

## The Eurasian Economic Union between the EU and China – Chances for more Connectivity in Eurasia?

Closed Workshop, May 2019, Brussels

Europe has two economic integration projects – the well-established European Union (EU) and the fairly new Eurasian Economic Union (EEU), comprising of the post-Soviet countries of Russia, Belarus, Armenia, Kazakhstan and Kyrgyzstan.

At the end of May 2019, the FES EU Office and the FES Vienna Regional Office for Cooperation and Peace in Europe hosted a dozen experts from these countries, from EEU institutions and Brussels-based experts to openly discuss possibilities of further connectivity and cooperation in the region. The outcomes of this one-day workshop were then debated with EU representatives from the European Commission and the European External Action Service.

The EEU member states co-operate closely with Russia but trade increasingly with the EU and would profit from closer economic ties with the Union. However, membership in the EEU, which is a customs union, does not allow for bilateral free trade agreements with third countries. But other ways to increase regional economic connectivity exist. First, the EU and the EEU can work towards alignment or, at the very least, mutual recognition of technical standards and trade procedures – a process that is already (slowly) underway. A much

more ambitious goal would be the creation of a common Free Trade Area between the EU and the EEU, but it's currently off the table for political reasons. Moreover, China is another important player in the region, increasing its stakes in post-Soviet countries, particularly in Central Asia, as part of its large-scale Belt and Road Initiative. Given this constellation, how can regional connectivity best be enhanced? How can the future economic relations in Eurasia be designed so that they benefit the EU, Russia and countries of their joint neighbourhood?

During the workshop, Russia was described as a dominant power within the EEU. However, it's neither using the Union as a political tool, nor doing enough to foster the Union's further integration and prosperity in terms of investments or opening markets. The EEU also faces systemic internal challenges: voting needs to be unanimous and its supranational competences are still weak.

Due to a lack of investment, China's financial support in the region through its Belt and Road Initiative, for example, is increasingly welcomed. But while the Eurasian countries strive to build up their own economies, China's inter-

ests rests solely on exporting goods. Therefore, the Chinese engagement is not only challenging Russia, but also the EU.

The workshop participants voiced divided views over the question of China and the EU, particularly concerning its new Central Asia Strategy, would stand in direct competition. On the one hand, both play their part in different sectors of engagement. On the other hand, “not to compete” was central to European strategic communications, ignoring the politics. As the EU still is the main actor standing for democratic values and freedoms, Eurasian countries are willing to build close ties and benefit from cooperation with Europe beyond economic profits.

All workshop participants agreed that closer ties between the EU and the EEU are desirable. Cooperation would have positive effects to avoid conflicts between the countries and between the two entities. All EEU members are interested in cooperating with the EU. They do

so on a bilateral level already, which however excludes important political issues between the EU and the EEU. Finally, trade is an opportunity to deal with these as far as political problems can be transformed into technical questions.

In sum, the participants stated a lack of political visions in Europe and Russia. The EEU certainly needs some internal reforms and better external promotion, while the EU needs the political will to distinguish between political problems with Russia and EEU cooperation. A more regular dialogue between representatives of both entities on technical issues might be a first step to approach each other.

In the end, the participants agreed on continuing with this format in the future to deepen the mutual knowledge about different states’ perspectives and proceed with ideas for more connectivity in Eurasia.

by Leonard Wessel