

Regionalism as a Stumbling Block: Accession Process and Negotiations in the WTO

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Abstract

The thesis addresses the following puzzle: Why does it take some countries longer to enter international organizations than others? The average accession period for a country to access the WTO is five years, however the timing varies from two to over twenty years even within the same region. What can explain this variation? This research constructs an explanation for the variation in the duration of countries' accession process to international organizations. I argue that regionalism may serve well as a stumbling block for a country aiming to join an international organization while strategic geopolitical aspirations of a regional hegemon should also be taken into account. The case of Kazakhstan' accession to the WTO while being a member of the Customs Union and entering the Eurasian Economic Union demonstrates that the accession process to the International Organization is dependent on the regional hegemon's aspirations as well as the analysis should take into account the geopolitical power play in the region. The thesis examines the external hurdles to Kazakhstan's accession to the WTO and suggests for further research considering the internal obstacles which might also play a significant role in the process. These findings point to important implications for policymakers in applying this information into the accession process for entering other organizations in the future such as the ongoing negotiations with the OECD.

INDEX WORDS: regional trade agreements, regionalism, trade, the World Trade Organization, regional integration, depth of integration

Dedication

This thesis is dedicated to my Mom and Dad for their unconditional love which brings me strength and makes me happy every single day of my life.

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List of Abbreviations

CES: Common Economic Space

CU: Customs Union

CIS: Commonwealth of Independent States

EU: the European Union

EAEU: the Eurasian Economic Union

FEA: Free Economic Area

FSU: Former Soviet Union

IO: International Organization

OSCE: Organization for Security and Cooperation in Europe

RF: the Russian Federation

RTA: Regional Trade Agreement

“UNION”: the Eurasian Economic Union

WTO: World Trade Organization

Introduction

The role of International Organizations has increased tremendously in the post-World War II era since they became main arena for international negotiations and policy regulations. With the increased globalization in the last few decades more states than ever have expressed their willingness to join international organizations and become part of a global network.¹ Extensive research has been conducted on International Organizations and theoretical framework, whether they are independent or if they are simply a political tool of the more powerful states. However, the scholars of international relations have only recently started to investigate the issues of institutionalization, legitimacy and pathologies of delegation, the rational design of international institutions, enforcement, etc. The evidence suggests that despite all the challenges, many countries are still persistent in the process of joining. While for some states the process of joining an International Organization is easy and fast, for other countries it is long and implies several hurdles. Do the states decide to act through IOs, what do they try to demonstrate and why the duration of the accession process varies from country to country? What role does the regional hegemon play and how important is it to consider various competing interests in the region?

This thesis will address the accession process to the World Trade Organization. On average, it takes a period of 5 years, however, there are some outliers like Russian Federation, Kazakhstan and Kyrgyzstan. In 1993, Russia formally applied for membership to the General Agreement on Tariffs and Trade (GATT), the application was then transferred to the WTO in 1995 and the accession process prolonged till 2012. Kazakhstan has faced almost the same situation, by applying to the WTO in

¹ Bhupinder Chimni, "International Institutions Today: An Imperial Global State In The Making", *European Journal of International Law* 15, no. 1 (2004): 1

1996 and finally became a member in 2015.² For Kyrgyzstan, however, the situation was different, as it managed to join the organization in two years only. An interesting observation is that the longest and the shortest periods in the accession history of the WTO happened to be the countries from the same region and shared past experience as they are all former Soviet republics. Thus, an important puzzle remains as such: Why does it take some countries longer to enter international organizations than others? This thesis attempts to investigate this puzzle. I argue that regionalism is an important variable to consider when analyzing a country's entering process to an international organization. Regionalism may well serve as a stumbling block for a country's accession process to an international organization, however, the effect is more significant under several circumstances such as geopolitical power play in the region and aspirations of the regional hegemon.

This thesis focuses on the case of Kazakhstan's accession to the World Trade Organization and will also discuss the impact of the Eurasian Economic Union on the process. The paper will also draw some comparisons with the neighboring countries such as Kyrgyzstan and Belarus and their entering process to the Organization. The main analysis used for this research is semi-structured expert interviews with the individuals who were directly involved in the negotiation process of Kazakhstan's accession to the World Trade Organization as well as to the Eurasian Economic Union. As the two processes were going in parallel it is important to analyze both of them. This study is limited to the case study of Kazakhstan and the years of 2010 – 2015 because most of the important processes and decisions were taken during this

² Julian Cooper, "The development of Eurasian economic integration," Chapters, in: *Eurasian Economic Integration* by Rilka Dragneva & Kataryna ed. Wolczuk, (Edward Elgar Publishing, 2013), 20.

period, due to the accessibility of the information, availability of the people I interviewed, the scope of the project and the conditions under which it was conducted. The intended method included one-to-one in person interviews with the experts as well as the business owners on how they were affected by both regional integration and the WTO in Kazakhstan and Kyrgyzstan. The findings demonstrate that there were both internal and external hurdles for Kazakhstan's accession to the World Trade Organization. This thesis analyzes the external hurdles most importantly the regional integration and the power and aspirations of regional hegemon in the region while briefly touching upon the internal obstacles which include the quality of the institutions, the degree of readiness of agricultural and business industries among others.

This work makes several contributions to the literature since it proposes looking to the issue of regionalism from a different perspective and considering it not only from an economic one, but also to recognize the potential geopolitical aspirations of regional hegemon which might influence the decision-making in the region and the policies the neighboring countries adopt.

The thesis proceeds as follows: in Chapter I, I provide an overview of the existing literature on why countries are persistent at joining international organizations, WTO accession process and scholarly debates on whether regionalism is a stumbling or a steppingstone for a country's global integration. In the chapter II, I lay the theoretical foundations and provide a conceptual framework. In the Chapter III, I provide the variables, hypothesis and describe the methods used to test this hypothesis. In chapters IV, I describe the case study, provide the results and discussion, and then, provide some conclusions and implications for further research.

Chapter I: LITERATURE REVIEW

This literature review is dedicated to an explanation of states' desire to join international organizations and the role of regionalism in the process. Mainly, I distinguish between the two perspectives on regionalism prevailing in the political economy literature. One group of scholars considers regionalism as a barrier for international integration, while the other one sees membership in the regional unions as a steppingstone to becoming a part of the international trade community.

