



/PER
SPEC
TIVE

Time to let down the drawbridge

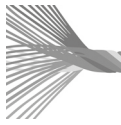
Alexandra Dienes
January 2020

Why
engagement
with the
Eurasian
Economic
Union is in
the EU's best
interest

**FRIEDRICH
EBERT** 
STIFTUNG

**FES Regionalbüro für
Zusammenarbeit und
Frieden in Europa**

FES Regional Office for
Cooperation and Peace
in Europe



Introduction

The Eurasian Economic Union (EEU) has just celebrated its fifth anniversary. It is worth drawing preliminary conclusions about its engagement with the European Union, which is still the EEU's biggest trading partner (the share of Asian partners steadily growing). A free trade agreement with the EU is one of the declared goals of the EEU's foreign policy. Yet the EU's drawbridge remains pulled up: So far the EU has refused official recognition and high-level dialogue with an organisation seen as controlled by Russia. Instead, the EU insists on bilateral trade relations with EEU members. Despite political problems with Russia and EEU weaknesses, this is a remarkable attitude for a global player that has committed itself to regional integration from its inception.

This policy paper is a final step in a three-year monitoring process of Eurasian integration, summarising and refining its main findings. The research project started with a fact-finding mission to the institutions of the EEU in Moscow in 2017, as well as interviews and several workshops with OSCE officials and diplomats. It resulted in the report "[Engage! Why the EU should talk to the Eurasian Economic Union](#)" (2017). The report concluded that, despite difficulties, engagement with the EEU is in the EU's interest.

In the next step, in 2018 and 2019 the report "Engage!" was presented in a roadshow in all five member states of the EEU, as well as the EU (Brussels) and Germany. This policy paper is based on the results of these discussions, as well as additional research and information received in background talks and interviews with academic experts and government officials in seven countries.

Among the interviewed officials were policy-makers from Ministries of Foreign Affairs and Ministries of Economy, Members of Parliaments (including the German and the European Parliaments), officials from the Eurasian Economic Commission, Eurasian Court and Eurasian Development Bank, officials from DG Trade and European External Action Service, as well as functionaries of national and international business associations. The full list of interview partners and public discussions can be found in the **annex**.

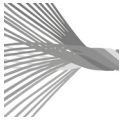
This paper is certainly not the last word on EU-EEU relations, which is an open-ended process and can lead to a

free trade agreement only if the political climate changes (i.e., movement on Donbas). Yet smaller cooperative steps are possible and, so this paper argues, imperative in the meantime. One thing seems clear: **The EU's rejectionist stance towards the EEU is untenable and harms its own interests and the interests of its neighbouring countries.**

Just to keep the basics in mind: The EEU was formed in 2015 on the basis of a previously established Customs Union (2010) by Russia, Kazakhstan, Belarus, Armenia and Kyrgyzstan. These post-Soviet countries co-operate closely with Russia but trade increasingly with the EU and would profit from closer economic ties with the Union. Conversely, more pro-Western oriented countries of the Eastern neighbourhood (like Georgia, Ukraine and Moldova, who concluded Association Agreements and established Deep and Comprehensive Free Trade Areas with the EU) would also profit from the easing of tensions and the promotion of trade with Russia. The current lack of cooperation between the EU and the EEU hampers an increase in prosperity and possibly even security.

Much like the EU, the EEU aims at economic integration and free movement of people, goods, capital and services. Despite not being a full-fledged economic union and facing numerous internal challenges, disputes and petty trade wars, the EEU represents the most far-reaching (and successful) integration attempt in the post-Soviet space so far¹. In the five years since its inception, the EEU has achieved harmonisation of external customs tariffs, has abolished most internal customs borders and has reduced constraints on labour mobility. It has established a common market for pharmaceutical products and plans to finish a common energy market by 2025.

¹ Elena Kuzmina and Tatiana Isachenko (2019): State of the Union: Possibilities and Perspectives for the Eurasian Economic Union. Friedrich-Ebert-Stiftung Moscow; Jeronim Perovic (2019): Russia's Eurasian Strategy. In Michael Haas et. al (eds.): Strategic Trends 2019, ETH Zürich Center for Security Studies; Rilka Dragneva and Kataryna Wolczuk (2017): The Eurasian Economic Union: Deals, Rules and the Exercise of Power. Chatham House.



The EEU's international outreach is more than lip service. Through its supranational body, the Eurasian Economic Commission, the EEU concludes free trade agreements with other states (Singapore, Serbia, etc.), seeks official WTO observer status, works on agreements with Mercosur and ASEAN and already has a cooperation agreement with China. Given the amount of work already done and institutional structure put in place, the EEU is likely to endure. In the future the EEU is likely to deepen integration between members and reach out globally. This is why the EU is well-advised to take this organisation seriously and consider closer engagement with it.

