

# SOME EUROPEAN-EURASIAN PERSPECTIVES ON REGIONAL INTEGRATION

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Sergey Yun

EUCACIS in Brief

No. 2  
April 2017

PhD Support Programme  
The EU, Central Asia and the Caucasus in the International System



With the support of the  
Erasmus+ Programme



VolkswagenStiftung

## About EUCACIS

“The EU, Central Asia and the Caucasus in the International System” (EUCACIS) is a PhD Support Programme for Postgraduates and Doctoral Researchers in Central Asia and the Southern Caucasus, organized by the Institut für Europäische Politik (IEP) and the Centre international de formation européenne (CIFE). Funded by the Volkswagen Foundation and the programme Erasmus+, it offers scholarships for three years to excellent postgraduates who are working on a doctoral thesis in political science, contemporary history or economics on a topic related to its thematic focus at a university or academy of sciences in the Southern Caucasus or Central Asia (including Afghanistan, the Kashmir region in India and the autonomous region Xinjiang in China).



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It is the objective of the EUCACIS programme to provide intensive PhD research training for its participants to bring them closer to international standards, to support them until they submit their doctoral theses, and to help them establish their own networks with other young researchers in the target regions and in Europe. This will be achieved through four international conferences (in Almaty, Berlin, Yerevan and Bishkek); four PhD schools in Berlin, Yerevan and Istanbul; two research training stays; and continuous online coaching.

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## About the Series

EUCACIS in Brief publishes opinion pieces and short articles written by fellows of the EUCACIS PhD Support Programme, alumni of the Master Programme „The European Union and Central Asia in the International System“ (EUCAIS) and other members of the wider EUCACIS network. It aims at making the debates within the network, notably during the EUCACIS conferences and PhD schools, accessible to a wider public. The papers are available on the programme website: [www.eucacis.eu](http://www.eucacis.eu)

## About the Author

Dr. Sergey Yun, Associate professor at the Chair of World Politics, History Department, Tomsk State University, Russia

## Editorial team

Publishers: Prof. Dr. Mathias Jopp, Director, IEP  
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Editors: Yvonne Braun, Project Assistant, CIFE  
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Layout: Sebastian von Stosch, IEP

Place of publication: Berlin

ISSN: 2627-7190

Internet: [www.eucacis.eu](http://www.eucacis.eu)

Email: [info@eucacis.eu](mailto:info@eucacis.eu)

Hashtag: #EUCACIS

published in April 2017

All nations want security and prosperity, including the countries of Central Asia, those around Central Asia (Afghanistan, China, Iran, Russia, the Caucasian Republics, etc.) and more widely across Eurasia (including the EU). However, economic development comes in varying degrees of success. Additionally, many security problems and complicated interstate relations stand in the way of progress and affluence.

In this context, different (sub-)regional orders and systems in Eurasia are emerging or evolving. Various options for intra- and interregional integration in Eurasia are proposed.

These proposals for integration projects are worthy of attention since they provide economic revenues and build legal and political frameworks for stable, predictable relationships, thereby increasing the interest of countries in cooperation as opposed to non-interaction and confrontation.

The Central Asian countries are at the crossroads of many projects, among them:

- the Eurasian Economic Union;
- the Chinese initiative of the Silk Road Economic Belt;
- the connection Central Asia–South Asia; the corridor Central Asia–Caspian Sea–South Caucasus–Black Sea–Europe (TRACECA);
- the North–South connection through and around the Caspian Sea.

Let us have a short look at two of these initiatives: the Eurasian Economic Union and the Silk Road Economic Belt.

### The Eurasian Economic Union (EAEU)

To Russia, the Eurasian Economic Union is of strong interest. It is widely believed that the Union is only a geopolitical project. In the 1990s, the governments of the post-Soviet states discussed projects of integration, but most of them remained on paper only. Why does Eurasian integration appear to work now? It works because there is real economic interest, because the negotiations are based

on compromise and because interests of third parties are respected. Decision-making through consensus, integration in the areas in which partner countries are particularly interested, the exclusion of those areas in which they are not ready for integration, and the application of national exceptions have allowed to launch the EAEU.

