

# Pequeños Estados e integraciones económicas: la Unión Aduanera Euroasiática y Kirguistán.

## Small States and Economic Integrations: Eurasian Customs Union and Kyrgyzstan<sup>1</sup>



Seyit Ali Avcu<sup>2</sup>

**Resumen:** ¿Qué influencia a un Estado pequeño a decidirse a sumarse a un proceso de integración económica? Los esfuerzos de integración y reunificación de los últimos 15 años en el territorio de la ex Unión Soviética finalmente dieron resultado con la decisión de Rusia de poner fin a su aislamiento. En Europa del Este la Unión Económica Euroasiática se ha convertido en una alternativa a la Unión Europea y en un centro de gravedad. Los esfuerzos de expansión de la Unión Económica Euroasiática en Europa del Este han comenzado a chocar con la política de expansión de la Unión Europea. Para muchos países de Asia Central, la Unión Económica Euroasiática también ha emergido como una alternativa. El artículo analiza los posibles efectos positivos y negativos del acceso de Kirguistán a la Unión Aduanera Euroasiática. Como resultados positivos, aumentará el comercio con los países de la Unión Aduanera Euroasiática y los ingresos aduaneros, la seguridad fronteriza será asegurada y las inversiones y las remesas laborales crecerán. Entre los efectos negativos se encuentran el desempleo y el aumento de los precios de los bienes de consumo, debido a la pérdida del carácter re-exportador de Kirguistán. La hipótesis de este artículo es que Kirguistán decidió unirse a la Unión Aduanera Euroasiática debido a su dependencia respecto de Rusia, a sus preocupaciones securitarias, a su temor a China y debido a la continua hegemonía cultural rusa. A pesar de las negativas consecuencias económicas, la participación de Kirguistán en la Unión Aduanera Euroasiática es concebida como una decisión política debida a la ausencia de otras alternativas.

**Abstract:** What does influence a small state its decision to join an economic integration process? The last fifteen years re-unification and integration efforts in the territory of the former Soviet Union finally yielded results with Russia's reassertion putting an end to its isolation. In Eastern Europe the Eurasian Economic Union has become an alternative to the European Union and a center of gravity. Eurasian Economic Union expansion efforts in Eastern Europe have started to clash with the European Union's enlargement policy. For many Central Asian countries, the Eurasian Economic Union has also emerged as an alternative. This article analyzes the possible positive and negative effects of Kyrgyzstan's accession to the Eurasian Customs Union. As positive results, trade with the Eurasian Customs Union countries and customs revenues will increase, border security will be

<sup>1</sup> Recibido: 04/12/2015 - Aceptado: 29/09/2016

ensured, investment and the labor remittances will increase. Among negative effects are the unemployment and the rise in prices of the consumer goods, due to the loss of Kyrgyzstan's re-exporter character. The thesis of this paper is that Kyrgyzstan decided to join the Eurasian Customs Union because its dependence on Russia, its security concerns, its fear of China, and because of the continuation of Russia's cultural hegemony. Despite the negative economic consequences, Kyrgyzstan's participation in the Eurasian Customs Union is conceived as a political decision due to the absence of other alternatives.

**Palabras clave:** Pequeños Estados; Unión Económica Euroasiática; Integración económica, Kirguistán.

**Keywords:** Small States, Eurasian Economic Union, Economic Integration, Kyrgyzstan.

## 1. Introduction

In 2010, with the establishment of the Eurasian Customs Union and its becoming into an Eurasian Economic Union in January 2015, a new reality emerged in Eurasia in terms of regionalization. This has changed the balance for the European Union and countries in the region, forcing the former and NATO to pay attention. Although the continued appealing of the European Union for neighboring countries, for many others -especially the Central Asian countries-, the Eurasian Economic Union has proved itself as an alternative.

