The Prospects for the Conjugation of the Eurasian Economic Union and Chinese “One Belt, One Road”

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ABSTRACT

Since the member states of the Eurasian Economic Union and China agreed on “conjugation”, Eurasian integration has become more than an advanced form of cooperation between several countries. It is about the establishment of closer relations between the Eurasian Economic Union, an economic organization made up of several post-Soviet nations, and the Chinese initiative “One Belt, One Road”. The Eurasian Economic Union is one of the most successful post-Soviet regional economic integration projects which consists of Kazakhstan, Russia, Kyrgyzstan, Armenia and Belarus. Those states want to increase the level of mutual trade and investment, competitiveness of respective economies and overall level of economic development by means of free trade without barriers. Belt and Road Initiative aims at broader international cooperation to develop prosperity and economic growth both inside China and that of developing countries. That can be achieved by cooperating on creating mutual policies, facilitation of connectivity (transport, electricity, and communication infrastructure) and unrestricted trade among others. By conjugating two projects, the member states of the EAEU and China want to cooperate on infrastructure and trade facilitation projects by choosing important sectors of economy and investing in their development. Carrying out such a big project requires close collaboration between all parties involved and can potentially result in a slew of issues relating to each party’s interests. As a result, the academics and some specialists have been concerned about the problems and prospects of this project. This article analyses some of those views and concludes that overall, there are both elements of cooperation and competition in relations between the EAEU and China just like in any other cooperation initiative. Still, the parties involved will benefit more than they can lose if they focus all of their efforts on effective collaboration, which will reinforce their positions in the international arena. Both the EAEU member states and China's governments are undoubtedly aware of the potential for conflicts and opportunities, and have taken steps to concentrate on the latter.

Keywords: EAEU, BRI, BELT AND ROAD INITIATIVE, RUSSIA, CENTRAL ASIA, CHINA, TRADE
Introduction

Eurasian integration has been taking a unique form as the word “conjugation” appeared on the agenda of the Eurasian Economic Union (the EAEU) and China. It concerns the development of tighter relationship between the Eurasian Economic Union, which is an economic organization comprised of several post-Soviet countries, and the Chinese initiative of “One Belt – One Road” (the BRI). The President of the Russian Federation, Vladimir Putin, called this conjugation plan “an integration of integrations” and later, “the Greater Eurasian Partnership” (Shakhanova and Garlick, 2020).

Both the EAEU and China's leadership have expressed a willingness to cooperate to foster further economic growth by means of increasing the connectivity between the countries involved. So, on 8 May 2015 in Moscow Putin, on behalf of the EAEU chairman, and the President of People’s Republic of China, Xi Jinping, agreed to conjugate two projects, the EAEU and the BRI (Kaneshko, 2017). The agreement between two presidents states that “political institutions, investment funds, development banks, currency regimes, and financial structures will all be coordinated to serve a large free trade region connecting China with Europe, the Middle East, and Africa” (ibid.).

The prospects of conjugation are generally viewed positively by the officials of both China and the members of the EAEU. “The formation of the Greater Eurasian Partnership, its conjugation with the One Belt - One Road strategy will expand the integration contour, allow the development of new technologies, and implement global megaprojects in the Eurasian Economic Union”, says Sergey Sidorsky, Minister of the Eurasian Economic Commission (Mihailenko, 2018). On the other hand, some scholars have expressed more cautious assessment of its prospects. A number of scholars have been expressing their concerns with regards to the compatibility of two projects, in particular, in relation to the diverging economic and political goals of the EAEU and BRI. As a result of the growing interest in the conjugation of the two projects, the issue of how the BRI fits into the Eurasian Economic Union is discussed in this article. Are their goals in sync or are they at odds?

To develop the main argument of the article, first, the history, structure and goals of both EAEU and BRI, individually, are presented. Next, the idea of conjugation followed by key scholarly analysis is discussed. In the concluding part, the complications in relation to the conjugation as well as prospects for its success are analyzed.

