provide all necessary assistance in the form of collective defense, but the divergent security interests of the member states have limited the organization's effectiveness. The SCO, in contrast, has much broader cooperative goals; its security dimension is manifested in antiterrorist provisions through the Regional Anti-Terrorist Structure (RATS) based in Tashkent.

The CSTO is Russia's preferred mechanism for exercising security control among the former republics; it is the formal security counterpart to the EEU. It incorporates newly independent countries from Europe (Belarus), the Caucasus (Armenia), and Central Asia (Kazakhstan, Tajikistan, and Kyrgyzstan). The CSTO was intended as a military counterpart to NATO and viewed by the United States as a competitor to that alliance, although top Russian military officials repeatedly expressed interest in cooperating with NATO to achieve a division of labor in the broader Eurasian region ("Russia-led Military Bloc" 2013). As with the EEU, member states are wary of Russia's dominant position in the organization. There is no common security threat facing the members—each has its specific localized concerns—and relations among members are often strained. Armenia's conflict with Azerbaijan is not supported by Kazakhstan or Tajikistan, for example, and Kyrgyzstan has re-

cently become embroiled in a political dispute with its neighbor, Kazakhstan. The CSTO has proved ineffective in dealing with major security challenges, moreover, including the 2010 ethnic violence in Kyrgyzstan and the 2012 disturbances in Tajikistan's Gorno-Badakhshan province (Chausovsky 2017).

The Kremlin's perspective is that the other major powers of the world—the United States, the EU, and China—along with the adjacent middle powers (India, Pakistan, Iran, Turkey) are contending for control or influence in central Eurasia, but Russia is the only legitimate hegemon. In a roundtable discussion among Russian foreign policy experts, L. Ivashov, president of the Academy of Geopolitical Problems, described Russian regional security as a *matrioshka*, with Russia at the center, the Eurasian Union as the larger doll, and a huge "Continental Union" encompassing China, India, Iran, Afghanistan, and Pakistan, in addition to the CIS, as the third. Security, from this perspective, is conceptualized in civilizational terms; Russia's concept of Eurasian integration is dependent on a system of "common values," with alignments predicated on civilizational distance ("Problemy Bezopasnosti Evrazii" 2012, 22–24).

It is unclear whether Ivashov's views reflect official Kremlin policy, and other participants in the roundtable expressed doubts about its feasibility. In his speech to the 2016 St. Petersburg International Economic Forum, however, Putin advocated a "greater Eurasia" project similar to Ivashov's that would create a comprehensive trade and economic partnership with China, but also include India, Pakistan, and Iran. Putin noted that the EU remained Russia's key economic and trade partner, and indicated that Europe would be welcome in this transregional enterprise (Putin 2016).

Ivashov's ideas suggest two possibilities for Russian-Chinese relations as the Eurasian project unfolds. First, Russia could assume the role of security guarantor, coequal with China in a transregional, broader Eurasia, while China dominates in the economic sphere. Alternatively, Russia could emerge as the central player in Eurasian affairs, edging China aside. It is doubtful, however, that the latter scenario would be acceptable to a rising and confident China. The former possibility is in line with the concept of an emerging division of labor between Russia and China in Eurasia, with Russia assuming the security burden while China serves as the engine for investment and economic growth (Kaczmarski 2015).

The SCO originated as a vehicle for realizing China's strategic interests in Central Asia, starting with agreements to resolve border disputes with the newly independent Central Asian states. Beijing expects the SCO to be useful in maintaining stability in Xinjiang by combating terrorism (together with separatism and extremism, the "three evils") along China's Western border. China's One Belt, One Road initiative makes security in Xinjiang Province

critically important, since vital rail links transit the Khorgos and Dostyk land ports. Antiterrorism measures within the framework of the SCO are extremely important for Beijing (Clarke 2017). The SCO thus far has proved unable or unwilling to act to preserve regional stability in Central Asia, though.

The admission of India and Pakistan to the Shanghai Cooperation Organization in 2017 likely will constrain its potential for promoting security. Beijing still values the SCO as a forum for cooperation with Central Asian countries, but China is far stronger than it was in 2001, when the formation of the SCO gave Beijing entrée into Russian-dominated Central Asia (Grossman 2017). China acquiesced with Russia's wish to admit India since it was paired with Pakistani membership, but the SCO's enlargement underscores its increasing irrelevance to Beijing's goals—security and economic—in the Eurasian space. As China's power increases, it is easier for China to act unilaterally. This explains Russian support for India's membership: to balance China and, in general, embed China in a constraining web of institutions.[3] China appears open to admitting Iran as a member and has been willing to consider NATO member Turkey's application to join the organization. These developments cast doubt on the relevance of the SCO for broader Eurasian security; for Beijing, the organization's prime import may rest with its symbolic value.