The United States openly declared its opposition to it, with former Secretary of State Hillary Clinton stating that the initiative aims to revive the Soviet Union and that the US would not allow it. "There is a move to re-Sovietize the region" -the former US secretary of state asserted- "but let's make no mistake about it: we know what the goal is and we are trying to figure out effective ways to slow down or prevent it" (Clover, 2012). In this context, Kazakhstan's leader Nursultan Nazarbayev has invited Turkey to consider joining the Eurasian Union in order to refute the claims that the Eurasian Economic Union is some sort of revival of the Soviet Union.

Since the Soviet Union's disintegration, its member states have made several attempts to regroup under a new union. These efforts have led to several high level meetings and to the signature of several international agreements. However, they have been largely unfruitful. During the 1990s, the newly independent states had to deal with internal problems and, in particular, Russia's institutional weaknesses have hampered efforts to go beyond the good wishes for integration. The European Union took advantage of this situation and expanded to include the Baltic States, signing several partnership agreements with six countries of the former Soviet Union, including Ukraine.

However, Russia, freed from inner turmoil under the leadership of Vladimir Putin since the 2000s, has started to show interest in the former Soviet territory again. In this context, with the establishment of the Eurasian Customs Union (ECU) the first serious international institutionalization in the former Soviet territory has been realized. Unlike previous attempts, ECU has completed the institutionalization and has been working -albeit with some difficulty- during the transition process. Thus, it was recognized by the World Trade Organization and other international institutions as a legal entity. More importantly, the ECU is clearly seen by Russia as a tool for re-integration of the former Soviet Union countries. Modeled after the

European Union, the Eurasian Economic Union (EEU) was intended to provide an alternative model, particularly to Eastern Europe. This way, the EEU entered the competition with the European Union over the countries of the former Soviet Union, as seen in the example of Ukraine. The competition was carried out to the extent that the Association Agreement with the European Union was canceled and Ukraine was dragged into turmoil.

From the perspective of Central Asia, the situation seems to be different from that of Eastern Europe. Kazakhstan, the region's most important and richest country, is already a founding member of the EEU. Regarding Kyrgyzstan and Tajikistan, the poorest countries of the region, the absence of an alternative such as the European Union made Putin's work much easier. Moreover, both countries are so dependent on Russia that they do not conceive any other choice. In consequence, they have been the founding members of the Eurasian Economic Community (EurAsEC), established in 2000.

Nonetheless, EEU membership has been far from being an easy choice for Kyrgyzstan because it is economically not feasible and it is predicted to cause losses, at least in the short term. Compared with the other Central Asian countries, Kyrgyzstan has been member of the World Trade Organization (WTO) since 1997, becoming a re-exporter hub through which goods from China, Russia and the rest of the Central Asian countries are distributed. Dordoy and Alamedin bazaars in Bishkek and Karasu bazaar in Osh have become the largest wholesale bazaars in Central Asia.

With the entrance to the EEU, Kyrgyzstan will lose this status. The debate on the pros and cons of joining this organization has divided the Kyrgyz society and delayed its membership. Clearly, the latter was the willing of the Kyrgyz government. However, Kyrgyzstan finally signed the agreement to join the Union in January 1st, 2015. It has not been easy for the Kyrgyzstan's government to decide it. For example, the President Almazbek Atambaayev stated in a speech in October 27th: "We are choosing the lesser evil — no offense to the member states of this organization"<sup>3</sup>. He did not mention what the major evil was.

Thus, the research puzzle is why Kyrgyzstan agreed to join the Eurasian Customs Union despite the predicted economic losses. In order to answer, we have to consider non-economic variables. The thesis of this paper is that, for small states, other factors such as, security concerns, cultural hegemony, and leadership, play the strongest role in explaining why they join economic unions, despite them being economically unviable. In this framework, Kyrgyzstan decided to join the Eurasian Customs Union due to its dependence on Russia, its security concerns, its fear of China, and the continuation of Russia's cultural hegemony. In its first section, the article focuses on small states and their economic integration choices. In its second section, it analyzes Kyrgyzstan's reasons to join the Eurasian Economic Union.