Eurasian integration – Eurasian Economic Union

The Eurasian Economic Union is one of the most ambitious and, by far, most successful regional economic integration projects in the post-Soviet space. The EAEU started its work on January 1 of 2015 when the Treaty of the Eurasian Economic Union entered into force.

Before the Eurasian Economic Union, there had been several other attempts at integration. First, after the breakup of the Soviet Union in 1991, the Commonwealth of Independent States (CIS) was formed to preserve the post-Soviet countries' close relations (Korolev, 2015). However, since a more focused emphasis
on economic issues was expected, which the CIS did not meet, the Customs Union was formed between Russia, Belarus and Kazakhstan. Following it, the Eurasian Economic Community (EurAsEC) was established in 2000 on the territory of Central Asia and Russia; however, it dissolved in 2015 in favor of the Eurasian Economic Union (ibid.).

Currently, the EAEU consists of five members: Russia, Kazakhstan, Belarus, Kyrgyzstan and Armenia. The operation of the organization is regulated by a supranational body, the Eurasian Economic Commission. The Commission makes binding regulatory decisions, operational and administrative directives, and nonbinding recommendations to member states. Its work is overlooked by the Union's supreme body, the Supreme Eurasian Economic Council that consists of heads of the Union's member states (Kaczmarski, 2017). The Supreme Council considers the most important aspects of the Union's operations, develops the policy, directions, and opportunities for cooperation with other parties, and makes the key decisions to achieve the Union's objectives. The Supreme Council’s role is to address and take decisions with regards to the most critical aspects of the Union's activities, to create strategies and realize opportunities for collaboration with other countries and organizations (Roberts, 2016).

By joining this organization and cooperating, the members hope to improve their respective country’s economy by increasing the cooperation between the members in the field of trade and investment. The most prominent strategic goals include eliminating all existing tariff and non-tariff barriers and harmonizing rules and regulations for trade within organization and with the countries outside of it.

By 2020, the EAEU had reached several milestones. In 2018, a new Customs Code was adopted with the goal of encouraging quick and unimpeded flow of products across borders. Next, the EAEU members were able to establish a common labor market (Iana and Popescu, 2014). This common labor market removed all the barriers for the people willing to work in other countries of the EAEU. It developed social protections for the people moving across the borders looking for jobs (Eurasian Economic Commission (d), 2018). Furthermore, multiple Free Trade Agreements have been signed with several countries including the People’s Republic of China (ibid.).

While there have been successes in establishing agreements and implementing several objectives of the treaty, the process has also had some shortcomings, especially with regard to the volume of trade. The goal of the Union has been to simplify all border formalities in order to increase the trade between the members. However, when the organization was established in 2015, the level of trade decreased instead of going up. While in 2015 the value of trade made up 63,1 billion US dollars, in 2015 it dropped to 45,6 billion dollars and by 2015, it continued to fall to a mere 43 billion US dollars (Eurasian Economic Commission (e), 2019 ). In 2017, the situation turned around and trade started to recover. However, even by 2019, trade had not reached its “pre-Union” level (ibid.).

The dynamics of intra-EAEU trade at that period can be explained by the economic situation in the world starting from 2014. First of all, the price of oil went down significantly in 2014 which contributed to the devaluation of Russian, Kazakhstani and Belarus currencies. Next, the Russian-Ukrainian, affected trade
between the EAEU and led to phenomena such as smuggling. Among other problems of the EAEU integration mentioned by the expert there is the absence of diversified exports and the undeveloped transport infrastructure (Kukushkina and Ostrovskaya, 2013; Svetlichnii, 2018).