Transregional security dynamics become more complicated as the number of players expands. India is suspicious of the One Belt, One Road initiative, for example, because Beijing's plans for the $60 billion China-Pakistan Economic Corridor run through disputed Kashmir territory (Pant and Passi 2017). India refused to attend the May 2017 Belt and Road Forum in protest, and Delhi is strengthening security ties with the United States. The United States in turn has backed India's position on the OBOR ("U.S. Backs India's Stand" 2017). During President Trump's 2017 Asian tour, U.S. officials repeatedly referred to the "Indo-Pacific" region, suggesting that India will play the role of balancer against a rising China and that Washington plans to work more closely with Asian democracies. Trump's approach to the region challenges China, Iran, and Russia simultaneously, reinforcing the tendency of these authoritarian states to cooperate against the United States on security issues. The three already have come together in the SCO, though Iran as of this writing has observer rather than full-member status.

Beyond India's challenge to China's One Belt, One Road initiative, the Central Asian states complicate Beijing's security calculations. Anti-Chinese sentiment in Central Asia will be a security concern for Beijing as infrastructure and development projects bring an influx of Chinese workers into Central Asia economies. Anti-Chinese sentiment is already strong; there have been clashes between Chinese workers and their counterparts in Kazakhstan

and Kyrgyzstan, and nationalists have vigorously opposed land sales to Chinese investors. The potential for terrorist attacks against Chinese personnel and facilities is real, as demonstrated by the suicide bombing of China's embassy in Kyrgyzstan in August 2016 (International Crisis Group 2017). The Central Asian states pose additional problems for investors.

The causes of instability affect all post-Soviet Central Asian states, Afghanistan, and Pakistan; they include border disputes, weak governance, crime and corruption, water supply issues, terrorism, and extremism. Beijing's position seems to mirror the strategy it has pursued in Xinjiang—assuming that sufficient economic growth will eventually resolve social problems while using repressive policies to quash any demands for political autonomy or religious representation. China generally has ignored Central Asia's internal problems in its efforts to secure overland gas and oil supplies from the region, but as the more wide-ranging One Belt, One Road initiative progresses, Chinese leaders may need to reassess their strategy (Swanström and Nyrén 2017). The development of Chinese assets on the One Belt, One Road initiative likely will require Chinese security and military services to consider options to protect Chinese assets (Rolland 2017, 167–73).

CONCLUSION

The real momentum for broader Eurasian "integration" and transnational cooperation appears to rest with the Chinese and their One Belt, One Road initiative. The OBOR may not be a grand strategy, and Beijing may well be promising more than it can deliver, but it does have the capacity to reshape the broader Eurasian region. If successful, the OBOR almost undoubtedly will erode U.S. and Western influence in Eurasia. A large number of countries have expressed support for the initiative; some seventy have signed on with the Asian Infrastructure Investment Bank; and while not all are comfortable making China a transregional leader, the process has an air of inexorability.

Unlike Russia's power-based, realist perspective on regionalism, China's stated views on integration are non-zero-sum, holding that international cooperation can benefit everyone and contribute to more peaceful international relations. China's concept of the OBOR is looser and less formal than Europe's idea of regional integration, which emphasizes highly structured legal institutions. Beijing constantly reiterates the importance of mutual trust and benefit, equality, joint consultations, and respect for sovereignty and cultural diversity in international relations, assurances that are received with some skepticism in Central Asia.

The major European and American plans for Eurasian transregional projects were exclusive, and in any case, they are now on hold (if not totally defunct) as the EU and the United States struggle with domestic political problems. China is vying with the United States for economic hegemony in the Pacific; even there, where Washington has exercised dominance since 1945, the United States has retreated from a position of leadership. In broader Eurasia, America has abandoned any pretense of shaping the economic or security environment. Russia has proved useful to China in helping shift the balance of power in Beijing's favor, but the trend over time favors China as the regional and transregional hegemon.

NOTES

1. I am indebted to Andrei Kazantsev and Vitaly Kozyrev for their helpful comments on an earlier draft of this chapter.
2. For the full list, see the Hong Kong Trade Development Council, at http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/The-Belt-and-Road-Initiative-Country-Profiles/obor/en/1/1X000000/1X0A36I0.htm
3. See the remarks by Dmitri Trenin, Carnegie Moscow website, http://carnegie.ru/commentary/71205

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Chapter Fourteen

Balancing Transregional and Regional Projects

Is It Possible to Build the Greater Eurasian Space of a Multilateral Regional Order?