1.1. Countries' interest and persistence in joining IOs

With the increasing role of regionalism in the last decades, international organizations still remain prominent in international politics since states behave persistently in joining IOs even when the accession process is long and sometimes costly. "...IOs seem to be exercising more authority that they ever have in the past"³. The authors specifically mention neorealism and neoliberalism, the theories which have prevailed in international relations theory the last two decades. However, none of these theories was able to explain the huge proliferation of IOs in recent decade and the role they play in international politics nowadays. One such variable is domestic audience costs which plays a role in the state decision making. Tomz (2007) defines this concept as "...the domestic price a leader would pay for making foreign threats and then backing down".⁴ The surveys undertaken by the author suggest that the reason for these costs arise from citizens' care about the international reputation of both their country and their leader.⁵ Having high domestic costs means losing

³ Nielson, Daniel L., and Michael J. Tierney. "Delegation To International Organizations: Agency Theory And World Bank Environmental Reform". *International Organization*. 57, no. 2 (2003): 243

⁴ Tomz, Michael. 2007. "Domestic Audience Costs In International Relations: An Experimental Approach" *International Organization*. 61, no. 4 (2007): 821

⁵ Ibid.

domestic support, which in turn, might end up in losing the seat in the government for a leader who makes empty promises, violates international human rights treaties, invades into other countries, or commits any other violent or coercive actions.⁶ However, some leaders found a way of escaping the negative consequences by “delegating” power to international organizations to decide on the issues which might be sensitive to the domestic audience.⁷ This is the one potential answer for states’ persistence in joining IOs. One recent example where hegemon states act using IO’s to their advantage is Russia’s invasion into Eastern Ukraine.⁸ It can be argued that Russia uses the Organization for Security and Cooperation in Europe (OSCE) as a puppet to draw a Russia friendly narrative as to what is happening in the region. ie: attempts to show proxy forces are being used, not Russian military.⁹

1.2 WTO accession process

The World Trade Organization being the largest international economic organization with currently 164 member states and 24 observer countries which commenced its work on January 1, 1995 by replacing General Agreement on Tariffs and Trade (GATT) which was operating since 1948.¹⁰ The WTO is a prominent example of states’ willingness to join an IO although plenty of regional unions are at place and the accession period to the WTO is on average 5 years.¹¹ However, for some countries the accession period is much longer. The prominent examples are

⁶ Ibid.

⁷ Ibid.

⁸ Andrew S., Bowen. "Coercive Diplomacy And The Donbas: Explaining Russian Strategy In Eastern Ukraine". *Journal Of Strategic Studies*. 42, no. 3-4. (2017): 314

⁹ Philip, Remler. "Russia And Cooperative Security In Europe: Times Change, Tactics Remain". *The Return Of Global Russia*. Washington: Carnegie Endowment for International Peace. (2019): 3.

¹⁰ Richard, Baldwin. "The World Trade Organization And The Future Of Multilateralism". *Journal Of Economic Perspectives*. 30, no. 1. (2016): 97

¹¹ Christina L. Davis, and Meredith Wilf. "Joining The Club: Accession To The GATT/WTO". *The Journal Of Politics*. 79, no. 3. (2017): 970.

Kazakhstan and Russian Federation for which it took two decades to join the Organization, while the shortest period of the accession was the case of Kyrgyzstan.¹² All three countries are former Soviet Republics with a geographic proximity, however, they demonstrate a variation in the accession process for almost 20 years and raises a puzzle of why it takes longer for some countries than others.

Michalopoulos (1998) suggests that for countries in transition the processing is time consuming due to the following reasons: weak institutions and unfamiliarity with the legal and economic issues to be addressed, the legislative requirements are long delayed, the technical assistance is not well-coordinated, the fact finding process is time-consuming among many others.¹³ That is the conditions for which states are bargaining prolong the accession period.¹⁴ The author highlights that “accession terms are driven by the domestic export interests of existing members”.¹⁵ Kavass (2007) argues that it is the “rigorous and complicated admission process” as well as long and thorough documents review procedures to make sure that the country-applicant complies to all the rules and norms of the WTO.¹⁶ It is evident that political economy scholars are mostly focused on technical barriers for entering the organizations, however, there might some other unobservable variables which hinder the accession process or make it longer. The literature is missing the potential effect of the regional

¹² Kniaz Bagdasaryan, and Alexander Pakhomov. "Issues Regarding EAEU Membersss Participation In The WTO Activity". *SSRN Electronic Journal*. 11. (2016): 53

¹³ Constantine, Michalopolous. "WTO Accession For Accession To The World Trade Organization Should Be Countries In Transition". *Development Research Group*. (Washington: The World Bank, 1998).

¹⁴ Krzysztof J. Pelc. 2011. "Why Do Some Countries Get Better WTO Accession Terms Than Others?". *International Organization* 65 no.4 (2011): 642.

¹⁵ Ibid.

¹⁶ Kavass, Igor I. 2007. "WTO Accession: Procedure, Requirements And Costs". *Journal Of World Trade* 3 (41): 453.

organizations, not only in technical and bureaucratic terms, but also the geopolitical implications and aspirations of global hegemon.

There has been an immense increase in the number of bilateral and regional trade agreements concluded by states around the globe over the last three decades.¹⁷ Since trade is a major driver of the world economy it is in the countries' best interest, to build and maintain an effective world trade system.¹⁸ The role of the World Trade Organization has been challenged since more and more countries started to favor their preferences towards regionalism.¹⁹ The issues of multilateralism and regionalism generated a set of debates in the field of international political economy. Do bilateral and multilateral trade agreements drive or impede liberalization in the WTO? While one group of scholars argue that regional trade agreements are compatible with global trade and serve as a steppingstone for further trade liberalization, other scholars see it as a so-called stumbling block or in other words, a barrier towards effective participation in global trade. It is important to consider regional trade agreements because the scale they reached has already exceeded four hundred, thus, the world trade currently goes through these agreements, which actually deny the most favored nation clause, which is about non-discriminatory treatment and is the founding principle of the WTO.

The scholars of political economy conceptualize the degrees of openness of regional trade, however what they are missing is a geopolitical context, the power of regional hegemon over participating countries. The debate over regionalism as a steppingstone or a stumbling block for the trade liberalization assists in understanding

¹⁷ Richard E. Baldwin and Anthony J. Venables. "Regional Economic Integration" in *Handbook Of International Economics*, ed. G. Grossman and K. Rogoff. (3rd ed. Elsevier Science, 1995): 1598

¹⁸ Ibid.

¹⁹ Ibid.

to what extent does regionalism play a role in the country's accession to a multilateral organization. There is a gap in the literature of evaluating the geopolitical context which I want to incorporate with the Eurasian Economic Union.