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3 "Kyrgyz President Says Customs Union Membership Necessary", Radio Free Europe, October 27, 2014. Available at <http://www.rferl.org/content/atambaev-customs-union-kazakhstan-russia-belarus-2015-joining/26659007.html>. Accessed on December 2014.

## 2. Small States and Economic Integration.

### a. What is a Small State?

The international system is comprised of states with different sizes, populations and histories. It is generally agreed that the state system started with the Peace of Westphalia (1648) and continues today. These set of agreements initiated a new system of political order in central Europe, later called Westphalian sovereignty, based upon the concept of co-existing sovereign states. Currently there are 206 states, 193 of which constitute the United Nations and two more having an observer status. Because of uneven historical developments all states are unique in terms of history, political and economic structures, level of development, social and ethnic composition, and culture. Therefore, states have been classified as large and small states.

There is no agreement in specialized literature about what makes a state to be a small one. The general attitude is that we can't define a small state, but we know when we see one. 'Small states' have been defined in contrast to their larger neighbors, with respect to their economic structure and their domestic policy-making frameworks and to their different performance in security policy, in international relations and in international organizations.

However, scholars have also tried to define small states per se. Thus, two definitional approaches have been adopted: one based on objective criteria and another on subjective ones.

According to the first approach, small states are characterized by their very limited resources, mainly a little population, a poor Gross Domestic Product (GDP), and a small territory (Kelstrup, 1993: 140). There are different views with respect to the population cut-off point for small states Some scholars affirm that states with a population of less than 10 million people can be described as small ones (Goetschel, 1998). Others characterize as small states with a less than 3 million population (Pace, 2000). For its part, the World Bank Report (2000) takes a 1.5 million population as the cut-off point to define a small state. Nonetheless, the report concludes "no definition, whether it be population, geographical size or GDP, is likely to be fully satisfactory. In practice there is a continuum, with states larger than whatever threshold is chosen sharing some or all of the characteristics of smaller countries" (Commonwealth Secretariat/World Bank, 2000: 2).

The second approach to the definition of small states is based on more subjective criteria. According to this latter, states can be small in terms of resources but they can have power and influence anyway. For example, Netherlands's total area is only 41,543 km<sup>2</sup>, but its nominal GDP is of 880.394 billion dollars, which makes it 16th largest in the world. This country exerts more power than its size, especially in the field of international law, being the host of several international courts at Hague, such as the International Court of Justice. Besides, as Beechler asserts, "Small state characterizes a specific state's position towards its environment which is characterized by certain deficiency in influence and in autonomy relative to large powers" (Beechler, 1998: 127). For example, Mongolia, with a total area of 1,564,115.75 km<sup>2</sup>, has a poor influence in international affairs, with a population of 2.9 million people and a nominal GDP of 11.516 billion dollars.

Being a small state also influences states' integration choices as part of their foreign policy decisions. Therefore, small states' reasons for being members of a regional organization are different from those of large states.

### **b. Small states' integration decision.**

Why small states decide to join or refrain from joining regional integration? Literature largely focuses on the European Union integration and identifies three main reasons for a small state to join regional integrations: economy, politics, and security.

The first dimension is the economic one: small states want to take advantage of being part of a large market. As Nugent states,

Because of the small size of their productive capacities and domestic markets, small states normally have a higher ratio of trade in goods and services than large states. This heavy dependence on external trade -and in particular the dependence on external outlets for (usually specialized) domestic output- results in small states usually being very interested in preferential trading arrangements with trading partners (Nugent, 2001: 6).

The second set of reasons for joining a regional integration process is the political one. Keohane (1969) classified states in terms of their power and influence in the international system, resulting in: system-determining states, system-influencing states, system-affecting states and system-ineffectual states. Since many small states are in the latter category and lack political power and influence, they prefer to be a part of a larger entity. As Nugent states, "Being part of the emerging European superpower, and helping to shape its relations with the rest of the world, is an additional political attraction for many EU applicants" (Nugent, 2001: 5). Moreover, small states have disproportionately bigger influence in the working and decision making mechanisms of regional organizations.