By cooperating with the EEU as an institution the EU would signal:

- its commitment to multilateralism and regional integration initiatives;
- its interest in pragmatic cooperation with Russia, without disregarding fundamental political challenges and problems;
- its commitment to smaller partners in Eastern Europe, the Southern Caucasus and Central Asia, who did not cause the Russia-West fallout but face diminished economic opportunities as a result of it.

Three concrete opportunities for the EU could arise from its engagement with the Eurasian Economic Union:

1. **Keeping the region:** maintain dwindling economic clout in the neighbourhood and counterbalance the growing Chinese influence in Eurasia;
2. **Engage to shape:** exert influence on the nascent and not yet fully functional Eurasian Union and re-engage Russia through its multilateral framework;
3. **Be a trend-setter:** reduce trade barriers in a 180 million people market and set technical standards in Eurasia.

1. Keeping the region

The EU should take note of the shifting power dynamics in Eurasia and watch out for its dwindling economic clout in the neighbourhood – since it is drifting away to Russia and China (see figure 1). While the EU can closely cooperate with some of the neighbouring states (e.g. DCFTA signatories), it has very limited opportunities with those who are members of the EEU. The reason is that customs unions like the EEU (or the EU, for that matter) negotiate trade agreements collectively – so a member cannot conclude bilateral trade deals. This implies that EEU members are “locked in” and indirectly punished through the absence of an EU-EEU dialogue².

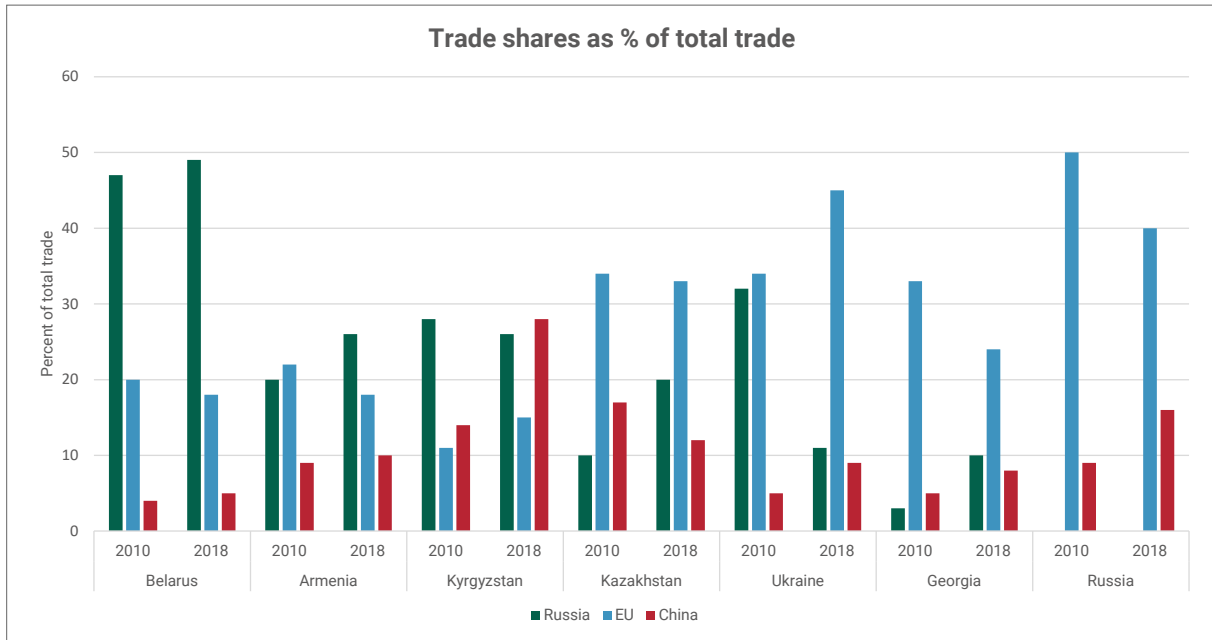
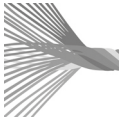
Trade figures speak for themselves and reveal four take-aways:

1. Russia and the EU, but also increasingly China, are preeminent trading partners in the region. This is true not only for all members of the EEU but also for Georgia and Ukraine, DCFTA signatories with a difficult track record with Russia³.
2. The EU's importance as a trading partner has grown only in Kyrgyzstan and Ukraine. In all other countries, even in Georgia, the Russian trade share has increased.
3. The trade share of China has grown in all countries (bar Kazakhstan)⁴. In Kyrgyzstan, China has even overtaken Russia and the EU as the most important trading partner.
4. Russia is noticeably re-orienting its trade towards China and away from the EU.

² The incompatibility between customs unions also means that DCFTA signatories cannot become EEU members because they made commitment to adopt EU standards and adjust their tariffs. EEU tariffs are higher than in the EU.