In academic circles, many scholars have been interested in the EAEU, in particular, because it is seen as “Russia’s most consistent and concerted attempt at integration since the break-up of the Soviet Union” (Lukyanov 2014; Kaczmarski, 2017). As a result, two camps of scholars have emerged with regard to the interpretations of the EAEU: one camp emphasizing the geopolitical significance of the project and the other camp accentuating its practical economic importance. Scholars like Bordachev (2014), Gvosdev and Marsh (2014), Sakwa (2015) claim that the Eurasian Economic Union is practically a Russia’s attempt at maintaining its influence in Central Asia and Eastern Europe (Kaczmarski, 2017). In particular, having the union under its own leadership is claimed to help Russia to hold its position against the United States, European Union and China (Sakwa 2015; Kaczmarski, 2017). However, academics like Leshukov (2016) and Glinkina (2015) counter that being in the organization can bring more benefits than staying out of it. All the members of the organization have joined it for specific purposes and if the members cooperate and regulate the conflicts effectively, they will be able to achieve those goals. Furthermore, Libman (2017) and Krzysztof Falkowski (2018) argue that the Russia Federation’s presence in the organization is important because it is the driving force of development by means of investments, technological assistance and free access to its huge market. Overall, Saliyeva (2019) claims the structure and the development of the EAEU is not very different from other integrations which also have dominant members such as South African Customs Union and NAFTA. Her argument means that having a slight disbalance in the level of economic development or political power does not make an organization unsuccessful and unpromising.

Chinese initiative “One belt, one road”

The PRC, as the second largest economy in the world, has been using its accumulated economic and political potential for innovative development both in the field of domestic and foreign policy. The Belt and Road initiative is one manifestation of this new ambition. The Belt and Road initiative has a massive scale since it intends to build three trans-Eurasian economic corridors and two sea routes that will link developing with developed countries (Shukhno, 2019). The strategy includes "Silk Road Economic Belt" (SREB), which will link countries across the Eurasian continent, as well as the "21st Century Maritime Silk Road," which will connect China to the Indian Ocean, the Persian Gulf, and the Mediterranean Sea, as well as the South Pacific region (ibid.). In all of these regions, the creation of corridors will be done by the construction of transportation and logistics infrastructure. According to the experts, the Belt and Road initiative could bring together more than two-thirds of the world's population, which makes up around 55% of global GDP and includes the richest reserves of resources in the area where the project is taking place (Svetlichnii (2018), Shukhno (2019)).
The Silk Road Economic Road will lead through Central Asia, which is why on September 2013 Xi Jinping proposed the idea of rebuilding the Silk Road during an official visit to the capital of Republic of Kazakhstan (Kaczmarski (2017), Svetlichnii (2018)). The Chinese Silk Road refers to the ancient Silk Road’s history and its “trade and cultural exchanges” as well as “peace and cooperation” (Kaczmarski, 2017). The Silk and Road Economic Belt represents a major strategy to connect China and Central Asian countries to Europe (ibid.).

Since the idea was first proposed, it has been among the top priorities of China’s foreign policy ever since (Svetlichnii, 2018). As a result, the Silk Road Economic Fund was founded by the Chinese government in late 2014 (Kaczmarski, 2017) and in 2015 a document titled “Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st-Century Maritime at the 2015” was put forward at the Boao political-economic forum (ibid.). It has a concrete outline of the principles on which China would like to implement the initiative including the key ideas, cooperation plans, mechanisms for regulation of the BRI. According to this document, the Belt and Road Initiative is based on cooperation features such as “mutual respect and trust, mutual benefit and win–win cooperation, and mutual learning between civilizations” (ibid.).

Rather than creating new institutions dedicated solely to BRI, the document advocates the use of existing bilateral networks and multilateral forums. The plan also involves the proposal to hold frequent international summits (Kaczmarski, 2017). So, in May 2017, Beijing organized its first ‘Belt and Road Summit’ (ibid.). By that time over 100 states and organizations expressed their wishes in taking part in the initiative (ibid.).