Finally, a third set of reasons to look for joining regional integration projects belongs to the security dimension. In the case of the European Union, "the EU does not of course, provide hard security in the manner of the North Atlantic Treaty Organization (NATO), but it is seen by most, if not all, current applicants as offering useful soft security protection and comfort" (Nugent, 2001: 5).

On top of these three sets of reasons I also include cultural and leadership and political elite dimensions as I hypothesize in the following section. Although economic and political reasons are important in integration decisions, cultural affinity between member states are also important. For example, European Union members are all Christian. This is often argued as one of the reasons why Turkey has not been admitted to the union. Cultural hegemony of a powerful state in a union also influences the potential members' decisions to join the union as in the case of Eurasian Economic Union.

The last dimension is related to the political elite and leadership's instinct to protect their power which is called omnibalancing. As Sari states, "Omnibalancing is based on containing both the needs of leaders to balance against any immediate threat (internal and/or external) and the need to appease secondary threats in order to stay in power" (Sari, 2008: 17).

### **c. Hypotheses.**

In this study I reflect on why Kyrgyzstan, as small state, decided to join the Eurasian Customs Union despite its economic unfeasibility. Thus, the study's dependent variable is Kyrgyzstan's decision to join the regional organization. To explain this phenomenon, I propose the following independent variables: dependency on Russia, economic weakness, willingness to access a larger market, Russia's cultural hegemony, bandwagoning affect, security concerns, and fear of China.

I am testing the following hypotheses, organized under five headings.

The first set of hypotheses is economic in nature:

- If integration is economically feasible, states want to join integration.
- Because small states have small domestic market, external trade constitutes an important portion of the GDP. Therefore, small states seek preferential trade agreements and economic integration.
- If a small state is economically dependent on a powerful state, is easy to take an integration decision.

The second set of hypotheses is related to the political dimension:

- Since small states lack political power and influence, they try to gain more power by being part of a larger union.
- Small states have disproportionately a louder voice in the decision making mechanisms as part of a union. Therefore, joining an economic union is attractive for small states.

The third set of hypotheses is related to security:

- If a country is located in a peaceful area, integration decision is purely economic -such as Norway's decision not to join the EU. However, if a state is located in a not so safe area, security concerns play a role in integration decisions.
- Small states have two options with respect to security decisions. The first is to stay neutral or to find a powerful friend (bandwagoning). If there is a sense of a security threat nearby, small states choose bandwagoning.

The fourth set of hypotheses reflects the cultural aspects of the integration decisions:

- If a small country is under the influence of the ideological hegemony of a powerful state, it is easier to make a decision of integration.
- If integration sounds like returning to good old days, making the integration decision is easier.

The last set of hypotheses is related to leadership and political elite:

- If leadership is concerned with consolidation of power and potential integration would help, it will be easier to take integration choices.

In the following section, I test these hypotheses for Kyrgyzstan after putting forward evidence of why Kyrgyzstan can be defined as a small state.

### 3. Kyrgyzstan and the Eurasian Economic Union.

#### d. Kyrgyzstan as a Small State.

Conceived both from an objective and from a subjective criteria Kyrgyzstan is a small country. In terms of the former, Kyrgyzstan is a poor, landlocked, mountainous country, whose total area is of 199.9 km<sup>2</sup>, being the 86<sup>th</sup> in the world in size. According to 2014

estimates, its population is about 5.7 million people, the 112<sup>th</sup> in the world. Its nominal GDP is about 5.9 billion dollars and its GDP per capita is around 1,070 dollars. After the collapse of the Soviet Union, its industrial production decreased substantially.

In terms of subjective criteria, Kyrgyzstan also perceives itself as small and weak. It is not in a position of influencing its environment, but it is influenced by it. Surrounded by large and populous countries such as China, Kazakhstan, Uzbekistan and Russia, Kyrgyzstan feels threatened by its neighbors, thus looking for alliances and security guarantees.