Alexei D. Voskressenski,
Ekaterina Koldunova, and Anna Kireeva

THE THEORY OF COMPLEX SYSTEMS AND THE PROBLEM OF COMBINING THE OLD AND NEW APPROACHES EXPLAINING "POST-WESTERN" INTERNATIONAL REALITIES

The problems addressed in this volume, which concern conceptual understandings of politics and economy, have not received sufficient attention in traditional studies of international relations. Instead, they have been analyzed in relatively new areas of interdisciplinary research, such as international or global political economy, comparative international politics, the systemic history of international relations, cross-regional analysis, and world regional studies (Bogaturov 2003; Voskressenski 2015a; Voskressenski 2015b; Voskressenski 2014a; Voskressenski 2014b; Voskressesnki 2017a; Voskressenski 2017b). States' international and domestic experiences reflecting new developments in the human community have been explained methodologically, as with the theory of complex systems, an instrument for analyzing the special new objects and actors of international relations and explaining the evolution of processes within complex systems in their spatial-temporal dynamics (Kniazeva 2016). This allows the use of interdisciplinary approaches and the combination of theoretical frameworks to explain current development.

According to systemic theory and its analyses of international subsystems as a type of social system, complex systems have certain, novel characteristics:

- In complex systems elements can be linked through complex, non-trivial connections.
- Complexity reflects, first of all, the internal diversity of a system and its components.

- Complexity is a multilayered structure of the system, whose subsystems can be more complex than the system.
- Complex systems are open; for elements of such systems, the environment inside the system is an externality, whereas the environment outside the system can be an internal environment of the system to which this subsystem belongs. For this reason, complex systems, unexpectedly to a researcher or practitioner, may amount to more than just a sum of their parts.
- Emergent phenomena materialize easily in complex systems; in other words, complex system manifest unexpected characteristics that an analysis of the system's individual elements cannot predict.
- In complex systems, processes can run along old lines; that is, such systems have a "memory."
- Complex systems can experience varying states in analogous sets of circumstances, and one and the same state in different sets of circumstances.
- They have a complex hierarchical or networked multilevel "multiplex" fractal structure and, therefore, are unique and unrepeatable.
- Complex systems are regulated by two types of feedback loops: the negative one, returning the system to its previous state; and the positive one, responsible for quick, self-stimulating growth.
- Complex systems have a distinctive internal scale for time and space, and never demonstrate all of their properties within a specific trajectory under observation (Voskressenski 2018, 22–23; Kniazeva and Kurkina 2016, 192–94).

This is why complex systems, especially the social types, are distinguished by weak predictability of behavior and strong sensitivity to minor disturbances; this is why they can be modeled and formatted using special social methods, but processes operating inside them are hard to predict and hard to manage in the traditional sense of this term. One can only expose mutual connections and vectors of their further development.

The new theories use a systemic approach. To apply the new theory of complex systems to the system of international relations and its regional subsystems to explain processes in contemporary social systems, this will require at least a combination of old and new approaches to explain the idea of an evolving Multiplex World which is culturally and politically diverse but deeply interconnected and interdependent (Acharya 2018a, 2018b). Thus, analysts must develop new, combined approaches to explain and forecast the spatial-temporal evolution of complex and multiplex systems within a context of the system of international interaction. They will also require new methods of practical realization of these approaches.

The bulk of the current global debate about the interrelatedness of economic and political modernization, and the impact of these processes, cen-

ters on choosing reliable hypotheses to address and explain the fluctuating parameters of the international system. According to the first hypothesis, economic growth is accompanied by and, at some point, promotes the rise of stable and regularly modernized forms of sociopolitical and socioeconomic order. Economic growth based on social engineering and the expansion of the field of economic interaction and interconnectedness is strengthened by uniformity of modernized sociopolitical and socioeconomic rules and practices, because the choice of efficient strategies dwindles. What the transformation of the concept of national sovereignty implies, however, is not a universal weakening of sovereignty but strong control over its most significant parameters, rather than all economic, political, and social practices. It is supported both by quantitative statistical calculations presented in a large number of economists' and political scientists' studies, and by empirical examples.

According to the second hypothesis, there is a reverse causal relationship. In some societies, in the process of transformation, politics can precede economy. The first thing to do is to single-mindedly modernize political institutions using the methods of social engineering, and without paying attention to the concomitant forcible transformation of national sovereignty; the acceleration of economic development will inevitably follow. This thesis contends that growing political unity, based on a shared understanding of the nature and direction of global political processes, is bound to bring economic prosperity. This growing political unity will also diminish national competition, ultimately harmonizing national sovereignties. This hypothesis is based on theoretical considerations, although there is some empirical confirmation in the experience of some "minor countries" of Africa and Eastern Europe. This hypothesis is debated fiercely in "big countries" like Russia and China, however; the argument being that the content of modernities can differ structurally (Appadurai 1996; Voskressesnki 2017a). This indicates that researchers have not paid sufficient attention to the regional specifics of "big countries," and in particular, to the context of the evolution of sovereignty in sociopolitical normalization.

