

## **REACTION OF CIS ECONOMIC ELITE FUELS POLITICAL TENSION IN SOME MEMBER STATES**

**Taras Kuzio: 9/22/03 Eurasianet.org**

The creation of an economic elite within the Commonwealth of Independent States is designed to promote integration over the long term. But in the immediate future, it seems destined to become a source of domestic political tension in some CIS states.

Four leading economic powers within the CIS – Belarus, Kazakhstan, Russia and Ukraine – signed an agreement on September 19 that formally creates "a joint economic space." The so-called Union of Four pact -- the featured development of the recent CIS summit in Yalta, Ukraine -- initially aims to promote economic integration among the member states by lowering trade barriers. [[For background see the Eurasia Insight archive](#)].

Since the 1991 Soviet collapse, CIS development has stalled largely because of a lack of implementation of numerous agreements and commitments. CIS states, for example, have already established economic and security sub-groupings, including the Eurasian Economic Union (EEU) and the Collective Security Treaty organization (CST). Such initiatives, however, so far exist more in theory than in practice. [[For background see the Eurasia Insight archive](#)].

Following the Union of Four agreement signing, Kazakhstani President Nursultan Nazarbayev said the newly-minted group would produce substantive achievements in integrating CIS economies. "Finally, genuine documents have been signed to create a common market and provide conditions for the free movement of goods, capital and people," the Interfax-Kazakhstan news agency quoted Nazarbayev as saying September 20. "It [the pact] will open big markets for Kazakhstan, and we shall benefit from it."

Whether or not Nazarbayev's beliefs are borne out, the Union of Four pact has already had an impact on a few CIS states, especially in those that have geopolitical appeal to both Russia and the United States. In both Georgia and Ukraine, for example, the emergence of the Union of Four apparently has stoked domestic political tension between "Westernizers" and those oriented towards Russia.

The issue is particularly sensitive for Georgia, which is bracing for parliamentary elections on November 2. [[For additional information see the Eurasia Insight archive](#)]. The varied reactions of Georgian

leaders are indicative of divisions within the government towards the Union of Four treaty.

President Eduard Shevardnadze was generally upbeat about the emergence of the Union of Four. During his regular weekly radio interview on September 22, Shevardnadze held out the possibility of "reciprocally beneficial cooperation" between Georgia and the new group. The Georgian president added a caveat that cooperation with the union would be possible if it did not "run counter to Georgia's commitments" to the World Trade Organization. Shevardnadze also stated that the "equal integration" of CIS states was "desirable in principle," while admitting that, in practice, it would be a "difficult and long process."

Georgian Foreign Minister Irakly Mengharishvili appeared far more circumspect than the president on the CIS integration issue. He bluntly stated: "Georgia has made commitments to the World Trade Organization and other states and, consequently, this will determine its attitude towards the Union of Four."

Shevardnadze's willingness to entertain the notion of closer economic cooperation with CIS states is better understood within the context of electoral politics. Shevardnadze's supporters are facing an uphill struggle to retain control of the Georgian parliament. Easing tension with Russia -- via the Union of Four, or another CIS entity -- could boost the Shevardnadze administration's image, thus enhancing the election prospects of the president's domestic political allies. [[For additional information see the Eurasia Insight archive](#)].

Meanwhile, Georgia's Foreign Ministry is known for its pro-Western orientation. Accordingly, many Georgian diplomats are wary that any effort to get Georgia involved in CIS integration efforts could damage strategic cooperation with the United States.

Ukraine features a somewhat similar internal dynamic, in which the executive branch under President Leonid Kuchma' appears more willing to cooperate with Russia than does the Ukrainian Foreign Ministry. Kuchma has forged a close working relationship in recent years with Russian President Vladimir Putin. As with Shevardnadze, Kuchma's cooperation with Moscow appears to be a product of political expediency. His drift towards Russia coincided with a political scandal in which secret tape recordings seemed to implicate the Ukrainian president in the 2000 murder of journalist Georgi Gongadze, a

prominent presidential critic. The scandal caused Kuchma's international isolation.

While Ukraine is a member of the Union of Four, officials in Kyiv have stated that the organization should limit itself to promoting free trade. Russian officials have spoken of using the union as a vehicle for a customs union and a single-currency zone. Ukrainian officials rule out such steps, as well as any effort to promote political integration.

**Editor's Note:** Dr. Taras Kuzio is a resident fellow at the Centre for Russian and East European Studies and adjunct professor, Department of Political Science, University of Toronto. He is a regular contributor to different media publications on Ukrainian, Russian and CIS affairs. See [www.taraskuzio.net](http://www.taraskuzio.net).