³ Notably, in Ukraine Russia is the biggest investor. In Georgia, Russia is the third largest trading partner after the EU and Turkey thanks to the gradual normalisation of relations since 2012. The economic effect of a recent cool-off in Russian-Georgian relations is yet to be seen (Moscow cancelled flight connections in response to protests sparked by an official visit of a Russian parliamentary delegation in summer 2019).

⁴ Which is not to underestimate the expanding oil deals with China and growing BRI engagement. Cf. Sebastian Krapohl and Alexandra Vasileva-Dienes (2019): The region that isn't: China, Russia and the failure of regional integration in Central Asia, *Asia Europe Journal* <https://link.springer.com/article/10.1007/s10308-019-00548-0>



Source: UN Comtrade, own calculation

Note: Ukraine is the only country where overall trade volume shrank, due to the conflict in Donbas (by 7%, or to 104 bln \$ in 2018, down from 112 bln \$ in 2010). The EU, while being Ukraine's biggest trading partner at the moment, still cannot compensate for the loss of trade with Russia in its entirety.

What do these data imply for the EU? First, countries of Eurasia rely on both the EU and Russia as major trading partners and would therefore profit from simplified trade, reduced tariffs and unified standards – in other words, EU-EEU cooperation. Second, the market is increasingly drifting away to China (see box 1), particularly in Central Asia and Armenia, but also in Russia and EU associated members Georgia and Ukraine. China could launch into the EU market through DCFTA countries. Since 2018 Georgia has already a free trade agreement with China. In order not to lose ground, the EU needs to step up its engagement in the region, including Russia. As Markus Ederer, a seasoned EU diplomat and ambassador to Moscow, recently pointed out in his unpublished memo for the European External Action Service, EU leaders must make a “pragmatic” move towards “enhanced coordination” with Russia, to combat “Eurasian competition” as China’s influence grows. As one area for such coordination, Ederer names the Eurasian Economic Union.⁵ Facing rising China, the EU and the EEU are well-advised to cooperate and jointly shape the shared neighbourhood.⁶

⁵ Michael Peel (2019): EU envoy urges bloc to engage more with Russia over 5G and data, Financial Times, 13 September, <https://www.ft.com/content/725aa5b6-d5f7-11e9-8367-807ebd53ab77>

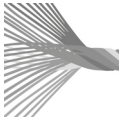
Box 1: BRI – potential debt trap

Beyond increasing trade, the growing Chinese influence in the region is expressed in infrastructure investment in the framework of the – vague yet ambitious – **Belt and Road Initiative**, primarily targeted at Central Asia, and the **16+1 format**, targeted at Central and Eastern European countries, the Balkans and recently also Greece. Chinese investment entails increasing **indebtedness**. For example, Kyrgyzstan already owes 40% of its foreign debt to China. In Tajikistan, debt to China, the country’s single largest creditor, accounts for 80% of the increase in Tajikistan’s external debt over the past 10 years.⁷ These trends are worrisome because the debt may be not sustainable – referred to by one Kyrgyz expert as the **“Sri Lanka” scenario**. In an emblematic case around the port of Hambantota, located in Sri Lanka on the main shipping route between Europe and Asia, the government agreed to lease the port to a Chinese venture for 99 years in return for 1 bln \$, having faced difficulties paying off the loan taken to build this project.⁸

⁶ Notably, some Russian counterparts voiced the opinion that the EU will be pushed to cooperation with the EEU if it feels threatened by growing Chinese influence.

⁷ See Hurley J, Morris S, Portelance G (2018): Examining the debt implications of the belt and road initiative from the policy perspective. Center for Global Development Policy Paper 121.

⁸ <https://www.bloomberg.com/news/articles/2019-11-28/sri-lanka-seeks-to-undo-1-1-billion-deal-to-lease-port-to-china>



The economic case for diversification – i.e., maintenance of trade ties with both the EU and the EEU – is strong. First, it helps states develop agency vis-à-vis the EU and Russia rather than opportunistically showing loyalty to one or the other side and receive economic rewards. Second, it means less reliance on a single trading partner and more healthy interdependent relations. Third, it provides countries of the region with an alternative.⁹

Consider the following example that highlights economic interdependence in the region: In the wake of the 2008 Russia-Georgia conflict, Russia's share of Georgia's external trade plummeted to 4% in 2010 (down from 16% back in early 2000s). Despite Georgia's withdrawal from the Commonwealth of Independent States (CIS) after the war, and the absence of diplomatic relations, Russia agreed to apply the CIS free trade agreement to Georgian exports in 2009. In 2012 Georgia began a cautious and gradual normalisation of economic relations with Russia. This was instrumental for some key exports such as wine or mineral water, traditionally popular on the Russian market. At the same time, Tbilisi was pursuing a DCFTA with the EU, which it eventually signed in 2014. Moscow did not retaliate despite earlier threats.¹⁰ Consequently, Georgia became the only country in the region that has an FTA with the EU and functioning trade with Russia. The application of the CIS FTA for Georgia not only helped Georgia's economy; it was also vital for Armenia, whose transit through Georgia is the only linkage with fellow EEU member states.¹¹

2. Engage to shape

The EU insists on red lines (i.e. limited cooperation) instead of a red carpet (i.e. political recognition) when it comes to more engagement with the EEU. This is understandable against the backdrop of Russia's role in the ongoing conflict in Ukraine. But the EU needs to get more active if it wants to play a major role in its neighbourhood.

