

The Eurasian Economic Union's Expansion Is Encouraging, but Don't Get Too Excited

By [Andrew Korybko](#)

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The recent meeting of the Supreme Eurasian Council in the Armenian capital of Yerevan at the beginning of October saw the reaching of a free trade agreement with the ASEAN powerhouse of Singapore and confirmation that a temporary deal will also enter into force with Iran by the end of the month, but while this trade bloc's expansion is certainly encouraging, observers shouldn't get too excited just yet about its grand strategic implications.

One of the most under-reported stories of the year is that the Russian-led Eurasian Economic Union (EAO) officially expanded at the beginning of October through the reaching of a free trade agreement with the ASEAN powerhouse of Singapore and confirmation that a temporary deal will enter into force with Iran by the end of the month, which should have ordinarily been enough to make most observers pay attention to the geographic growth of this trade bloc. After all, Singapore is known for its mercantile finesse and world-renowned innovation, while Iran is one of the most promising developing economies anywhere on the planet. Furthermore, President Putin remarked in his [keynote address](#) during the meeting of the Supreme Eurasian Council in the Armenian capital of Yerevan that

"The Union is conducting concrete talks on cooperation with 13 countries, including Serbia, Israel and Egypt, and with over 20 international structures and organisations", and that "We plan to launch talks soon on a free trade zone with India, which has a huge, colossal market."

Quite evidently, the EAO still plans to expand, and in a more massive way at that, yet few are paying attention to it.

The reason for this lack of interest outside of the bloc's current and potential members is probably because intra-organizational trade continues to remain low and certain suspicions remain unresolved between its various members, as soberly noted by Valdai Club analyst Piotr Dutkiewicz in his latest article about "[Russia Facing the Challenges of Eurasian Regionalization](#)". The expert pointed these and other problems out in his piece, as well as comparing the EAO with China's [Belt & Road Initiative](#) (BRI), which resulted in him realizing that there's somewhat of an unstated but nevertheless friendly competition at play between the two. Perhaps most importantly, however, Dutkiewicz concluded that "the principal challenge seems to be Russia's domestic economic development. Without improvement in that area, Russia's grand vision and grand Eurasian development schemes may be stopped

at the current – what we can call as – ‘enhanced networking cum free economic space’ level. The stakes are high as either Eurasian projects will reinvent Russia’s regional and global position as a moderator and stabilizer in the emerging continental system, or signify her status as an important but lonely power.”

It’s most likely because of that pressing issue that the international entrepreneurial community at large isn’t too excited about the EAU just yet, but hope remains because President Putin’s signature “[Great Society](#)”/”[National Development Projects](#)” are pioneering Russia’s ongoing systemic economic transition that will ultimately make it and the trade bloc it leads much more attractive in the future. In the meantime, the importance of Singapore and Iran’s free trade agreements with the EAU shouldn’t be downplayed because the first could provide the bloc’s members with a more influential economic toehold in ASEAN than Vietnam (which was the first country to sign such a pact with them) while the second has enormous economic potential so long as its partners are willing to risk the US’ unilateral secondary sanctions wrath against them. If India is ever included in this framework, then a Singapore-India-Iran trading axis could be created under the EAU’s aegis, though it would nevertheless remain incomplete without the participation of EAU-member Armenia’s Azerbaijani rival given that state’s irreplaceable role in facilitating the North-South Transport Corridor (NSTC) that aims to provide Russia with reliable access to the [Afro-Asian \(“Indian”\) Ocean](#).

Egypt, “[Israel](#)”, and possibly even one day Syria’s inclusion in this growing trans-regional trade zone would complement Russia’s “[Levantine Line](#)” of increased economic engagement with the Mideast and would probably be more practical and produce more immediate results than Singapore and Iran’s given the developments made on the [Russian Suez Industrial Zone](#), [Russian-“Israeli” trade](#), and Russia’s ongoing reconstruction efforts in the Arab Republic respectively. Even so, if properly leveraged, the free trade agreements with Singapore and Iran could acquire similar strategic importance with time, but everything ultimately hinges on the success of the “Great Society”/”National Development Projects”. Until tangible progress is made on that front, international entrepreneurial enthusiasm towards the EAU will remain low, quite unlike the attention that it’s receiving from some [Alt-Media](#) commentators who wishfully but mistakenly assume that this strictly economic initiative has some secret political agenda such as recreating the USSR or challenging the West. It doesn’t, nor will it ever, which is yet another argument in favor of why so little attention is being paid to it at the moment, though others might finally take notice if Russia’s economic reforms succeed.

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Andrew Korybko is an American Moscow-based political analyst specializing in the relationship between the US strategy in Afro-Eurasia, China’s One Belt One Road global vision of New Silk Road connectivity, and Hybrid Warfare. He is a frequent contributor to Global Research.

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About the author:

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