Although the Commonwealth Secretariat/World Bank aforementioned report does not include Kyrgyzstan as a small state, the characteristics which it identifies as having important implications for development are also shared by Kyrgyzstan:

*Remoteness and insularity.* Kyrgyzstan is a mountainous landlocked country located in the heart of Asia.

*Susceptibility to natural disasters.* Most small states are in regions frequently affected by adverse climatic and other natural events which, typically, affect their entire population and their economies. Kyrgyzstan has long and harsh winters and its growing season is short.

*Limited institutional capacity.* Having experienced two revolutions and a bloody ethnic conflict in the last 10 years, Kyrgyzstan has been struggling to provide basic public services as education and social services, justice, and security, as well as basic goods to its population. The state is incapable of collecting taxes and providing services and is infected with high levels of corruption.

*Limited diversification.* Because of its lacking of resources and its small domestic market, Kyrgyzstan's economy is undiversified, both in its production and exportations. Economy is basically dependent on mining income from the Kumtor Gold mine and labor remittances.

*Openness.* Because of the small size of its economy, Kyrgyzstan relies on external trade with China, Russia and Central Asia and on foreign investment in order to overcome its inherent small scale and limited resources.

*Access to external capital.* Access to global capital markets has been difficult for Kyrgyzstan because it has been conceived as being risky due to its instability and lack of rule of law.

*Poverty.* Its levels of poverty are quite high and its income distribution very uneven (Commonwealth Secretariat/World Bank, 2000: 2).

#### **e. The Economic Dimension.**

The first hypothesis to be tested is that if integration is economically feasible, states want to join it. There are many advantages of joining the Eurasian Customs Union: Trade with the Eurasian Customs Union countries makes customs revenues increase; border security is ensured; investment and labor remittances increase. For their part, disadvantages of joining the Eurasian Customs Union can also be pointed: Kyrgyzstan loses its re-exporter character leading to the weakening of their Dordoi, Karasu and Alamadin bazaars and to the increasing of the unemployment rate; prices of the consumer goods rise because of the increasing of custom tariffs. As a conclusion, for Kyrgyzstan economic disadvantages of joining the ECU outweigh the advantages. Therefore, the first hypothesis cannot be confirmed.

The second hypothesis asserted is that because small states have a little domestic market, external trade constitutes a higher portion of their GDP; thus, they seek preferential trade agreements and economic integration. Current Kyrgyzstan's economy was formed after its independence, following liberal policies. It is based on trade, agriculture, mining and services. Kyrgyzstan was one of the first countries to join World Trade Organization (WTO), becoming a hub for the re-exportation of goods from China, Central Asia and Russia. This way, Dordoi, Karasu, and Alamadin bazaars have become the largest ones in Central Asia. The 85 % of the imports from China is re-exported to Russia and to Kazakhstan. It is estimated that these bazaars constitute a third of Kyrgyzstan's GDP (Payaz, 2014). Compared to Uzbekistan and Turkmenistan, it lacks valuable energy resources such as oil and natural gas, being dependent on foreign investments in sectors such as mining: Kumtor gold mine produces three billion dollars annually. Thus, Kyrgyzstan is also dependent on foreign aid.

If a small state is economically dependent on a powerful state, it is easier to take an integration decision. According to data of the National Statistical Committee of the Kyrgyz Republic reproduced in Table 1, half of Kyrgyzstan's imports and exports are with the Eurasian Economic Union member states, especially with Kazakhstan and Russia. While 13% of Kyrgyzstan's exports go to Russia, Russia has a share of 33.2% of imports. Subsidized oil from Moscow constitutes the bulk of the imports, which makes non-oil Kyrgyzstan dependent on cheap oil from Russia. Kazakhstan is the second country in Kyrgyzstan's exports with a 24.1% share, while it explains 9.7% of its imports.