In fact, the EU maintains a permanent dialogue with all regional economic integration projects worldwide – but not the EEU. Political blockages are clear, but parallel tracks would be useful: insist on sanctions, condemn the annexation of Crimea, and at the same time engage with the EEU on technical and trade-related matters. No high-level overarching political partnership is necessary

for such engagement. Therefore, an enhanced dialogue with the EEU without its political recognition would square the circle and be a good first step.

The EEU clearly has deficiencies and some of the critics' reservations are perfectly reasonable. The EEU is indeed dominated by Russia, is not a full-fledged supranational institution and its internal market functions far from flawlessly. But at the same time the EEU has achieved serious progress since its inception. All EEU members see a benefit in their membership, and the union is fairly popular with the population. Moreover, Eurasian integration is not devoid of sense since it builds on integrated transport networks, common technical standards, socio-cultural links and common legacies between the countries of the region.¹²

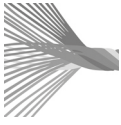
The EEU's weaknesses should not discourage EU partners: through regulative rapprochement the EU can serve as an example and contribute to strengthening the nascent union. In many ways, the EEU's success will depend on the EU's attitude. If the EU's desire for a more prosperous and stable neighbourhood is genuine, it should help the EEU by engaging with it more. The EEU Commission looks up to the EU, is a sensible professional body and a suitable counterpart for the EU Commission.

9 On benefits of multidirectional trade relations, see Alexandra Dienes et. al. (2019): Chapter 3 "Economic Integration". In Charap, S. et. al. (eds.): A Consensus Proposal for a Revised Regional Order in Post-Soviet Europe and Eurasia. RAND Corporation, p. 44ff.

10 Denis Cenusa et al. (2014): Russia's Punitive Trade Policy Measures towards Ukraine, Moldova and Georgia. CEPS Working Document, Centre for European Policy Studies, pp. 7–8.

11 Dienes et. al. (2019), see footnote 9.

12 Perovic 2019, Kuzmina and Isachenko 2019, see footnote 1.



The EEU and its members are interested in engagement with the EU.¹³ Most recently, Belarus' president Lukashenko, since 1 January 2020 rotating chairman of the EEU, gave a speech calling for "activation" of cooperation with regional organisations including the EU.¹⁴ Most of the interview partners from EEU member states echoed this stance. The EU should seize on this offer as long as it is on the table and before the union might turn away to Asian-Pacific partners.

Often the question arises whether Russia is actually still interested in Eurasian integration – especially af-

ter the loss of Ukraine. Even though economic gains have turned out small, there are political reasons why Russia is so heavily invested in the EEU and is unlikely to abandon it. Russia views the EEU as an instrument to shore up its clout in the region, push back against Chinese influence (investment) and Western influence (democracy promotion) and attempts to isolate Russia diplomatically.¹⁵

Russia has no alternatives to Eurasian integration. The EEU will most likely persist – the EU can help strengthen and shape it to its own benefit.

Box 2: Interests of involved players

EEU Commission	<ul style="list-style-type: none"> • Start of official talks with the EU Commission • Institutionalisation of a technical dialogue • More competence delegated by member states
Russia	<ul style="list-style-type: none"> • Political recognition of its integration effort • Cooperation between the EEU and the EU • Elevation of sanctions • Cooperation with China
Other EEU member states	<ul style="list-style-type: none"> • Enhanced trade with the EU, more investment • Balancing of Chinese and Russian influence • Constraining Russia in a multilateral rules-based institution • Commitment to EEU integration (official discourse as well as public opinion)
EU	<ul style="list-style-type: none"> • Engagement only after the fulfilment of the Minsk II agreement and proof that EEC has regulatory competence • In the meantime, bilateral engagement with EEU member states, including Russia along the five Mogherini principles • EU companies: access to a big market where custom duties are levied only once
States between the blocks	<ul style="list-style-type: none"> • Resolution of conflicts with Russia • Closer relations with the EU (all bar Azerbaijan) • Maximum benefits from trade relations with both the East and the West

Source: own compilation

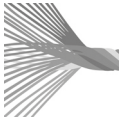
On a broader scale, the EU should take note of the profound changes and strategic shifts in the wider eastern neighbourhood. The EU also needs to ask itself whether it wants to play a major role in the region. If yes, it needs to do more and have a strategy that goes beyond existing modest elements – Eastern Partnership, five Mogherini principles on Russia and Central Asia Strategy. To have a more coherent framework of meaningful engagement in the region, the EU ideally needs to adopt a policy of a similar outlook, scope and ambition as the new China Strategy.¹⁶

¹³ The fact that EEU member states pursue bilateral ties with the EU points not so much to their reluctance but rather inability to use the EEU channel, in the absence of an official EU-EEU dialogue.