Literature on regionalism is instructive in the development of this paper's argument. The debate was started by Paul Krugman who provocatively titled his work as "Is bilateralism bad?".²⁰ The author argued that the creation of bilateral trade agreements results in the rival trade blocks.²¹ Robert Lawrence (1991) reacted immediately to this academic piece by stating that compared to individual states, regional blocks are more likely to accede to multilateral liberalization.²²

1.3. Regionalism as a stumbling block

A "stumbling block" scenario is expected when there are diverging interests and the evaluation of bargaining power between the two sides vary. The scholars of stumbling block perspective argue that regional trade agreements lead to protectionism, prevents those countries from participation in the global trade which in turn result in welfare losses caused by trade diversion (Bhagwati 1992;²³ Bhagwati and Panagariya 1996)²⁴. The scholars of "stumbling block" argue that it is beneficial for the local firms to restrict foreign markets, thus they tend to oppose further integration into the world economy, which hinders the economic development in the long run. In addition, this kind of behavior contradicts the nature of the World Trade

²⁰ Krugman, Paul "Is Bilateralism Bad?", in *International Trade and Trade Policy* ed. Helpman, Elhanan and Razin, Assaf (Cambridge: MIT Press: 1991): 10.

²¹ Ibid.

²² Lawrence, Robert. Emerging Regional Arrangements: Building Blocks or Stumbling Blocks? in *Finance and the International Economy*, ed. O'Brien, Richard. (The AMEX Bank Review Prize Essays Oxford: Oxford University Press: 1991): 24.

²³ Bhagwati, Jagdish N. *Regionalism Versus Multilateralism, World Economy*. (1998), 540.

²⁴ Bhagwati, Jagdish N. and Panagariya, Arvind 1996: Preferential Trading Areas and Multilateralism: Strangers, Friends or Foes?, in *The Economics of Preferential Trade Agreements*, ed. Bhagwati, Jagdish N. and Panagariya, Arvind. (Washington, DC.: AEI Press: 1996): 74-75.

Organization and the major principle it was constructed upon back in 1947 with the establishment of the General Agreement on Tariffs and Trade. In case of RTAs, they provide market access only to the members of a particular region at the same time restricting other states to participate in the market competition.²⁵ Thus, the worrying part is the likelihood of the collapse of the whole international trading system which anticipate trade interdependence and equal treatment for all the member states.

It is important to define the Regional Trade Agreements or RTAs. In addition, membership in regional trade agreements might result in the failure of multilateral trade negotiations since the states involved in regional trade agreements are less worried about the work of a global trade organization.²⁶ Although the advocates of a “stumbling block” perspective see regional trade agreements as an obstacle to international trade the importance of RTAs appears in the major webpage of the World Trade Organization as was cited by Pomfret (2006): “Regional Trade Agreements are a major and perhaps irreversible feature of the multilateral trading system” which again demonstrates the inevitability of RTAs in the contemporary world trade.²⁷ It can be explained by the structure, the norms and conditions of those RTAs, since there are less member states, the negotiations process is much easier, thus, there is an ongoing process of the proliferation of regional economic unions based in regional trade agreements. For instance, United – States – Mexico – Canada Agreement (USMCA), which is the the new NAFTA is one of the world’s largest RTA yet all if the member-states are part of the WTO.²⁸ A free trade agreement was created as a co-called

²⁵ Dur, Andreas. Regionalism in the World Economy: Building Block or Stumbling Stone for Globalization? in *Globalization*, ed. Schirm, Stefan A. (London: Routledge 2007).

²⁶ Ibid.

²⁷ Pomfret, Richard. "Is Regionalism An Increasing Feature Of The World Economy?". *SSRN Electronic Journal*. 2006: 923.

²⁸ Rodger A., Payne. "Canada, The America First Agenda, And The Western Security Community". *Canadian Foreign Policy Journal*. (2010): 2.

NAFTA 2.0, heads of the United States, Mexico and Canada signed the agreement on November 30, 2018 and the treaty was ratified on March 13, 2020.²⁹

1.4. Regionalism as a steppingstone

The supporters of regional trade agreements see them as a steppingstone towards further liberalization. The advocates of regionalism find multilateral trade negotiations at the WTO with around 150 member-states make the negotiations process challenging, while regional agreements are a lot easier to negotiate to monitor compromises and they result in lower transaction costs (Summers 1991³⁰, Bergsten 1996³¹, Baldwin 1997³²). Regionalization can also facilitate the reformation and stabilization of weak governments which could ultimately lead to the liberalization of trade. Uncompetitive sectors in some economies can be easily destroyed in the international market, however, regional trade agreements are a one way to protect them (Dur 2007).³³ It is vital to analyze this issue and try to answer the question whether regional trade serves as a steppingstone or a stumbling block towards trade liberalization in order to understand the power dynamics and the future of the world trade in the upcoming decades.

Overall, both sides of the debate demonstrate a whole set of rational and logically consistent set of arguments in support of their corresponding position. There is also a space in both sides to oppose those arguments. Regional and bilateral trade agreements do not always result in the protectionist policies in the region as well as

²⁹ Labonté, Ronald, Deborah Gleeson, and Courtney L. McNamara. "USMCA 2.0: A Few Improvements But Far From A 'Healthy' Trade Treaty". *Globalization And Health* 16, no. 1. (2020): 1.

³⁰ Lawrence H. Summers. 1991: Regionalism and the World Trading System, in Federal Reserve Bank of Kansas (ed.): Policy Implications of Trade and Currency Zones Kansas City: Federal Reserve Bank: (1991): 296.

³¹ C. Fred Bergsten. "Competitive Liberalization and Global Free Trade: A Vision for the Early 21st Century", *Institute for International Economics*. (1996): 97.

³² Richard E. Baldwin. "The Causes of Regionalism", in *The World Economy*. 20, no. 7 (1997): 868.

³³ Andreas Dur. "Regionalism in the World Economy: Building Block or Stumbling Stone for Globalization?", in *Globalization*. ed. Schirm, Stefan A. (London: Routledge, 2007).

they are not a guarantee for further trade liberalization and lowering tariffs in multilateral trade negotiations rounds. Thus, there is no single answer to this question and the debate has come to the dead end, however, which further can be investigated is the specific set of conditions and variables in a regional trade block which lead to one or another outcome. Those possible variables might include political regime of a country, the duration of its presence in a regional trade bloc and etc. or might also be some unobservable variables which define whether liberalization occurs or not. Regionalism can also propel trade liberalization for some countries in the bloc but hinders some other participating countries.