A third, more radical and controversial hypothesis emerged recently. It argues that states' mercantilism and economic nationalism, along with radical politics, are bound to result in a financial-economic rebalancing of the world system and the creation of a new financial system with new global economic ties. These ties then will steer the world out of crisis. This hypothesis includes the idea of reformatting nations' sociopolitical and socioeconomic rules, practices, and patterns of life even at the expense of democratic governance, as well as the elimination of many institutions, including successful ones, even if this is not supported by an internal political consensus. This hypothesis supposes the ideas and experiences of radical mobilization reforms of the

first half of the twentieth century, the rise of authoritarianisms as some argue, as well as a series of populist mantras.

Most of these slogans are unsupported by scholarly analysis but intuitively identify weaknesses in the political-economic model of a modernized capitalist society. There is no agreement over the question whether it is appropriate and reasonable to carry out a large-scale reformatting of sociopolitical and political-economic rules, practices, and patterns of life without a social or political consensus. Some members of the political elite in Russia, the United States, and several European states believe it is possible, despite historical examples of negative consequences, to fully or partly reformat the national and then the international political-economic order and to reposition a national state in the world system. Then, using the new foundation, they contend it is possible to shape a new national and perhaps international sociopolitical consensus on the course of political-economic development. The arguments advanced by national elites in front of their national audience, of course, can differ radically.

International political economy and world regional studies accordingly become focused on the practicalities of using sociopolitical methods and foreign policy to develop a competitive, stable model of life, adapting national versions to this model, with respect for the acceptable degree of regional or national variation (ISEPI 2015). One can also clearly see the direct connection between these theoretical debates and the practical experience of nation states' domestic politics: "pushing forward" versus "stabilization," "consensual and harmonious scientific development" versus "radical reformatting" (including "revolutionary transit" and "color revolutions"), as well as the impact of these debates on international relations, international politics, and practical diplomacy.

EVOLUTION OF THE WORLD SYSTEM IN THE EARLY TWENTY-FIRST CENTURY AND THE NEED TO LOOK FOR CONSENSUAL APPROACHES IN THE PRACTICE OF INTERNATIONAL POLITICAL INTERACTION

The end of the twentieth century saw the rise of new factors that slowed the process of modernization in several societies, leaving it incomplete. Countries that began the transition from modernization to postmodernization, or from "natural" sociopolitical access to the construction of a system with more open access "got stuck" in the "grey zone." In introducing elections, these countries proved unable or unwilling, out of fear of political instability, to search for a new balance in their sociopolitical order or socioeconomic patterns of life. This spawned the concepts of "illiberal democracy," "sovereign

democracy," "hybrid political regimes," and "non-Western democracy," all representing transitive stages of development (*Democracy in a Russian Mirror* 2015; Demokratiia v Rossiiskom Zerkale 2013; Voskressenski 2017b). In those phases, a particular sociopolitical order exists that, ideally, does not present an obstacle to national modernization and improvement of political-economic patterns of life, but is unlikely to cause revolutionary upheaval.

The problem was how to compare the efficiency of management governance in political regimes based on different political-economic patterns of life. The end of the twentieth century saw the rise of the populist regimes that, at the point of transition, had exploited political regimes predicated on open sociopolitical and socioeconomic access but were unable to address poverty, social justice, and the pauperization of certain segments of society or even entire social classes. The ability of some authoritarian regimes to reform and enhance their inner competitiveness was underestimated, even as the argument that the most odious and inefficient authoritarian models of governance tend to die away has found confirmation. A competition of developmental models, not only between sociopolitical models of open (consolidated or nonconsolidated) access and autocracies, but also between authoritarian or hybrid political regimes and various depredating regimes: personalist, ideological, or theocratic (clerical) authoritarianism, for example, or irresponsible, nonconsolidated democracies. Old democracies, too, turned out to have the flaws that, given long periods of development, arguably should have vanished or been reduced to a bare minimum (*Democracy in Decline?* 2015). Poverty and corruption have not been eliminated in these countries, however; the gap between rich and poor widened despite economic growth and obvious accomplishments in new segments of economy.

Although global capitalism in general provided unprecedented economic growth rates (since the 1970s, the international economy has grown at least fourfold), it has never succeeded in creating a model of economic development that would not experience economic crises or need regular rebalancing of currency and finances. The most advanced version, global financial capitalism, has demonstrated great financial volatility, in fact. The causes of these new realities have been explained in academic literature, but states and the international community in general have yet to work out reliable mechanisms for preventing crises in international finance and economics. Some political regimes see great risk in these mechanisms, including the ability to destabilize their political systems. Besides, there is a chance to overcome "backwardness" or reduce gaps in certain sectors during an extended period of financial and economic uncertainty.