¹⁴ http://president.gov.by/ru/news_ru/view/obraschenie-prezidenta-respubliki-belarus-aleksandra-lukashenko-k-glavam-gosudarstv-chlenov-evrazijskogo-22827

¹⁵ Paul Stronsky and Richard Sokolsky (2020): Multipolarity in Practice: Understanding Russia's Engagement with Regional Institutions. Carnegie Endowment for International Peace, <https://carnegieendowment.org/2020/01/08/multipolarity-in-practice-understanding-russia-s-engagement-with-regional-institutions-pub-80717>

¹⁶ <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>



For relations with the most difficult partner in the region, Russia, EU-EEU cooperation provides an advantage of engaging with Russia through a multilateral format. In this way Moscow can be better hedged and checked, constrained by a rules-based organisation in which Russia has only 20% of the voting rights¹⁷. Moscow must be shown the benefits of an order-generating dialogue with Brussels. We need to engage Russia instead of wearing it down, which could lead to unpredictable consequences for its neighbours. Engagement is a better strategy and a safer option for the whole region.

If the EU does not offer Russia options, it is likely to drift further towards China (EU's trade share is already declining). After all, Russia's "pivot to Asia", its turn to China, can be interpreted as an attempt to gain leverage and have more equal relations with Europe¹⁸. Russia's increasing opening towards China has relevance for EU's companies: Huawei is increasing its prominence of the Russian telecoms market, and on the high-speed train market, Alstom and Siemens risk competition from Chinese corporations.¹⁹

3. Be a trend-setter

The rise of China links the issue of EEU engagement to a broader question – who, in the future, will set standards and reduce trade barriers on the Eurasian market? These policies have been the EU's mission since its inception. The EU needs to help shape the norms that govern connectivity in Eurasia in partnership with Russia so as not to entrench a zero-sum, either-or logic across the continent.

Nils Schmid, member of the German Parliament and Spokesperson on Foreign Affairs of the German Social Democrats, has been repeatedly calling for intensification and long-term institutionalisation of technical dialogue with the EEU. He invokes that such cooperation does not contradict EU sanctions against Russia and could contribute to trust-building. Given rising Chinese influence, he warns that soon other actors can set up rules and norms in EU's neighbourhood²⁰.

In practical terms, future engagement with the EEU could revolve around reduction of two types of trade barriers: tariffs (custom duties) and non-tariff barriers in the form of different technical standards (see figure 2).

Depending on the level of ambition and the political situation, the EU could:

1. **TARIFFS.** Strive for some kind of a trade agreement with the EEU. The lightest form would be a **non-preferential trade agreement**, under which tariff protection remains. The EEU recently concluded such an agreement with China. The benefit of a non-preferential agreement between the EU and the EEU is its low cost combined with a sign of good will and willingness to deepen relations in the future.

A more ambitious move would be a free trade agreement (FTA). Generally, in its global trade policy the EU favours making FTAs. Under an **asymmetrical free trade agreement**, the EU would abolish tariffs immediately, allowing the EEU a transition period for the reduction and ultimate elimination of tariffs (like the EU did in its DCFTA agreement with Ukraine). It needs to be clarified whether the EEU would be in favour of an asymmetrical FTA, but it appears the most realistic and desirable mid-term option. A **full FTA** with the immediate elimination of all tariffs between the EU and the EEU can be envisaged only in the long term. Any FTA would require the WTO membership of Belarus, a process which is currently under way and can take years.²¹

A study by Bertelsmann Stiftung predicts a substantial increase in mutual trade if trade barriers are lowered as part of an EU-EEU FTA. Among the countries that would profit most are some of the most vocal critics of the Eurasian Economic Union, such as the Baltic states and Poland, but also Slovakia, Finland and Germany.²²

17 Perovic (2019), see footnote 1.

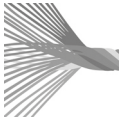
18 Stronsky and Sokolsky 2020, see footnote 14.

19 Peel 2019, see footnote 5.

20 Nils Schmid (2019): Krieg und Frieden. IP Online, <https://zeitschrift-ip.dgap.org/de/ip-die-zeitschrift/krieg-und-frieden>

21 Michael Emerson and Jurij Kofner (2018): Technical Product Standards and Regulations in the EU and the EAUE: Comparison and Scope for Convergence. IAASA working paper.

22 Christian Bluth (2016): Eine Freihandelszone von Lissabon bis Wladiwostok: Ein Mittel für Frieden und Wohlstand: Die Effekte einer Freihandelszone zwischen der EU und der eurasischen Wirtschaftsunion. Bertelsmann Stiftung.