The example of Eurasian Economic Union (EAEU) demonstrates that such regional trade unions have different outcomes on the member states. The Treaty on the Eurasian Economic Union came into force in January 2015 and was previously signed by the leaders of Russia, Kazakhstan and Belarus on May 29, 2014.³⁴ Later, the same year the leaders of Armenia and Kyrgyzstan also signed the treaty. As evidence suggests the creation of a regional trade Union thwarted the accession process to the World Trade Organization for Kazakhstan since some the Eurasian Economic Union policies and requirements differed from those of the World Trade Organization.³⁵ The processes went in parallel, thus, it resulted in a longer accession period. It is important to consider that Russian Federation has a significant interest in Kazakhstan due to its strategic location in the region and close geographical proximity to another regional great power – China. Traditionally, Russia was the main trading partner in the region as well as military security, while China served as an investment

³⁴ David G. Tarr, "The Eurasian Economic Union Of Russia, Belarus, Kazakhstan, Armenia, And The Kyrgyz Republic: Can It Succeed Where Its Predecessor Failed?". *Eastern European Economics* 54, no. 1 (2016): 12

³⁵ Ibid.

bank.³⁶ However, in the last decade, China began to expand its influence in the region and its aspirations through “One Belt One Road” (OBOR) initiative, which is claimed to be a “New Silk Way”, which connects the East with the West and goes from China through Central Asia to Europe.³⁷ Kazakhstan is the biggest economy in the region as well Russia’s biggest trading partner among Central Asian republics. Kazakhstan is the biggest economy in the region which makes it strategically important for Russian Federation to maintain its economic influence over trade policies in the country. However, it is argued that it is not only economic interests that matter for Russia but maintaining its geopolitical influence over the region which is historically strategically important for a regional hegemon.

Overall, neither side of the debate can serve as an ultimate answer to the question whether regionalism propels or hampers trade liberalization the issue is very complex, and the evidence also suggests that regional trade agreements might result both in the trade wars and in liberalization. Thus, it is difficult to say which one is right because there is a need to evaluate each country case by case and examine the role of regional hegemon, political influence over smaller regional countries. There is a gap in the literature discussing the debate over regionalism as a stumbling block or a steppingstone since it misses geopolitical context and some regions are underrepresented.

1.5. Gap in the literature & Contribution to the debate

The steppingstone and stumbling block debate are focused on or regional fragmentation, but it rarely engages with the motives of power while the Eurasian

³⁶ Hong, Yu. "Motivation Behind China'S 'One Belt, One Road' Initiatives And Establishment Of The Asian Infrastructure Investment Bank". *Journal Of Contemporary China* 26, no. 105. (2016): 355.

³⁷ Ibid.

Economic Union is a good example of that. The debate assumes that the World Trade Organization is not working properly or is not ambitious enough and therefore the regional trade organizations are created in order to make the process easier and more effective. However, what they seem to ignore is the potential motive of the regional hegemon which created the regional union. Thus, what is missing and makes it uncertain is the geopolitical power play in the regional trade blocks. It can be argued that the debate have come to a stalemate and has been inconclusive since it focused in other regions including the EU, North America and Latin America, newly independent CIS countries, specifically Central Asian region might provide some insights to the field and is suggested for further investigation.

Chapter II: THEORETICAL AND CONCEPTUAL FRAMEWORK

In this thesis I study what makes the accession process for some countries longer than others. *I argue that regionalism may well serve as a stumbling block for a country's accession process to an international organization, however, the effect is more significant under several circumstances such as geopolitical power play in the region and aspirations of the regional hegemon.*

This chapter proceeds as follows. Before theoretically demonstrating the causal link, I will provide some theoretical background and conceptualize the variables. First, I will de-construct the concept of regionalism and discuss its empirical existence in the context of the Eurasian Economic Union, then, I will conceptualize "entering IOs" mean and what does "long" and "short" or "quick" mean for entering an IO.

In the post - World War II era the number of international organizations has increased tremendously. Classical realists have argued that international organizations are nothing more than the tools of the powerful states which decide on the agenda and actions of those institutions. Mearsheimer in his article "False Promise of International Institutions" argued that the international institutions have very little effect on the behavior of states.³⁸ However, what can explain the proliferation of international organizations since the end of the World War II till present times, why do the states, even the powerful ones decide to act through IOs and ask for the approval before taking violent actions. The proponents of liberalism, in contrast to realists,

³⁸ John J., Mearsheimer. "The False Promise of International Institutions". *International Security* 19 no.3. (1994): 5.

argue that the international institutions are the necessary vehicles for sustaining international peace and without them cooperation would be less likely and more costly.

2.1. Regionalism

Powell & Low (2011) argue that for some experts open and efficient trade can only be achieved through the World Trade Organization (WTO) which is comprised of more than 150 countries while others view regionalism as “the only viable prospect for the meaningful further opening of the market”.³⁹ International relations scholars have made several attempts to provide a cohesive explanation and conceptualize regionalism as a term. Regionalism is broadly defined as “the exclusive exchange of market access rights among a limited number of trading partners”.⁴⁰ Powell & Low (2011) differentiate between “old” and “new” regionalisms.⁴¹ The authors discuss so-called “new regionalism” and consider both positive and negative effects of RTAs.⁴² The authors present “old regionalism” as a Cold War phenomenon and propose that the “new regionalism” is an outcome of an extensive, multidimensional societal approach in a context of globalized “multi-polar” world.⁴³ Another aspect which differs “new regionalism” from an old one is that it is created by regional constituencies rather than by global superpowers. However, what can be observed in relation to the Eurasian Economic Union still reminds the global power rivalry. New regionalism implies the authority of full economic union which may manage integration, facilitate foreign direct investment (FDI) flows, authorize institutions, reconcile tax policies and

³⁹ Stephen Joseph Powell and Trisha Low, "Is the WTO Quietly Fading Away: The New Regionalism and Global Trade Rules", *Georgetown Journal of Law & Public Policy* 9, no. 2 (Summer 2011): 262

⁴⁰ Georg Koopmann. "Regionalism going global, *Intereconomics*, (Springer, Heidelberg 38 no. 1. (2003): 2-3

⁴¹ Stephen Joseph Powell and Trisha Low, "Is the WTO Quietly Fading Away: The New Regionalism and Global Trade Rules": 263

⁴² Ibid.