In general, the emerging Eurasian strategy of China, on the one hand, is aimed at ensuring optimal external conditions for promoting the external and internal economic interests of the state, and on the other, broad international cooperation is viewed in China as an important condition for ensuring security and stability in modern Eurasia. In Chinese official and academic discourse, the BRI is presented as a modern paradigm for international cooperation (Kaczmarski, 2017). The initiative's main drivers are prosperity and economic cooperation and growth. Cooperation on creating mutual policies, facilitation of connectivity (transport, electricity, and communication infrastructure), unrestricted trade, which implies the removal of recurrent investment and trade barriers as well as financial integration, are among the project's goals, as presented by the Chinese government in 2015 (ibid.). That, according to the Action Plan, unimpeded trade can be achieved through lowering the number of non-tariff barriers, improving the transparency in trade and enhancing customs cooperation according to the WTO Trade Facilitation Agreement (Svetlichnii, 2018).

Several scholars relate the idea of the BRI to a broader shift in China's foreign policy under Xi Jinping's leadership in the direction of a successful international cooperation (Cohen, 2015; Kaczmarski, 2017). So, as Larin & Matveev (2014) claim the initiative meets China's economic needs, corresponds to the country's increasing economic strength, and represents political aspirations as the position of China in the international arena strengthened (Kaczmarski, 2017). Some other scholars (Shambaugh, 2015; Denisov 2015) emphasize the role of the BRI as a soft power and public diplomacy tool for Beijing. As Kaczmarski (2017)
claims, China, which has been developing very quickly, understands the needs of other developing countries and so, offers mutually beneficial cooperation.

The conjugation of the Eurasian Economic Union and “One belt, one road”

China has historically been EAEU member states' most significant trading partner and the cooperation between the EAEU and China has had economic and historical premises. Furthermore, unlike with other trading partners during the crisis years, the EAEU countries' trade with China is marked by the absence of large and long-term declines (Shukhno, 2019). Even though there was a small decline in trade turnover in 2020 because of the Coronavirus pandemic, China still continues to be the EAEU member states' most important trading partner in Asia by being first among other countries in foreign trade turnover (Eurasian Economic Commission (a), 2020). China made up 20.1 percent of the EAEU's volume of trade from January to August 2020 which accounted for 6.3% decline (ibid.) This decrease in foreign trade turnover according to the EEC board can be regarded as a slight drop when compared with more significant falls in trade with other countries (ibid.).

Additionally, certain members of the EAEU have been working with China on bilateral level for a long time. For example, China and Kazakhstan have been actively promoting cooperation between One Belt One Road and Kazakhstan’s national economic strategy “Nurly Zhol” (Bright Path) (Shakhanova and Garlick, 2020). Kazakhstani government agreed on coordination of two projects in 2016 by signing “The Cooperation Plan on Coordination of the New Economic Policy ‘Nurly Zhol’ and the Silk Road Economic Belt between the Government of the Republic of Kazakhstan and Government of the People’s Republic of China, 2016 (Shakhanova and Garlick, 2020). As a result, China is not a new trading partner and the shared history with ancient Silk Road, geographical proximity and current trading level prove it.

The President of Russian Federation Vladimir Putin proposed to couple the BRI with the EAEU in May 2015 (Shakhanova and Garlick, 2020). As a result, the “Joint declaration of the Russian Federation and the People’s Republic of China on Cooperation in Coordinating Development of the Eurasian Economic Union and the Silk Road Economic Belt” was signed between two sides in 2015 at the summit in Moscow (Kaczmarek, 2017). A legislative framework of the cooperation was established when all the involved parties to the agreement finished the necessary ratification procedures and the Agreement on Trade and Economic Cooperation between the EAEU and the PRC was signed within the framework of the Astana Economic Forum on May 17, 2018 (Shukhno, 2019). It entered into force on October 25, 2019 (Eurasian Economic Commission (b), 2020). Under this agreement, China and the EAEU agreed to collaborate on infrastructure and trade facilitation initiatives (Shakhanova and Garlick, 2020). The conclusion of the agreement marked the first step towards the conjugation of two projects. The agreement is the foundational document that defines the fundamental principles of EAEU-China trade cooperation. It led to the creation of several institutions of interaction, and the Joint Commission for the Implementation of the Agreement is one of them (ibid.).
Veronika Nikishina, Minister of Trade of the Eurasian Economic Commission (EEC), stated that: “This is an important stage that regulates the entire structure of trade and economic relations between the Member States and the PRC. The Agreement creates a qualitative legal framework for our trade and economic cooperation across a wide range of issues, such as customs cooperation, technical barriers to trade, sanitary and phytosanitary measures, trade protection measures, e-commerce, intellectual property and etc.” (Shakhanova and Garlick, 2020).