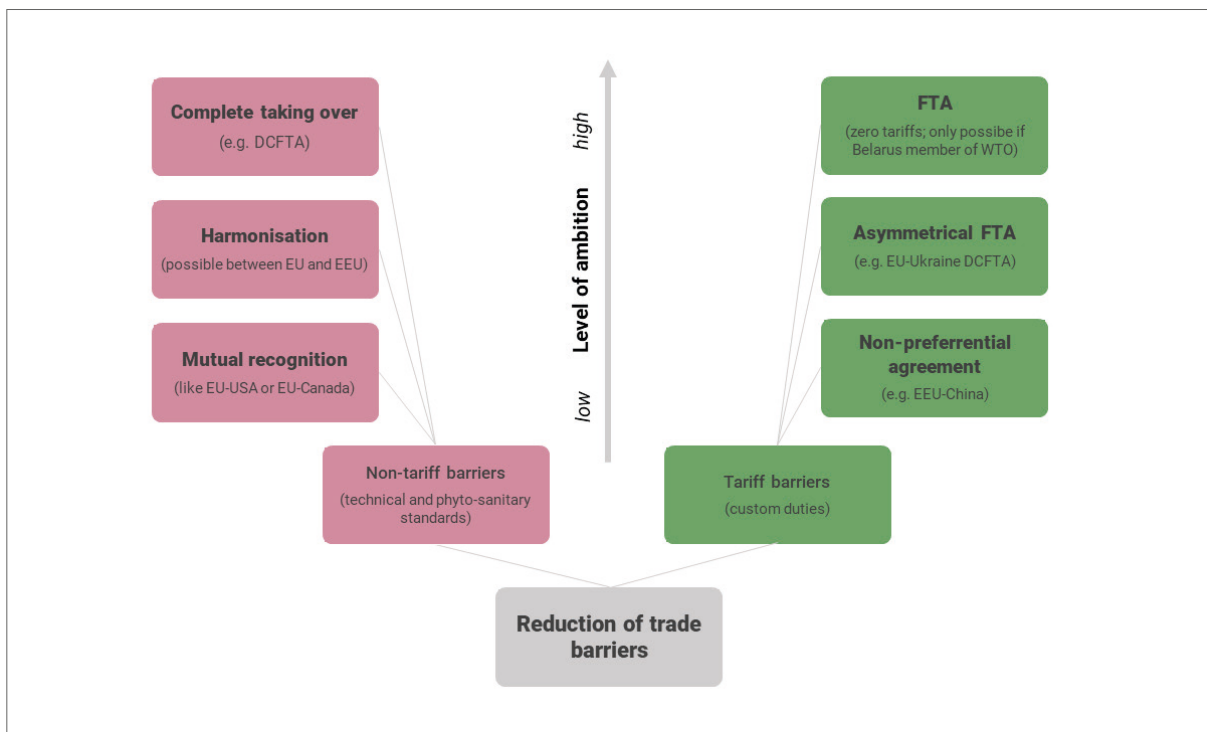
2. NON-TARIFF BARRIERS. Work on the **approximation**²³ of **technical standards** (for industrial goods) and phyto-sanitary standards (for agricultural goods). **Mutual recognition** does not require the adoption of the same standards and is thus an easier path. However, it requires a substantial level of trust in each other's accreditation bodies and laboratories, as well as serious investment in capacity building. **Harmonisation** of standards is more ambitious and requires joint work between the two Commissions and respective agencies, and also expensive capacity building.

Notably, the EU would not start engagement from scratch: The EEU already has adapted many old GOST standards to international norms and voluntarily adopted thousands of EU standards (about 80% of all EEU standards). For example, in

the pharmaceutical sector, 95% of the market is harmonised with the EU. Now Belarus, EEU member that borders the EU, can issue certificates for foreign pharma products for the entire EEU. For European companies, it is a big advantage since it would have been harder to work on a purely Russian market. Generally, European companies and business associations, like for example Business Europe, are interested in the harmonisation of technical standards so to simplify exporting.²⁴

A best practice for capacity building could be the EU's Seconded European Standardisation Experts scheme.²⁵ This cooperation project, currently underway in China and India, aims at reducing technical barriers to trade in these countries and globally, supporting European and local industries by facilitating international trade.

Figure 2: EU's options for the reduction of trade barriers with the EEU

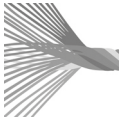


Source: own compilation

23 A complete take-over of EU standards and therefore EU acquis is feasible only under a DCFTA and is therefore not an option for EEU members.

24 One of the biggest business initiatives is the "Lisbon to Vladivostok Initiative", advocating for the creation of a free trade zone in Eurasia. See <https://lisbon-vladivostok.pro/>

25 www.sesec.eu/objectives



Conclusion

A dialogue between the EU and the EEU and their regulatory rapprochement, together with a long-term goal to establish a common Free Trade Area, has the potential to increase economic connectivity in the joint EU-Russia neighbourhood. The EU has proclaimed EU-Asia connectivity as its priority, reflected in the 2019 Connectivity Strategy, and the EEU has natural relevance to it.