⁴³ Ibid.

propose a monetary union with a common currency and unified exchange rate and monetary policy among others.⁴⁴ The latter one was proposed by the Russian Federation in the context of the Eurasian Economic Union; however, the response from member states were not quite unequivocal. Specifically, Kazakhstani government insisted on the EAEU being economic union as it was created initially rather than a political one.⁴⁵

Powell & Low (2011) argue that major powers tend to benefit from intra-bloc trade since they are able to gain superior power in negotiations term, compared to less superior states, which in turn allow a regional hegemon to export domestic legal norms to the near abroad.⁴⁶

2.2. Regional hegemon, its the sphere of influence and trust within the region

Historically, Russia maintained its influence over the region, not only during the Soviet times, but the process goes back to 18th century when nowadays Kazakhstan was under the Russian Tsar's power.⁴⁷ However, after the collapse of the Soviet Union and the creation of Commonwealth of Independent States (CIS), to what extent do the former Soviet states remain independent in the new world order remains a question. With the newly emergent Eurasian Economic Union, the situation seems to remain the same. Busygina (2019) discusses which strategic ideas does Moscow pursue with regard to the further development of the Eurasian Economic Union.⁴⁸ The author proposes that "equal relations" are not possible because "...Moscow cannot commit

⁴⁴ Ibid.

⁴⁵ Richard Pomfret. *The Central Asian Economies In The Twenty-First Century*. Princeton: Princeton University Press. (2019): 92

⁴⁶ Stephen Joseph Powell and Trisha Low, "Is the WTO Quietly Fading Away: The New Regionalism and Global Trade Rules": 263

⁴⁷ Richard Pomfret, *The Central Asian Economies In The Twenty-First Century*, 69

⁴⁸ Irina Busygina. "Russia In The Eurasian Economic Union: Lack Of Trust In Russia Limits The Possible". *PONARS Eurasia Policy Memo*, no. 571 (2019): 2.

to them credibly and many states simply do not trust Russia...”.⁴⁹ Therefore, equitable relations as in the European Union how it was initially expected in the Union are not expected in the EAEU since Russia continues to promote its own interests in the region. Busygina (2019) lists the following reasons why “equal relations” are very unlikely to exist in the Union: regional hegemon’s geopolitical ambitions which imply dominance in the Post-Soviet space as well as support of a multipolar world among Russian politicians.⁵⁰ A multipolar world implies each global power to have its sphere of influence and to dictate the rules of the game within this region.⁵¹ However, it is important to consider that the perceptions of the member-states of the Eurasian Economic Union might differ from that of Russia. While the regional hegemon sees it as a political union which promotes its geopolitical aspirations in the region, the member-states insist on economic ties only. In case of its inability to maintain equal relations with its neighbors, Russia has to use the strategy of “forced domination”, which entails allocating more and more resources to achieve their support.⁵² The regional hegemon to be needs an accomplishment of an “absolute security threshold”, “when its power becomes so dominant that balancing against it is impossible”.⁵³ The experts claim that Russia might pursue achieving an “absolute security threshold” in relation to its EAEU allies.

2.3. “Short: and “long” period for IO accession

The duration of the accession process varies from country to country. Davis & Wilf (2017) argue that the main factors determining who joins and who does not join the World Trade Organization is determined mostly by the political ties and the

⁴⁹ Ibid., 1.

⁵⁰ Ibid.

⁵¹ Ibid., 2.

⁵² Ibid., 3.

⁵³ Ibid., 3.

geopolitical arrangement is what defines the “supply and demand sides of membership”, not the issue-area gains.⁵⁴ The authors argue that some countries are recruited due to foreign policy goals of the member states.⁵⁵ On average, the accession process to the WTO lasts around five years, however, there are outliers ranging from two to over twenty years. Therefore, the “short” period refers to the countries which were able to accede the Organization in less than five years, while “long” period associates with the countries for which it took more than five and in some cases more than ten years to enter the World Trade Organization. Both of the “extreme” cases can be observed in the Eurasian region.

Langhammer & Luecke argue that long accession period within the WTO are undesirable for both applicants and the member-states of the Organization.⁵⁶ The slow progress of negotiations is claimed to be a result of both applicant’s low level of preparedness and excessive demands of the incumbents. In order to speed up the accession process, the authors suggest the applicants to fully comply with the WTO rules and seek to reform its domestic policies to be as transparent as possible, beyond that there is a need to strengthen the administrative capacity of the organization.⁵⁷

Michalopolus (1999) agrees that the accession process to the WTO is lengthy and discusses the countries in transition in particular.⁵⁸ The Former Soviet Union (FSU) countries including Armenia, three Baltics and Kyrgyz Republic were expected to accede to the Organization much faster than the average. The author explained this

⁵⁴ Christina L. Davis and Meredith Wilf. "Joining The Club: Accession To The GATT/WTO". *The Journal Of Politics* 79 no.3 (2017): 964.

⁵⁵ Ibid.

⁵⁶ Langhammer, Rolf J., and Matthias Lücke. 1999. "WTO Accession Issues". *SSRN Electronic Journal*. Working Paper No. 905. doi:10.2139/ssrn.153432.

⁵⁷ Ibid.

⁵⁸ Constantine, Michalopolous. "WTO Accession For Accession To The World Trade Organization Should Be Countries In Transition".

phenomenon by stating that those countries and the most liberal regimes among other FSU countries. In regard to other countries In transition, Michalopolous suggests the WTO members to provide assistance in order to strengthen their institutional capacity as well as facilitate the procedural aspects of the accession process.⁵⁹

Independent variable: *Regionalism*

Dependent variable: the dependent variable, *entering an IO*, is operationalized by the time taken to achieve the accession to the World Trade Organization.

Hypothesis

From theoretical discussion above, I propose the following hypothesis for empirical testing:

Regionalism serves as an obstacle for a country to enter an international organization.

⁵⁹ Ibid.

Chapter III: DATA AND METHOD

3.1. Case introduction and justification

Kazakhstan's accession to the World Trade Organization began on January 29, 1996 when the Government of the Republic of Kazakhstan applied for accession under the Article XXII of the Agreement Establishing the World Trade Organization (WTO).⁶⁰ On November 30, 2015 Kazakhstan became 162nd member of the WTO.⁶¹ Throughout the whole accession process period Kazakhstani government was constantly facing both external and internal obstacles, which will be further explained thoroughly in the next chapter. The government of Kazakhstan has shown its persistence during almost two decades of negotiations towards Kazakhstan's accession to WTO. In order to meet the requirements of the World Trade Organization, the government of Kazakhstan had to adjust several domestic policies, initiated reforms, which certainly incurred some massive costs.