In the early twenty-first century, the situation in the world changed dramatically; issues at the top of the agenda now included the mutual dependence

of nature and human beings, the mutual dependence of people, nations, and countries in the process of steady evolutionary development. Many researchers and politicians tried to explain the growing role of countries of the East (and of regions in general) in international politics. The international communities of policy makers and intellectuals debated the role of regional political and economic factors in development, the relationship between integration and regionalization or between transregionalism and regionalism, and the relationship of economic nationalism aimed at smoothing out currency imbalances to economic transregionalism necessary for a successful foreign policy. These led to a reconsideration of previously paradigmatic ideas entrenched in social sciences and brought new, non-Western explanations of international political and economic processes.

States with different sociopolitical and socioeconomic orders that condition their strategies of international and domestic development actively compete in the international arena. The forms and methods of this competition are determined by approximately forty to fifty states that advance supposedly universal patterns of life that, in reality, differ radically (Voskressenski 2017b). Military forms of competition, which now include weapons of mass destruction and can cause catastrophic economic damage, often are replaced with nonmilitary forms requiring more intellectual resources for developing strategies of consensual and evolutionary development. Given the exhaustibility of natural resources, the designers of foreign and domestic policies will not need to rely so much on violence, whose scope of application is limited by weapons of mass destruction. They will have to negotiate with other parties and come to mutually beneficial agreements in line with public consensus and internal normalization. Otherwise, the systemic crises and bloody warfare of the past may return.

As some politicians argue, the United States has been experiencing new political and economic realities as it attempts to shift from a hegemon to a leader by consensus. Others argue that the "America first" policy is unable to build an international consensus. The American presidential elections of 2016, despite the split over domestic policy, announced a transition to economic nationalism, mercantilism, and partial isolationism. The elites of some states, like Russia, even without elections to probe public opinion, followed suit. According to President Donald Trump, the new model would rebalance the American economic system; however, his proposed methods, while probably legal, are illegitimate in the view of some and are being contested in court because they do not account for possible repercussions. Trump's objective is to "restore" America's global leadership as a hegemon. However, it is not clear what will result from the change in the American priorities. The global political-economic system has advanced far along the road of

globalization, but the process remains incomplete, even as the means to do so appear exhausted.

GLOBALIZATION, MOREOVER, HAS BEEN CHALLENGED IN PRACTICALLY EVERY STATE OF THE WORLD

National discussions about priorities in state and international development have led to political divisions and given rise to a keen competition between the ideas of conservative modernization on the condition of the preservation of stability and slogans centered around revolutionary transition, economic nationalism, and populist isolationism. In the United States, this division has strengthened doubts about the country's ability to lead by consensus and raised concerns that China might emerge as the global leader. International terrorism has accelerated the erosion of American international leadership; choosing a path of political and economic development has become a question of national security in the United States, especially when viewed against the background of America's recent military interventions around the world. The United States's internal economic situation, however, and not the notion of transforming American international leadership, ensured the victory of the "Ross Perot model." The U.S. political system has been polarized since at least from 2004. America's foreign policies and "minor" wars abroad have not ensured victory for the socially oriented, market-based political-economic system, or for fairer, open sociopolitical systems in Central Asia and the Middle East.

This stands in stark contrast to China's political-economic centralization and national system that balances economic nationalism, regionalism, transregionalism, and stability. It has come to be known as the "Chinese model" and the "Chinese dream." The meeting between China's and America's top leaders in April 2017 eased tensions and offered a glimpse of new opportunities to shape the Chinese-American Group of Two (G-2), a quasi-alliance of the world's two largest economies, even as a smaller faction of the Chinese political elite championed a Russian-Chinese alliance (Kommersant 2017; Skosyrev 2017). It seems that President Trump is starting to deconstruct this fragile consensus and is pushing the world to a new bipolarity.

In practice, the transformation of international sociopolitical patterns of life has been conditioned by the need to rebalance economy while maintaining a fairly rigid and stable political regime in all segments of international space. In periods of international financial and economic turbulence, or faced with the risks of international terrorism, it often required additional measures to keep this regime in place, while forging quasi-alliances and new geopolitical ties (Voskressenski 2017b).

When political-economic modernization and a system's rebalancing is viewed not only as a process of linear advancement or as a transition from limited-access stages to more open ones, but also as a process of correlating factors ensuring a particular order, it brings international political dynamics into focus in all their complexity. At present, there is an impasse. The developed world needs to maintain or raise its technological capacity and manage migration flows both to solve demographic problems and to attract "brains" and labor to improve its technology. This requires new methods of social engineering, including broad access to highly competitive national systems of education and research while maintaining law and order. The application of these new methods has been slowed or halted by international terrorism, thus undermining stability, and leading to political and economic ruptures within even societies like the United States that appear monolithic in terms of values and development. Because the political order and the mode of governance in many countries like Russia and Italy, Poland and Hungary, for example, have been exposed to risks from both inside and outside, conservative, nationalist factions decided that development was less important than stability. They called for a return to the era of mercantilism and economic nationalism.