The EAEU is still a rough project, a union in the making:

- The customs union is the core of the EAEU. The current customs code contains numerous exceptions and many aspects of customs regulation remain in the hands of national governments. But a draft version of a new customs code was agreed upon. Its adoption is expected in December 2016. It will include less national exceptions and establish a more harmonised legal framework for business.
- A common labour market already exists, without quotas and requirements to obtain a permission to work. Before 2014, most labour migrants from Central Asia to Russia arrived from Uzbekistan, Tajikistan and Kyrgyzstan. Due to the current economic crisis and stagnation in Russia, however, there are fewer migrants coming from Uzbekistan and Tajikistan, but more from Kyrgyzstan since the country's accession to the EAEU.
- There are areas in which negotiations are conducted with the prospect of creating common markets within 5 to 10 years – for example, a common market of services or a common energy market. The latest news concerns a draft deal on gas price reached in August 2016 between Russia and Belarus: The gas price for Belarus will be denominated in Russian roubles (not in US dollars) and will be equal to the price in Russia by 2025 (gas price in Russia plus delivery costs).

There are different approaches to integration among the EAEU member states. Considering the three largest economies of the Union, the following positions can be observed:

- Russia supports rapid and widespread economic and political integration;
- Kazakhstan stands for integration in the economic sector only and for preservation of national control;
- Belarus is in-between these positions: It prefers economic integration but does not exclude some integration in the political sphere (e.g., there is no border control between Russia and Belarus).

Nonetheless, different approaches and views do not prevent the member countries from developing the union. Moreover, in the case of Kazakhstan, the membership in the EAEU does not mean that Astana has rejected its multi-vector foreign policy. In Central Asia, it is Kazakhstan that has the most advanced relations with the EU and NATO.

The interest of other countries in cooperation and integration with the EAEU is an indicator of the Union's economic viability. The President of Kazakhstan, chairman of the Supreme Eurasian Economic Council in 2016, took the initiative to enhance the development of the Union's external relations:

- The EAEU signed a Free Trade Agreement (FTA) with Vietnam, which entered into force on 5 October 2016.
- There are talks on a free trade zone between the EAEU and India. The prospects of an FTA and other forms of cooperation are currently studied by a joint research group.
- There are negotiations with China on an economic cooperation agreement.
- There are preliminary talks with Iran, Serbia, Singapore, South Korea and others.

The EAEU member states are also discussing the issue of relations with the EU. The EU's refusal to establish official ties with the EAEU (even before the Ukraine crisis) is considered from the Russian perspective as being motivated by geopolitics, which the EU itself always criticises. The recently adopted "Global Strategy for the European Union's Foreign and Security Policy" (June 2016) states that the EU will support "cooperative regional orders worldwide". In the

context of the strategy, "cooperative regional orders" mean voluntary forms of regional governance. The EAEU is a voluntary project. Try to talk with Astana or Minsk using pressure and threats, you will never succeed!

While there are no official relations, there is a discussion between the European Commission and the Eurasian Economic Commission in the framework of joint research projects run by European and Russian research centres. One such project is still being implemented: It is a cooperation between the Austrian International Institute for Applied Systems Analysis and the Centre for Integration Studies of the Eurasian Development Bank. We need more expert discussion involving officials from different sides.

### The Silk Road Economic Belt

There is an ambitious Chinese initiative called "The Silk Road Economic Belt", but so far it has raised more questions than offered answers. There is a political understanding "to link" the Silk Road Economic Belt and the EAEU. But in Russia, some scepticism exists concerning the Silk Road Economic Belt, including from Russian economists. For instance, doubts are expressed about the economic viability of rail transport from China to Europe through Kazakhstan and Russia. According to their calculations, it is much more expensive than to carry goods by sea. Cost-effective transportation is possible to Central Asia and to Russian regions which are far from the sea, but not to Germany.

But there are other areas covered by the project, not only transport. The Russian position is: Let's discuss, consider and negotiate. The aim is not to remain out of the process, but to try to safeguard national interests while being an "insider".

### Conclusion

I plead in favour of pragmatism instead of geopolitics, for diplomacy and negotiations to harmonise interests and policies. Every integration project can bring positive results at the cross-border, bilateral or (sub-, trans-) regional level.