This topic requires an interdisciplinary approach and a combination of theoretic and empirical examinations of the issue. Since Kazakhstan is one of the newest members and since it is a recent phenomenon, it is not surprising that the case has not been researched extensively.

None of the existing theoretical approaches can provide a reasonable explanation to the case of Kazakhstan and the WTO. Pursuing multi-vector foreign policy and being a landlocked country among such superpowers as China and Russia, Kazakhstan attempts to maintain diplomatic relations with the West as well. One year before the official accession to the World Trade Organization, Kazakhstan has signed

⁶⁰ "WTO | Kazakhstan - Member Information". 2020. *Wto.Org*.

⁶¹ *Ibid*.

the Treaty on the Eurasian Economic Union which then led to the entering the organization.⁶² The Union was created “to comprehensively upgrade, raise the competitiveness of and cooperation between the national economies, and to promote stable development in order to raise”.⁶³

However, the questions remain whether it was created solely for economic purposes. There is a tendency of preference towards regional trade unions, however, Kazakhstani government made a decision to be a part of both international and regional organizations. In pursuing balance in its foreign policy, Kazakhstani government seeks engagement and investments from the West. As well as to maintain trustworthy relationships with its neighbors.

As it was mentioned above, Kyrgyzstan, which is a country of close geographical proximity to Kazakhstan as well as shares historical, political and cultural past, has joined the WTO in record two years. Although there are number of similarities, the countries differ significantly in the sizes of the economies. In addition to that, at the time of the accession Kyrgyzstan was newly independent state just after the collapse of the Soviet Union. According to one of the interview respondents, Kyrgyzstan at the time, desperately needed the help of International Monetary Fund and other international organizations and agreed on whatever rules and conditions which were proposed. Strong local institutions were also missing as well as the government’s ability to confront any norms and regulations imposed by the WTO, which were disadvantageous for the country.

⁶² "Eurasian Economic Union". 2020. *Eaeunion.Org*.

⁶³ Ibid.

3.2. The Eurasian Economic Union

In 1994 while giving a lecture at Moscow State University, First President of the Republic of Kazakhstan, Nursultan Nazarbayev initiated the idea of the Economic Union in the continent.⁶⁴ Since early 2000s there was a Customs Union at place which implied Free Economic Zone among three countries. After years of negotiations, the leaders of Russia, Kazakhstan and Belarus finally signed an agreement about the creation of the Eurasian Economic Union (EAEU) on May 29, 2014 which came into force on January 1, 2015.⁶⁵ Vladimir Putin, a key promoter of such an entity, proclaimed the creation of the union. The EAEU is the first union in the Post-Soviet space and was created with a purpose of integration within the continent, however, it is evident that the entity has some commitment issues.⁶⁶ Attempts to minimize the commitments within the union can be observed both from Russia and from the member states. Poor governance and weak common institutions discussed by the analytics from Chatham House demonstrate that there is something behind Russia's motivation to simply create an economic union since the country withdrew to constrained within the Eurasian Project.⁶⁷ Upon its launch, the Union has received mixed reactions, while some highlighted Russia's geopolitical ends, others saw disseminating tension within Russia – EU relations.⁶⁸ Overall, the scholars agree that Russia uses the EAEU to strengthen its political influence both regionally and internationally.

There are views which propose that the Russian Federation uses the EAEU as a political tool which allows the government to lobby its interests within the region. It

⁶⁴ David G. Tarr, "The Eurasian Economic Union Of Russia, Belarus, Kazakhstan, Armenia, And The Kyrgyz Republic: Can It Succeed Where Its Predecessor Failed?", 17.

⁶⁵ Ibid., 1.

⁶⁶ Ibid.

⁶⁷ Rilka Dragneva and Kataryna Wolczuk. 2017. "The Eurasian Economic Union Deals, Rules And The Exercise Of Power". *London: Chatham House. The Royal Institute of International Affairs*: 3.

⁶⁸ Ibid.

can be explained by the fact that it provides largest financial contributions to the Union and historically maintains its influence in its near abroad. Russian Federation also is the biggest trading partner for all the member-states. One example is Russia's being persistent on building joint enterprises on its territory since the investments will benefit its economy. Thus, Russian attempts to expand its economic-trade issues through the Union as well as an attempt to benefit the most from the entity can be observed.

3.3. Data setup, specifying the interviews

Due to the situation with the COVID-19, I conducted semi-structured interviews online via Zoom platform with the employees of “QazTrade” Center for Trade Policy and Development, JSC, under the Ministry of Trade and Integration of the Republic of Kazakhstan. The following center is an entity which is responsible for building partnerships with international and regional organizations and is involved in the work of all trade-related activities of the Republic of Kazakhstan. The interviewees were directly involved in the negotiation process of Kazakhstan and the WTO and were the ones drafting and writing all the accession documents during the period from 2010 to 2015. The staff of the negotiations team remained almost the same during the whole accession period. Even the new Ministry was created to support the process. Before it was the Ministry of National Economy Development and Trade, which then was separated from newly created Ministry of Trade and Integration of the Republic of Kazakhstan.

Before jumping into the empirical results, it is worth considering that the although the interviewees were all part of Kazakhstan's negotiations team and were experts at the same analytical center, they all had different expertise and limited scope of obligations and therefore, varying in terms of their experience.

3.4. Interview questions

What do you think were the main obstacles for Kazakhstan in joining the WTO?
(specifically, during the period from 2010 to 2015)

- Why was the government so persistent in joining an international organization? (WTO)

- In your opinion why did the accession process take longer for Kazakhstan compared to its neighbor countries, for example, Kyrgyzstan?

- Do you consider Kazakhstan's accession to the Eurasian Economic Union as an obstacle for global trade integration?

If yes, what were the main hurdles?

- Do you consider common market within the EAEU beneficial for the country?

- There are debates in academia on whether regionalism is a stumbling block or a steppingstone for global trade integration. What do you think was the case for Kazakhstan?