The first half of the twentieth century saw similar periods of instability that engendered radical, sometimes populist right- and left-wing alternatives to the political-economic system. The rise of those alternatives leads to two world wars, the destabilization of the world economic system, and a total re-balancing of global economic and political power. It appeared that global instability had been overcome with the bipolar system based on rough nuclear parity. When the Soviet political-economic model disappeared from the world stage, however, and the world became polycentric along the Western line, the parameters of the world system changed again.

The polycentric world system's "old" actors (the former great powers) were unprepared for the new state of uncertainty, generally, while the "new" actors (like India and Brazil) may be simply unable to respond to such challenges. They first must solve other problems: ensuring economic development in an expanding political-economic space, and economic and political integration. The processes of strengthening old mechanisms of global stability and creating new ones was interrupted. The former great powers clung to their versions of national and regional political-economic order, which to some extent conflicted. They therefore preferred to use the mechanisms of geopolitical confrontation.

The new polycentric and emerging multiplex regional world order where complex social systems interact requires, instead of geopolitical confrontation, instead of the struggle for influence in buffer territories, instead of the global arms race, the consensual development of mutually beneficial regional

policies aimed at linking regional spaces. This would facilitate the transition to a more stable world system based on a regional world order because instability would be reduced while interconnectivity would be preserved (Grinberg 2016, 6). The reduction of instability in regional and country-specific segments cannot be based on a policy of mercantilism, economic nationalism, and toughening the sociopolitical regimes, however, because this would reduce the development and coordination of international economic activities. Those nationalist policies thus, counterintuitively, would put at risk the economic prosperity of the individual countries. At the same time, consensual development does not mean one-sided concessions and geopolitical "wins," invariably accompanied by geopolitical "losses." It means the development of mutually acceptable solutions in a multilateral way that enhance stability regionally and internationally and lead to the creation of mutually beneficial regional partnerships.

Cultural and sociopsychological factors; special, country-specific political cultures; national psychology; and national character all play a role in the world system. They make societies distinct within types of regional sociopolitical orders, and within political-economic patterns of life. They determine the characteristics of concrete stages in the development of social rules and practices and in the corresponding economic patterns of life. They can complicate or impede a transition from one type of sociopolitical and socioeconomic pattern to another; they can complicate or facilitate the development of consensual approaches. Identifying structural subtypes of sociopolitical rules and practices, and the matching socioeconomic patterns creates a sort of control over the development of not only of social and political, but also of cultural and sociopsychological processes. These processes ultimately affect the shaping of regional types and models of international political interaction among states.

In national societies, the transformation of social rules and practices depends not only on the level of economic and social development, but also on creating opportunities to reach a responsible and nonviolent consensus on the need for modernization and the evolutionary transformation of regional socioeconomic patterns. These systems for maintaining sociopolitical order and ensuring law and order help create a transformation that is evolutionary but stable, safe, and incremental; they will also lead to the development of a society without systemic crises.

This model enables the creation of up-to-date, stable political and social institutions that are indispensable for a constant modernization of sociopolitical and socioeconomic patterns and for building a strong, prosperous, and free state with unobstructed access to international markets. It is a key to understanding the inner relationship between the forms of sociopolitical order

and political-economic systems, as well as the relationship between sociopolitical and socioeconomic patterns of life. It illuminates the role of domestic political factors in the development of the international political-economic space. It opens a new approach to the problem of the impact of internal structural processes on international relations and on the process of regional and international development.

Since the second half of the twentieth century, the international system has gone global inasmuch as it appreciated the necessity of economic and governance coordination for addressing the new era's economic crises and global challenges; however, real internal coherence has yet to be achieved. The presence of states with different types of social-political access, with different political-economic rules and practices, with different models of balancing regionalism and transregionalism, and with a greater mutual dependence than in the past, ensures old and new types of conflicts will coexist. Although modern states have expanded the array of methods available for solving international problems, incorporating new military-political–like military diplomacy and diplomatic instruments, they never gave up the old instruments. This combined set of instruments includes bi- and multilateral diplomacy, economic sanctions or aid, humanitarian intervention, peace enforcement, and the use of force.

THE NEW TRANSREGIONAL PROJECTS IN EURASIA AND THE PACIFIC RIM

Recently, the world system has been a crucible of transregional projects spearheaded both by dominant economies (the United States and China) and by large, semiperipheral countries (e.g., Russia and India). They emerged because the one-dimensional globalization project lead nowhere and because the potential of the versions of old regionalism for addressing the growing international economic interdependency was somehow exhausted. China and Russia's projects, although seemingly less structurally complex than those of the United States, had a far greater potential for inclusivity and were designed to solve economic problems by political means.