The EU-EEU dialogue may also serve as one mechanism to de-escalate tensions between the EU and Russia and in the long run contribute to the political progress of conflict resolution in the region. French president Emmanuel Macron famously said that “pushing Russia away from Europe is a major strategic error ... The European continent will never be stable, will never be secure, if we do not ease and clarify our relations with Russia.”²⁶

Deeper engagement with the EEU could also help the EU maintain or even increase its economic clout in the region. Of course, trade alone won't help solve deep-rooted conflicts. However, economic cooperation may be a small “island of cooperation”²⁷ towards re-building trust and preparing fertile ground for the future resolution of conflicts. For getting out of the geopolitical deadlock it is important to pursue technical cooperation in the economic sphere simultaneously with maintaining a strategic dialogue (on arms control, etc.), linking it to the progress in the implementation of the Minsk II agreement.

Future engagement with the EEU consists of technical, non-ideological matters. It does not require high-level partnership. So far, politics has been the main obstacle for cooperation. But we need to establish working relations in the economic sphere to have something in the drawer once momentum changes and there is positive change on the “Ukraine front”.

The EU should dare to take the first step without fearing that Russia might misuse this olive branch. The new EU Commission that pledged to be “geopolitical” is a chance, and DG Trade has an explicit mandate for trade talks. For this, a political decision needs to be taken by EU member states, and other, non-EU states of the region should advocate this step.

Engagement with the EEU could proceed in three steps:

1. (short-term) **Institutionalisation of existing technical talks**, e.g. having permanent working groups on technical standards, transport, etc. with officials from DG Trade and the EEU Commission.
2. (medium-term) **Work towards approximation, mutual recognition or harmonisation of technical standards** and trade procedures with the help from the EU (financial, capacity building).
3. (long-term) **Establishment of an asymmetrical FTA** with the EEU (once Belarus joins the WTO).

The following guidelines could help the EU:

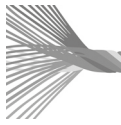
Commit: Regulatory rapprochement with eastern neighbours will demand a lot from the EU (investment, capacity building), but it is an important part of its soft power.

Compromise: Even with much financial assistance, it is a mistake to expect neighbours to “join the system” (i.e., unilaterally adapt to EU's norms), since economic bases are so different. This is only possible through accession instruments, which are not available for the wider eastern neighbourhood. If the EU decides to engage EEU members on a basis of dialogue and compromise, it can demonstrate appropriate humility and a more equal eye-to-eye attitude.

Don't lose time: If the EU continues with the “wait and see” approach, things may develop without its participation. This would contradict the EU's aspiration of “Welt-politikfähigkeit”. If the EU decides to take a more active stance in the Eurasian neighbourhood, it should reach out to the EEU as the number one option. In doing so, the EU should keep in mind that 1) dialogue is not a reward for good behaviour – we need it precisely when we have frictions; 2) the EEU is not only Russia.

²⁶ Speech by President Macron at the Ambassadors' Conference, 27.08.2019.

²⁷ FLEET (2018): Islands of Cooperation. FES ROCPE, <https://www.fes-vienna.org/projects/fresh-look-at-eastern-european-trends/>



Annex

List of interviews:

Armenia

Armen Ashotyan, Chairman of the Committee on Foreign Relations of the Armenian Parliament
Hovhannes Azizyan, Deputy Minister of Economic Development and Investments of Armenia
Stepan Grigorian, Chairman of the Board, Analytical Centre on Globalization and Regional Cooperation
Alexander Iskandaryan, Director of the Caucasus Institute
Hovsep Khurshudyan, President of the "Free Citizen" Civic Initiatives Support Center
Ara Margaryan, Director of the Department for the EU of the Ministry of Foreign Affairs of Armenia
Stepan Sarafyan, Ruben Mehrabyan, Gevorg Melikyan, Armenian Institute of International and Security Affairs
Benyamin Poghonian, Deputy Director of the Institute for National Strategic Studies
Ashot Tavadyan, Professor at Armenian State University of Economics
Araik Vardanyan, chief of staff of the Armenian Chamber of Commerce

Belarus

Victor Gulyaev, Country Director Belarus at the Eurasian Bank
Alina Kafarova, Belarussian Development Bank
Daniel Krutzinna, Civitta company/Belarussian Development Bank
Kirill Koroteev, Belarussian-Chinese industrial park "Great Stone"
Igor Gubarevich, Ostrogorsky Centre
Vladimir Basko, advisor to the Eurasian Economic Commission
Tatiana Vertinskaya, Oleg Kalyada, Dmitry Beresnev, Institute of Economics, Belarussian Academy of Sciences
Vyachaslav Kachanov, Vladimir Gerus, Aleksey Smirnov, Belarussian Ministry of Foreign Affairs
Valery Borodenya, member of the Belarussian Parliament