CHAPTER IV. DISCUSSION AND RESULTS

4.1. Main findings

The interview findings demonstrate that there were *internal* and *external* factors which hindered the process of joining the WTO for Kazakhstan. The *internal* obstacles included the unpreparedness of the local industries, businesses, institutions and the inability of the government to adapt quickly to the new norms and regulations imposed by the World Trade Organization. Other obstacles include the agreement on the investment in the development and the establishment of oil and gas extraction as well as subsidies for the agricultural sector. However, most of the experts concluded that the *external* obstacles, specifically Kazakhstan's membership in the Customs Union (CU) and signing the Agreement on the Eurasian Economic Union together with Russia and Belarus played a significant role in thwarting the process.

The findings suggest that there were several factors that delayed Kazakhstan's accession to the WTO:

- At earlier stages in the accession talks, the main causes of delay were misunderstandings and lack of knowledge primarily among civil servants involved caused by lack of political will. Public resistance to certain degree but not decisively.;

It is important to note that the early negotiations were held at the time just after the collapse of the Soviet Union and Kazakhstan was a newly independent state and lacked strong institutions and qualified specialists who would be able to perform necessary operations.

- At later stage, when political will was finally expressed, excessively "high entrance ticket" requested by the main WTO players (USA, EU, Canada, Brazil and some other big economies);

The “high entrance ticket” implied change in domestic legislation which according to experts, benefited the big players rather than Kazakhstan.

- These countries wanted to extract as much information from Kazakhstan on its economy as possible;

- And certainly, the shift in priorities of trade policies of Kazakhstan towards formation of customs union with Russia and Belarus.

4.2. EAEU as a hurdle

The *external* hurdles support the hypothesis stated in Chapter III: *Regionalism serves as an obstacle for a country to enter an international organization*. All of the individuals who were interviewed highlighted that the country’s participation in the regional union impacted the WTO accession process significantly. According to one interviewee, “Kazakhstan’s membership in the Customs Union which later transferred to the Eurasian Economic Union made the WTO negotiations longer and more complicated”. Kazakhstani government was already familiar with the WTO rules as the accession process started long before, it already was implementing most of the policies compliant with the WTO norms since early 2000s. Thus, drafting the rules for the new Union became more challenging and problematic since the country representatives could not agree on the automobiles and electronic industries among many other issues which were conflicting between the two organizations, which made the negotiations tougher and more rigorous. Most of the respondents concluded that the creation and implementation of the policies in the agreements with the Eurasian Economic Union were in one or another way complicating the accession process to the World Trade Organization.

According to the respondents, another critical aspect to consider while examining the accession period during the years of 2010 and 2015 is that the Customs

Union anticipated its member-countries, which at the time were Russia, Belarus and Kazakhstan to enter the WTO simultaneously, while before the initiation of the Eurasian Economic Union the countries were preparing for individual accessions. The Union implied common external tariffs and integrated multinational regulations, transformation of the national legislation and complex law harmonization which resulted in several difficulties since every country has various obligations towards the International Organization, i.e., the WTO on its own.

Seven out of ten respondents highlighted that the decisions on who can join the “club” and who does not is defined by the WTO member-states, specifically, the main funding contributors who set specific set of requirements based on a country’s economic strength, which obviously were different for the three members of at that time the Customs Union. After realizing that it is not effective to enter the WTO for the three countries simultaneously, they made a decision about individual accession process by certain timeline, however, the whole process prolonged for several years.

Another obstacle is that the local industries were not ready for changes, and because the main question in that sphere was the elimination of government subsidies to local producers which resulted on government’s concerns regarding the potential consequences on local firms producing industrial goods and the competitiveness abilities of local businesses in the international market. In addition to that, it is important to consider that every aspect of the negotiation process was very much interdependent and the outcome of one affected the negotiations outcome of the other sphere.

Followed by Russia’s accession in 2012, Kyrgyzstan’s accession in 1998 and Tajikistan’s accession in 2013, Kazakhstan was the first state in the region which joined the WTO after the inception of the Eurasian Economic Union. Thus, the

commitments to the WTO had to be transferred to the EAEU which implied and even irritated some experts in Belarus and beyond. As Katherine Putz told the Diplomat:

A unique aspect of Kazakhstan's rules commitments is the extent of accession specific commitments "accepted" by Kazakhstan, which shall be applicable to and bind the EAEU and its member States on matters falling under the competence of the EAEU.⁶⁹

The two processes went in parallel and overlapped in some aspects of the negotiations period, as Kazakhstan has already started the joining process to the WTO long before, it already knew all the rules and norms implied by the IO, while the EAEU was created on May 29, 2014 de jure and came into effect on January 1, 2015. However, there was already the Customs Union (CU) which implied Free Economic Zone (FEZ) among the member-states, then the Eurasian Economic Union had to accept what was already imposed by the WTO since the negotiations began a decade earlier. Since the rules had to apply to all the member states of the Union, there were some disagreements coming from both the regional hegemon and Russia which in turn, hindered and delayed the negotiations process. An interesting observation that came out from the interviews is that the rules and obligations in regard to manufacture and agricultural industries were completely readopted from the WTO and were implemented to the EAEU agreement. Specifically, the Agreement on Manufacture Subsidies and Constitutional norms is reflected in clause 28, article 92 - 93 and clause 29, articles 95 - 96 reflect the agricultural industry.

Most of the interviewees state that it is hard to deny that regionalism serves as a stumbling block for global trade integration. The experts say that regionalism in the Eurasian continent prevents the interaction within the WTO due to a number of restrictions imposed by the Russian Federation, thus Kazakhstan had no other choice than to accept "the rules of the game" enforced by RF. Examples include light

⁶⁹ Catherine Putz. "Does Kazakhstan's WTO Accession Hinder Eurasian Integration?". *The Diplomat*. 2015.

manufacturing, heavy industry, chemical industry, automobile production, etc. Big Korean, Japanese and German corporations have their subsidiaries located in Russia, which are mostly oriented on the market of the CIS (Commonwealth of Independent States) countries which benefit mostly the Russian market.

Kazakhstan was persistent in joining the WTO for several reasons including the aspiration to diversify national export, to support country's image, secure itself in case of any international disputes and to attract foreign investment. The interviewees mentioned that 98% of the world trade is covered by the rules imposed by the WTO, thus being part of that international community remained important for the countries which were still not in the "club". Legitimacy and the so-called "image" of the country were also important while Kazakhstan was extremely persistent to join the Organization for almost two decades. There are certainly outliers like North Korea, however, for most of the countries being recognition and participation in the world trade remains important.