At the beginning of this century, Eurasia and the Pacific Rim were a space of competing macroregional and transregional projects and regional orders. If in the 1990s the European Union was the exemplar *par excellence* of regional integration for non-Western regions of the world, in the last two decades this changed radically. Eurasia and the Pacific Rim region now have several diverse transregional initiatives that significantly differ both from the classic integration scheme of the EU and from "new regionalism," with its reliance

on non-state actors and transnational processes that emerge "outside" states. The Pacific Rim has a network of institutionalized relations "tied in" with the Association of South-East Asian Nations (ASEAN); these relations are, in essence, transregional. The dialog partnerships between the ASEAN and the biggest international players (the United States and the EU, for example) are not exactly tantamount to a deepening of regional integration, although in some cases they engendered a free trade zone. These relations were expected to solve, through consensual and institutionalized means, problems that geographically reach outside South-East Asia but can directly affect the region. The Trans-Pacific Partnership agreement proposed by the United States, on the other hand, was a transregional project of a different type. Essentially a regional and structurally complex project, this partnership would have deepened the demarcation lines in the region rather than address the problems of regional development.

Even as the TPP negotiations were in progress, China proposed yet another transregional project. In September 2013, the president of the People's Republic of China, Xi Jinping, proposed the Silk Road Economic Belt (SREB) initiative, as a project to revive the ancient trade route connecting China with Eurasia and the Middle East. In October 2013, the idea of the 21st Century Maritime Silk Road, aimed at South-East Asian countries, arose alongside the SREB. It was not long before these initiatives became a mainstay of China's foreign policy strategy and international economic activities. They were introduced into the Chinese political vocabulary as "One Belt, One Road" (in Chinese: 一带一路).

In 2015, the main itineraries of the Silk Road Economic Belt were mapped: from China across Central Asia and Russia to Europe; from China across Central and Western Asia to the Persian Gulf and the Mediterranean Sea; from China to South-East Asia and South Asia to the Indian Ocean. There were two itineraries mapped for the Maritime Silk Road: from China's sea ports through the South China Sea (a name contested in the region by other states except China) to the Indian Ocean and then to Europe; and from China's ports through the South China Sea to the South Pacific Ocean (MFA of China 2015). If implemented successfully, the One Belt One Road initiative (OBOR) or "Belt and Road" (BRI) was supposed to link sixty-five countries accounting for 65 percent of the world's GDP, 70 percent of the world's population, and 75 percent of the world's prospected energy reserves (Zhao Huasheng 2016).

The Chinese initiative was announced when the growth rate of Chinese economy was slowing and the country was experiencing serious structural problems, so this initiative was intended to stimulate economic development in China during the structural transformation of its socioeconomic model.

China hoped to give a new lease on life to its current development model by ensuring orders for its industrial facilities and in spurring innovation inside China. This would enable the transition to an intensive development model while significantly deepening, structurally and infrastructurally, the commercial and economic interaction with China's "near abroad." It was expected that investment in infrastructure projects abroad would generate new demand in overproducing sectors, directing to other countries parts of China's low- and medium-skilled workforce that could not find jobs at home. This would result in more remittances from abroad, putting more money into the pension fund, and stimulate hi-tech production, since these Chinese projects would use Chinese raw materials, Chinese equipment, and Chinese labor. By relocating to other countries those industrial facilities that are "dirty" or losing their competitive edge, moreover, China would have the freedom to concentrate on the development of innovative sectors, fulfilling the key objective of its thirteenth five-year plan (2016–2020) (Zhao Huasheng 2015; Zhao Hong 2016; Salitskii and Semenova 2016). The institutions in charge of the initiative's implementation were the Silk Road Fund, with $40 billion in capital, and the Asian Infrastructure Investment Bank (AIIB), whose registered capital totals $100 billion.

The recent international initiatives of Japan and India also relate to South-East Asia and the expansion of commercial and economic cooperation among countries on the Indian and Pacific oceans. Japanese Prime Minister Shinzō Abe's policies aim to position Japan as a peaceful country that must, in accordance with the "active pacifism" strategy set out in the national security strategy adopted in December 2013, up its contribution to the cause of maintaining peace and stability. In May 2015, Abe unveiled the Partnership for Quality Infrastructure initiative; this envisages the allocation of $110 billion in economic aid for infrastructure projects in Asia over five years (2016–2020). Japan promises to provide a high-quality infrastructure using innovative technologies and to provide these technologies to the recipient countries. Japan thus is eager to seize the initiative from China and occupy the niche of high-quality infrastructure construction, maintaining its status as the regional economic leader (Reuters 2015). In May 2016, in fact, Abe proposed an expanded version of the Partnership for Quality Infrastructure in which Japan would raise the budget to $200 billion and promote the establishment of mutually beneficial relations among partner countries (METI of Japan 2016).