Russia

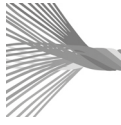
Dmitry Suslov, Professor at the Higher School of Economics
Elena Kuzmina, Institute of Economics, Russian Academy of Sciences
Tatiana Isachenko, Professor at MGIMO University
Sergey Chernyshev, Eurasian Economic Commission

Kyrgyzstan

Emil Dzhuraev, Senior Lecturer at the OSCE Academy Bishkek
Roman Mogilevskii, Professor at the Central Asian University

Kazakhstan

Kassymkhan Kapparov, Soros Foundation Kazakhstan
Group discussion with **Anton Bugaenko** (Institute of World Economy and Politics), **Jenis Kembayev** (KIMEP University), **Anna Gussarova** (Central Asia Institute for Strategic Studies), **Oyuna Baldakova** (Graduate School of East Asian Studies, Freie Universität Berlin)



Brussels

Thomas Mayr-Harting, Managing Director for Europa and Central Asia, European External Action Service

Javier Arregui-Alvarez, European Commission, DG Trade

Dirk Schübel, Head of Russia division, European External Action Service

Albrecht Rotacher, Russia desk, European External Action Service

Joachim Schuster, member of the European Parliament

Ria Feiermuth, advisor to MEP Liisa Jaakonsaari

Julia Wanninger, advisor to the S&D faction, European Parliament

Amanda Paul, European Policy Centre

Basje Bender, Business Europe

List of conference presentations and discussions

Round table with Tomas Kuchtik (DG trade), Ulf Schneider (Lisbon-Vladivostok Initiative) and think tankers at Friedrich-Ebert-Stiftung, Brussels 23.5.2018

Round table with Iskander Sharsheev and colleagues (Foreign Investors Association), Bishkek Liberal Club, Bishkek, 19.09.2018

Briefing for members of parliament on the Eurasian Economic Union, chaired by MP Nils Schmid, German Bundestag, Berlin, 17.10.2018

Round table on possibilities of EU-EEU cooperation, Russian International Affairs Council, Moscow, 21.11.2018

Meeting of the Russia Network with Petros Sourmelis (DG Trade), Business Europe, Brussels, 18.12.2018

INTA public hearing on Europe-Asia connectivity: what is the impact on trade?, European Parliament, Brussels, 23.01.2019

Expert workshop "Eurasian Economic Union between EU and China – A Chance for More Connectivity?", Friedrich-Ebert-Stiftung, Brussels, 22-24 May 2019

Closed-door debate with Luc Devigne and colleagues, European External Action Service, Brussels, 24.5.2019

Presentation at the Russia Colloquium "China and Russia in the 21st Century", University of Ghent, Ghent, 4.11.2019

FES ROCPE in Vienna

The goal of the FES Regional Office for Cooperation and Peace in Europe (FES ROCPE) of the Friedrich-Ebert-Stiftung in Vienna is to come to terms with the challenges to peace and security in Europe since the collapse of the Soviet Union a quarter of a century ago. These issues should be discussed primarily with the countries of Eastern Europe – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine – and with Russia, as well as with the countries of the EU and with the US. The security order of Europe, based until recently on the Helsinki Final Act (1975) and the Paris Charter (1990), is under threat. This is, among others, a result of different perceptions of the development of international relations and threats over the last 25 years, resulting in divergent interests among the various states.

For these reasons, FES ROCPE supports the revival of a peace and security dialogue and the development of new concepts in the spirit of a solution-oriented policy. The aim is to bring scholars and politicians from Eastern Europe, Russia, the EU and the US together to develop a common approach to tackle these challenges, to reduce tensions and to aim towards conflict resolution. It is our belief that organizations such as the FES have the responsibility to come up with new ideas and to integrate them into the political process in Europe.

We support the following activities:

- Regional and international meetings for developing new concepts on cooperation and peace in Europe;
- A regional network of young professionals in the field of cooperation and peace in Europe;
- Cooperation with the OSCE in the three dimensions: the politico-military, the economic and the human.

About the author

Alexandra Dienes is a Senior Researcher at the FES Regional Office for Cooperation and Peace in Europe in Vienna.

ISBN: 978-3-96250-516-5

FES Regional Office for Cooperation
and Peace in Europe
Reichsratsstr. 13/5, A-1010 Vienna
Phone: +43 1 890 38 11 15
Fax: +43 1 890 38 11 20
<http://www.fes-vienna.org>

Responsible: Dr. Reinhard Krumm
Illustration: Daniel Seex, www.thejoyofseex.com

Commercial use of all media published by FES
Regional Office for Cooperation
and Peace in Europe (FES ROCPE) is not permitted
without the written consent of FES ROCPE.