The agreement does not provide for the abolition of non-tariff barriers or the reduction of duties making it non-preferential in nature (Eurasian Economic Union (c), 2019). As the Commission’s minister Nikishina claimed: “The economies of the EAEU-members are not objectively ready to have a free trade regime with China, at least in the short term” (Shakhanova and Garlick, 2020). However, according to the agreement, it is expected that the cooperation will lead to a high level of regulation system transparency, simplification of trade processes, which in turn will improve the access of goods to each other’s markets and strengthen cooperation relations. (ChinaLogist.ru, 2020). Currently, the key areas for cooperation, as claimed by Andrey Slepnev, EEC Minister for Trade, also include digitalization of trade, food and promoting enterprise cooperation. Zhong Shan, PRC Minister of Commerce and Slepnev argue that information exchange on goods and transportation moving from one country to another may help to create conditions for easier movement of goods across the customs border (ibid.). As a result, “the Agreement on the Exchange of Information on Goods and Means of International Transport Moved across the Customs Borders of the EAEU and the PRC” was signed in Saint Petersburg on June 6, 2019 (Shukhno, 2019). The implementation of the Agreement can make international trade procedures between the EAEU and the PRC easier and quicker as well as more attractive for the enterprises as it means guaranteeing such benefits for the involved parties as accelerated customs clearance, decrease in unreasonable customs delays and protection of intellectual property among others (Eurasian Economic Commission (c), 2019). The first step of implementation will involve sharing information connected to goods moved through automobile checkpoints for particular agreed items (Shukhno, 2019). Next, as the technical readiness will be achieved, the range of information will increase (ibid.). Still, to realize the Agreement, signing a Protocol between the central customs authorities of the EAEU member states and the General Customs Administration of the PRC is needed to define all the necessary rules and regulations with regards to information exchange (ibid.)

In addition, the Agreement contains a radically new set of regulations dedicated to sectoral cooperation between China and the EAEU providing for interaction in crucial sectors of the economy. It involves selecting investment projects and developing action plans for their implementation (Eurasian Economic Commission (b), 2020). As a result, thirty-nine projects were chosen from a list of projects submitted by national governments of the EAEU connected to transportation, infrastructure, and manufacturing projects prepared by national governments (Shakhanova and Garlick, 2020). All of the chosen projects included potential benefits for at least two of the members of the EAEU and were supposed to be coordinated with the Chinese transport system (ibid.). At the same time, industrial projects were also chosen
with the goal to create production chains between the producers of each EAEU member state (Shakhanova and Garlick, 2020). As a result, the practical implementation of the conjugation of two projects may facilitate the connectivity between the EAEU and China by combining the capabilities of transport systems.

When it comes to the conjugation process, even though there has been some quantitative and qualitative progress in trade and economic cooperation, there is still a lot of careful, complex, and time-consuming work to be done to realize all the projects that the parties included in the Agreement on Trade and Economic Cooperation. The agreement went into effect in October 2019, but the Joint Commission on Implementing the Agreement on Trade and Economic Cooperation between the Eurasian Economic Union (EAEU) and the People's Republic of China (PRC) only met for the first time in October 2020 (Tass, 2020). During the first meeting, the parties made some general conclusions and stressed the importance of the conjugation of two projects and development of further conditions for effective cooperation as well as the need for action plan.