In India, meanwhile, the concept of an "Indo-Pacific regional space" has gained popularity. This approaches this geostrategic macroregion, including the Indian and Pacific oceans, as a single geopolitical and economic space of security and free navigation (Bhatia and Sakhuja 2014). In 2014, India's

Modi government came up with its Mausam Project, a plan for restoring the traditional naval routes in the Indian Ocean. India emphasizes historically conditioned mutual connections, trade routes, and the interrelatedness of cultures to build closer partnership relations, forming the space of the so-called "Indian Mediterranean" that includes east Africa, the Arabian Peninsula, Iran, and the countries of South and Southeast Asia. This project should improve India's relations with countries of the Indian Ocean littoral and with their neighbors. According to Indian experts, this strategy is designed as an alternative to China's OBOR (Pillalamiri 2014). It was supported by President Trump in his speech at the Parliament of the Republic of Korea in late 2017.

Northern Eurasia likewise has the seedlings of transregional projects that are "tied in" with Russia. Russia spent two decades to "become integrated" with Western institutions and occupy a niche in regional processes in Asia. The Russian political elite, however, evidently has come to believe that "Russia as a global power does not need to become integrated. It is itself an integrator" (Larin 2016). Russia's leading role in the creation of the Eurasian Economic Union (EEU) nonetheless leaves it behind the economically more efficient EU and on the heels of China and the growing economies of the Pacific Rim countries. This naturally creates a demand within Russia for the mechanisms of transregional integration projects linking "Greater Eurasia" that will enhance both Russian and regional economic development.

Prior the 2014 crisis in Ukraine, Russia had been trying to find practical ways of interacting with the EU, but the 2007 EU-Russia Partnership and Cooperation Agreement expired, and talks on a new agreement were stalled. The main structural problems in the Russia-EU relationship had made themselves felt; most important was a clear demarcation of Europe's borders that left Russia outside (Butorina 2017). Russia also did not figure in China's OBOR in any way. The Russians were anxious that in the course of this project their interests would be disregarded, if not damaged. In May 2015, however, Russia and China reached an agreement on linking the Eurasian Economic Union and the Silk Road Economic Belt (Russian International Affairs Council 2016). In May 2016, linking the integration projects was proposed to ASEAN countries too, in the format EAEU-Shanghai Cooperation Organization–ASEAN (Li Xing and Voskressenski 2016). In December 2016, Russian President Vladimir Putin referred to the process as the "formation of a multilevel integration model in Eurasia–the Greater Eurasian Partnership" being interpreted as a search for mechanisms for linking with simpler integration and transregional projects that would reduce the risk of ruptures like the one between Russia and Europe, but which would also require serious and consistent political, economic, and institutional tuning.

CONCLUSION

The evolutionary development of states and the system of balances between them has been considerably weakened by the efforts of irresponsible political actors both in the United States and Russia, although all the main parameters still pertain. The process of transforming the world order generally has advanced far enough to become obvious, although it is still far from its completion. At the same time, practically all of the main participants in international processes reject the forceful destruction of the existing world order, preferring its evolutionary development within regions. There is nonetheless a way, without putting at risk people's lives and preserving the existing national level of economic development, to ensure competition among developmental models and more reliably forecast social transformations. Using combinations of national, regional, supranational, and transnational factors, states can search for a place in the international system that would be the most rewarding and suitable to their national interests. Once they occupy this more rewarding place, they can participate in the peaceful transformation of the system.

The key strategic objective for Russia is to not be dragged into a geopolitical configuration that would "freeze" the country's development and present an obstacle to forging pragmatic, constructive partnerships. It must seek an evolutionary transition to more efficient and modern sociopolitical and socioeconomic orders. Such a "freeze" would isolate Russia from the world's dominant model of socioeconomic regional and transregional integration of the open type and place it behind other states and regions technologically and developmentally. The introduction of the sanctions by the United States and the EU in response to the crises in Crimea and Ukraine was an attempt to slow Russia's development. Lifting the sanctions and deploying multilateral political-economic instruments to minimize the fissures in the internally coherent multiplex space of "Greater Eurasia" should lay the foundation of a new stage of "post-conflict world order." An emphasis on advancing "unity" by strengthening transregional connections should stimulate a gradual, evolutionary transition to an improved type of mutually beneficial sociopolitical and socioeconomic interaction.

Such policies should be carried out "through" Russia to bring Russia, the EU, the United States, and China closer in global governance, while ensuring each country's maximal inclusion in the budding regional space of a higher level. Domestically, policies should focus on developing the state's strategic infrastructure and enhancing the state's efficiency in a way that would link Russian space with the Euro-Atlantic and Pacific dimensions and foster Russia's political and economic development. The instruments

Russia can use include not geopolitics of confrontation, but a search for an optimal political-economic model that would combine transregionalism and regionalism, mutually beneficial transregional alliances, and macroregional and regional projects for the progressive transformation of regional space (Dent 2003). Whether Russia develops such a model will determine not only Russia's place in international relations, but also, in large measure, the vector of socio-political development for "Greater Eurasia" which simultaneously encompass Europe and Eastern Asia.

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