**f. Table 1. 2012 Kyrgyzstan's Foreign Trade partners.**

| Exports |                      |      | Imports |             |      |
|---------|----------------------|------|---------|-------------|------|
| 1       | Switzerland          | 32.6 | 1       | Russia      | 33.2 |
| 2       | Kazakhstan           | 24.1 | 2       | China       | 22.5 |
| 3       | Russia               | 13.0 | 3       | Kazakhstan  | 9.7  |
| 4       | Uzbekistan           | 11.3 | 4       | USA         | 4.7  |
| 5       | China                | 3.6  | 5       | Japan       | 4.0  |
| 6       | Turkey               | 3.0  | 6       | Germany     | 3.7  |
| 7       | Turkmenistan         | 2.4  | 7       | Turkey      | 3.3  |
| 8       | Afghanistan          | 1.5  | 8       | Belarus     | 3.0  |
| 9       | Germany              | 1.0  | 9       | Ukraine     | 2.6  |
| 10      | United Arab Emirates | 1.0  | 10      | South Korea | 1.7  |

Source: Kyrgyz Republic Central Bank Bulletin, Number 5, 2013.

Kyrgyzstan's economy also relies heavily on remittances from foreign workers. The participation of labor remittances in its GDP is of 40%, being the second highest in the world, after its neighbor Tajikistan. It is estimated that close to 500,000 Kyrgyz citizens work in Russia and another 200,000 in Kazakhstan, most of which illegally. According to Russian official data, only 133, 500 Kyrgyz citizens have received official work permits. The main reason of illegal work is that obtaining permission to work legally implies a long and difficult procedure. The expatriate worker's fear of deportation has been a big concern for Kyrgyz politicians in making the decision of joining the Eurasian Economic Union.

**g. Political and Security Dimensions**



There are several political reasons for Kyrgyzstan to join the Russia-led Eurasian Economic Union. First, many Kyrgyz citizens entering the AGB terms means the return of safety period of the Soviet Union. Although it has been stated by Eurasian Economic Union leaders, especially Nazarbayev, that the union is only economic in nature, it has been accused of being a revival of the Soviet Union. Since small states lack political power and influence they try to gain more power by being a part of a larger union. Kyrgyzstan was a member of the Soviet Union and 95.98% of its population voted in favor of remaining in a referendum on the future of the Soviet Union held on the 17th March 1991<sup>4</sup>.

Second, since Kyrgyzstan is dependent on Russia in many aspects, it has no political power or will to go against Moscow's requests. Staying out of the union would mean loneliness and isolation which Kyrgyzstan cannot afford.

Third, Kyrgyzstan has good relations with and looks up to Kazakhstan in many political issues. Since Kazakhstan is one of the founding members of the Eurasian Economic Union, it is hard for Kyrgyzstan to stay out of it.

Finally, Russia is the only power to balance China after the US withdrawal from Central Asia. So, there is no alternative for Kyrgyzstan. In contrast to Eastern Europe, the European Union is far and is not a viable alternative for Central Asia (Avcu, 2014).

Kyrgyzstan's security concerns also played a role in deciding to join the Eurasian Customs Union. As hypothesized above, if a country is located in a peaceful area the decision to join an integration process is purely economic. However, if a state is located in a not very secure area, security concerns play a role in integration decisions. Kyrgyzstan is located in a not very secure part of the world. There are border and enclave-exclave problems with its neighbors which causes occasional conflicts. There are also problems related to rivers in Kyrgyzstan and Uzbekistan. Indeed, Uzbekistan President Islam Karimov once stated that water issues could be a reason for war in Central Asia. Because of security threats like these, Kyrgyzstan does not have an option to stay neutral and it chooses bandwagoning with Russia.

#### **4. Cultural Hegemony**

If a small country is under the influence of ideological hegemony from a powerful state, it is easier to make an integration decision. After the collapse of the Soviet Union, each country in Central Asia was obliged to define its relation with Russia. Each country faced similar demographic pressure due to the existence of large ethnic Russian minorities and domestic and foreign economic pressures.