Among positive processes that have been taking place is digitalization which has been developing quickly primarily because of the pandemic (Eurasian Economic Commission (a)). Following the global trends and despite the absence of the digitalization agenda in the agreement, two parties have been developing the integration in a modern digital way. According to Bakhyt Sultanov, Minister of Trade and Integration of the Republic of Kazakhstan, online trade has grown 2.5 times since the outbreak of the pandemic (ibid.). Digital platforms, according to a Kazakhstan government official, reduce the number of barriers to market for small and medium-sized enterprises. For example, 50 Kazakhstan companies gained access to the Chinese online market in 2019 after being promoted to the status of gold supplier on the Alibaba platform (ibid.). In this regard, the minister hopes that e-commerce will develop and that by 2025, online trade will account for 15% of Kazakhstan's economy (Eurasian Economic Commission (a)).

Currently, the parties are also discussing abandoning dollar as calculations between the Eurasian Economic Union (EAEU) and China using the dollar and euro result in losses for both their businesses and their budgets (Shokhina, 2020). During the forum "Conjugation of the Eurasian Economic Union and the Chinese Initiative" One Belt, One Road it was agreed that to prevent losses due to exchange rate fluctuations and to stop being affected by foreign sanctions, the EAEU and China should make calculations in national currencies or their own supranational currency (ibid.). "It's not about politically separating from the USA and the EU, ... simply the current state of monetary and financial relations in the international market does not correspond to the interests of many countries," claimed a Member of the Board, Minister in charge of Integration and Macroeconomics of the Eurasian Economic Commission Sergei Glazyev (Shokhina, 2020). He considers that trading at the prices which cannot be controlled by the parties may result in significant losses for enterprises (ibid.)

Prospects and potential problems

Implementing such a large-scale project requires strong cooperation between the involved parties and
may run into numerous problems with relations to the interests of each party. As a result, there have been many discussions among the academics and experts related to the prospects for such cooperation.

A number of scholars claim that the conjugation of the EAEU and BRI in Eurasia means that the two projects are competing by default. Some academics argue that the changes in the position of China in Central Asia as a result of BRI implementation can pose a threat on Russia’s place in the region (Shakhanova and Garlick, 2020). For example, Shakhanova and Garlick’s study (2020) analyzed 56 speeches of the EEC officials to understand their views on the cooperation between the EAEU and BRI. The author concluded that the first common view on this project by the Commission members is “to counteract or contain competing” initiatives like BRI in Central Asia. Experts such as Shukhno (2019) and Shamakhov and Vyacheslav (2019) are also worried that conjugation can fuel contradictions between Russia's and China's interests in Central Asia.

First of all, contradictions may be connected to the sphere of economy. Shukhno (2019) suspects that the clash of interests may happen because of unequal economic potential of the EAEU and China. Currently, there is only one non-preferential agreement between China and the EAEU which means that tariff import duties are not reduced either by China or by the EAEU. If China wishes to expand free trade with the countries of the EAEU, despite the attempts to protect their local production, the EAEU members’ local economies are unlikely to withstand the competition with more developed Chinese production (ibid.). As a result, the objective to export more products to China may not be achieved while local production can halt. Moreover, liberalization according to Kofner (2020) can mean that the EAEU will continue importing more goods with high added value such as electrical and non-electrical machinery, transport equipment, and so on, while at the same time exporting raw materials, which can eventually impede the development of the industrial sector. The EAEU’s 70% of export to China consist of mineral products, while the share of machinery and equipment is only around 3% (Shukhno, 2019). At the same time, the share of machinery and equipment that the EAEU imports from China makes up 54.8% (ibid.).

However, it is also highly possible that the cooperation may result in beneficial investments for the EAEU states. The Chinese government can invest in production facilities in the EAEU member countries’ which will help to develop their production (ibid.).