4.3. Geopolitical aspect of the accession process

Geopolitical role of Kazakhstan in Central Asia and Eurasian continent was another reason why the process took so long since several powers are interested in Kazakhstan's political stand. Kazakhstan's actions as a state are always dependent on and should take into account many geopolitical factors as Kazakhstan is concerned about the consequences of its decisions, actions or commitments on the relations with regional hegemon, while Kyrgyz Republic is very small economy and has less geopolitical importance in the region. In the late 90s there was no regional union, therefore, it took for Kyrgyzstan slightly more than two years only to access the Organization. Besides geopolitical aspects of the issue, Kyrgyzstan was a much smaller economy, did not have qualified specialists who could assess the risks

associated with the new norms, needed IMF money and was ready to commit to the new norms very fast. When comparing Kazakhstan and Kyrgyzstan, at the time of the accession to the WTO, Kyrgyzstan did not have any plan regarding the membership in the EAEU. The experts report that if Kyrgyzstan has been a part of the EAEU, the accession process to the World Trade Organization would have been much more complicated and significantly longer. Kyrgyzstan joined the WTO at the time when there was no regionalism in Central Asia and certainly no EAEU, while Belarus still cannot manage to access the WTO while being a member of the “Union” which demonstrates the support for hypothesis introduced in this thesis.

For Kazakhstan, the situation was different. By the period of 2010 and 2015 Kazakhstani delegation had enough of expertise to make knowledgeable decisions about the essence of the WTO rules, about the risks associated with certain obligations, and could take best practices of countries which already joined. Overall, joining the WTO poses specific responsibilities to the Eurasian Economic Union because the rules in the WTO are very straightforward and relatively strict. And Kazakhstan as a member of the WTO had to transfer them to the EAEU which implied disagreements with the Russian Federation.

4.4. Discussion

After the annexation of Crimea, Russian Federation (RF) has been experiencing trade wars and sanctions, which in most of the cases apply to Russia only. However, according to one of the respondents, “there is some pressure from the RF and all the issues the country is experiencing indirectly affect Kazakhstan in one or another way as well”. In practice, Kazakhstan was already part of the global trading system and started to live in the “WTO realities” from mid 2000th, especially in the sphere of customs-tariff regulation, protection of intellectual property rights, services

market. For example, Kazakhstan from gaining its independence had never applied different customs duties to different countries, there were no import quotas as part of protection from imports, imported goods in general had the same treatment as the domestic goods, except for very narrow spheres like local content requirements in subsoil use contracts, services market was always open for foreign investments.

Instead, WTO accession was viewed as an instrument for internal reforms towards best international practices, in such areas as technical regulation, SPS regulation, customs clearance rules, regulation of currency repatriation, competition policies etc. As to the impact to Kazakhstan's economy, WTO accession has an impact to only specific aspects of activity of certain spheres: automobile assembly, subsoil use contracts, banking and insurance sector, telecommunication sector. As the analysis showed, the opening of these sectors to foreign competition is beneficial to final consumers, who want cheaper and better services and goods. The only issue was to find the right balance in terms of timing and conditions.

The Eurasian Economic Union could be considered as beneficial for the local economies if it was well-implemented. It can be argued that the regional hegemon is not concerned enough about the economic aspects of the Union but see it more of a political tool rather than an economic entity. The problem is in implementation and disproportionality of economies of member-state of EAEU. "I mean here the dominance of Russia. Russia currently does not like entering imports, including goods from EAEU partners to its market. This of course plays against Russia's image before its EAEU partners" – states one of the respondents. In addition, the experts report that Russia behaves "aggressively" in the markets of EAEU members.

Kazakhstan's market is very small and not that attractive for foreign countries. After Kazakhstan's accession to the Custom's Union which further resulted entering the EAEU, country's negotiations process became one of the legal opportunities for

decreasing tariff and non-tariff barriers for many WTO member-states under the accessibility to the market for the Customs Union, specifically, Russia. On the other hand, long-lasting negotiations period provided Kazakhstan with a chance for defending its market and having a longer transition period in several dimensions.

From the discussion above, it can be observed that the case of Kazakhstan and the World Trade Organization is unique. Kazakhstani team participated in two negotiations processes simultaneously, which implied disagreements among the organizations on the number of issues. Russia's strategic interests in Kazakhstan both in terms of politics and economics as well as geopolitical aspirations in the region played a role in the process. Overall, the interviews demonstrated that Kazakhstan's membership in the Eurasian Economic Union hampered the country's accession to the WTO to a significant extent and made the accession process much longer compared to other countries. Most of the experts agreed that regionalism imposed by Russian Federation and its behavior in the Eurasian Economic Union served as a "stumbling block" for Kazakhstan in the process of joining the World Trade Organization.

Conclusion

This thesis has investigated why it took some countries longer to accede to international organizations than others. It analyzed Kazakhstan's experience of joining the World Trade Organizations almost for two decades while also being constrained regionally first by Customs Union, later a newly emerging Eurasian Economic Union. It argues that membership in the regional organization may well serve as a stumbling block for a country aiming to join an international organization. The thesis demonstrated that economic regionalism in the Eurasian region definitely plays a role while political motives of regional hegemon and the geopolitical power play in the region also matter.

The government of Kazakhstan was concerned whether to proceed with the WTO rules or agree to the new norms imposed by the Russian Federation through the Customs Union at that time, which later was transformed into the Eurasian Economic Union. The uniqueness of the case study used in this thesis lies in two factors: a) the extreme length of the WTO negotiations process and b) the designing of policies and joining the EAEU went simultaneously with the WTO talks. However, some of the findings and lessons are generalizable to the whole region. Although the Customs Union which implied Free Economic Zone had already operated in the region, Kazakhstan was the first country which accessed the WTO and facilitated the transfer of some of the rules to the EAEU which also resulted in geopolitical tensions.

One of the limitations of this thesis is that the findings might be generalized exclusively to the region, because of the shared past and being part of the Soviet Union. It can be explained by the fact that historically Moscow was making main decisions in the region. However, the findings may not be applicable to other regional unions such as the ones in South America or East Asia.

This research contributes some insights into the Eurasian continent and provides implications for further research on regionalism and trade in other parts of the world. For the analysis and further studies, it suggests considering not only costs and benefits of regional trade, but also to investigate and detect what other variables might be involved in the process such as hidden power strategic considerations of a regional hegemon.

The empirical results demonstrated that there were both external and internal obstacles in the process of Kazakhstan's accession to the WTO. However, due to the limitations and scope of this research it only examined the external hurdles and the geopolitical aspect of regionalism in the Eurasian continent. Future research could investigate the internal obstacles which also influenced the prolonged accession process.

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