However, Central Asian countries did not pursue similar national strategies in the cultural sphere. Some countries, such as Uzbekistan and Azerbaijan, clearly wanted to break Russia's cultural hegemony. Thus, they changed their alphabets and left the usage of Russian as an official language. Meanwhile, other countries, such as Kazakhstan and Kyrgyzstan, have not attempted to eliminate Russia's cultural hegemony –even, in some cases, they were not aware of its existence. This way, they have kept the Cyrillic alphabet and continued using and teaching the Russian language at schools. Thus, for Kyrgyz public and its political elite, joining

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4 "Sowjetunion, 17 März 1991 : Weiterbestand Der UdSSRAls Föderation Gleichberechtigter Und Souveräner Staaten". Available at: <http://www.sudd.ch/event.php?lang=en&id=su011991>. Accessed on June 2014.

Seyit Ali Avcu

an economic union with Russia is not a foreign concept as for most it means the return to better days. Underlying this sentiment there is some sort of nostalgia for the Soviet Union.



## **h. Omnibalancing.**

If the leaders are concerned about consolidation of power and think that potential integration will help in that task, it will be easier to make an integration choice. This is called omnibalancing. Kyrgyzstan is the only country in Central Asia in which leadership has changed hands with revolution. In 2005, a popular uprising resulted in the toppling the first president of the country, Askar Akayev. In 2010, a similar process was repeated and Bakiyev was removed from power.

In this second revolution, Russia's influence was apparent. Bakiyev had promised to close down the American Transit Center in Kyrgyzstan after receiving 2.15 billion dollars of aid by Russia, but he changed his mind after America increased its rental payment. As a result, Russian media began to openly criticize Bakiyev and increased the oil price sale to Kyrgyzstan. Thus, utility prices rised and caused the irruption of demonstrations. This was the beginning of Bakiyev regime's fall. Current President Almazbek Atambayev is determined to not repeat the mistakes Bakiyev made and has improved Kyrsgyzstan's relation with Russia.

## **5. Conclusion.**

Small states act differently than large states in their foreign policy decisions. In this article I tried to reflect on what influences a small state decision to join an economic integration process. It has been hypothesized that because small states have small domestic markets, external trade constitutes the most part of their GDP. Therefore, small states seek preferential trade agreements and economic integration. Thus, small states decide to join economic integration processes if they are beneficial for them. However, sometimes small states decide to join economic integration processes even if it is not economically feasible for them to do so.

Kyrgyzstan signed the agreement on its accession to the Eurasian Economic Union on December 23rd 2014. The EEU represents some economic benefits for the Asian country such as the increase of trade with the Eurasian Customs Union's countries and customs revenues, the improvement of border security, and the rise in investment and labor remittances. Nonetheless, there are some economic disadvantages as well. Among negative effects I underlined unemployment and the rise in the consumer goods' prices as a result of Kyrgyzstan losing its re-exporter character. I concluded that the economic disadvantages outweigh the advantages of joining the Union.

Therefore, I had to look for other (political, security related, cultural, and leadership) variables in order to explain its decision to enter the integration process. This way, I concluded that due to Kyrgyzstan's dependence on Russia, its security concerns, its fear of China, and the continuation of Russia's cultural hegemony, Kyrgyzstan decided to join the Eurasian Economic Union.

What does this decision means in terms of International Relations theory? Which theory explains Kyrgyzstan's decision better, Liberalism, Realism or Constructivism? Although economic integrations are the area of Liberalism and the increase of economic unions prove

that liberals are right. However, the consideration of other factors in Kyrgyzstan's decision, such as security concerns, cultural factors, and leadership role forces us to consider realism and constructivism as well.

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maestria@iri.edu.ar**



**Instituto de Relaciones Internacionales - [www.iri.edu.ar](http://www.iri.edu.ar)**

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