On top of that, as Shukhno (2019), Director of the Department for the Development of Integration of the Eurasian Economic Commission, not creating a free trade zone does not mean that other types of economic cooperation may not be formed. So, integration might not be instant but rather gradual and step-by-step with the consideration of all possible risks and benefits. The current agreement signed by two parties allows countries and businesses to adapt gradually to the new economic relationship which later can lead to a more ambitious level. Proper policy coordination can strengthen economic cooperation between two parties. As it was claimed by Assistant to a member of the Board (Minister) for Trade of the Eurasian Economic Commission (EEC) Sergey Chernyshev, "We are not afraid of a free trade zone with China, as well as discussions of any other structures. The main thing is that they are convincing for us and have calculated
economic effects. This work still needs to be done” (Mir Peremen, n.d.) Thus, further trade liberalization between the PRC and the EAEU will depend on its proper coordination and effective calculation of costs and benefits.

When it comes to other potential sources of tension between the members, Shamakhov and Vyacheslav (2019) point out that the EAEU is primarily an economic organization, and its primary goal is achieving economic benefits, while China is interested in discussing political, social, and cultural spheres. The scholar sees the problem in lower progression of cooperation since there are not a lot of points of contact. Kaczmarski (2017) however, argues that not having a common end goal is what makes these projects compatible. He claims that both Russia (which is the dominant EAEU member) and China are pursuing different goals by coupling two projects which makes it unlikely for them to fight for the same prize. Based on the argument of influence-building, the author claims that Russia is interested in keeping its role as a great power and bolstering its influence over the Central Asia which makes the Russia’s goal political. At the same time, China is more interested in tangible economic benefits of cooperation. Due to those differences, it is unlikely that the serious tensions will arise between the Eurasian Union and the Belt and Road Initiative (Kaczmarski, 2017)

At the same time, many scholars see the Russian and Chinese projects as complementary, claiming that both sides have something to offer to each other and emphasizing certain longstanding interdependence between all the countries involved (Karaganov et al., 2015; Shakhanova and Garlick, 2020). The conjunction project can be win-win for both parties. Both sides, the EAEU on the one hand and the PRC on the other pursue their own interests and have own expectations from conjunction of two projects. When it comes to the Chinese side, Shukhno (2019) says that China is primarily concerned with getting access to new markets all the while speeding up economic growth of different regions of the world. To connect China with other regions, especially Europe, the geographical location of Central Asia is advantageous. Thus, Central Asia can serve as a bridge to the European Union for China (Eurasian Economic Commission (a), 2020).

As for the EAEU, the interests are no less ambitious. First of all, China can boost the EAEU countries' economies by investing in different projects such as transportation, transit, electricity, manufacturing, technical, and agricultural capacity, which will result in strengthening EAEU’s overall integration potential. Based on some estimates, the total amount of Chinese direct investment in the economies of EAEU countries under the Belt and Road Initiative could exceed $ 250-300 billion over the next two decades (Shukhno, 2019).

Second, the EAEU gets access to the Chinese market, thus expanding its export potential. Next, the EAEU member states can improve their technological potential in high-tech areas by cooperating with China. Other benefits include creating new jobs, improving infrastructure, developing connectivity, facilitating sustainable economic development, etc.

At the same time, the EAEU members have individual interests in relation with China. Most of those interests are particular to each member but in general include improving infrastructure and increasing trade.
For example, as Shukhno (2019) claims, Armenia aims to develop its energy, transport and other sectors by cooperating with China. Belarus’s government hopes to draw Chinese capital for the implementation of its production projects.

In general, it can be concluded that there are elements of cooperation and competition in relations between the EAEU and China just like in any other cooperation initiative. However, the parties can gain more than lose if they put all their effort on proper cooperation because it will strengthen their positions. It is likely that the governments of both the member states of the EAEU and China are aware of the potential for tensions and opportunities and have taken measures to focus on the latter.

References


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