

# STRATEGY OF GREATER EURASIA AND RUSSIA-CHINA PARTNERSHIP: OPPORTUNITIES AND CHALLENGES (2014-2020)

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**Abstract:** *After the deteriorated relations with West, Russia's aim was to pull out a strategy with global agenda. In pursuit of Russia's power ambitions in Eurasia and for containing US unilateralism, Russia forged an alliance with China. Therefore, the strategy of Greater Eurasia came into being by Russia experts to integrate Russia with Europe and Asia. However, Greater Eurasia has also seen as the global version of Eurasian Economic Union (EEU). Meanwhile, China and Russia developed strong bilateral strategic partnership to contain the US led unipolarity and establish a multipolar world order. Here the interest of multipolarity, economic integration and countering unipolarity converge. In order to attain the mutual aims and objectives, Russia and China signed the agreement for integrating Eurasian Economic Union (EEU) and Silk Road Economic Belt (SREB). This paper is qualitative in nature and aims to discuss the fundamentals of China Russia rapprochement since 2014 and elaborates the strategy of Greater Eurasia where China is an indispensable partner with Russia. The research also highlights the prospects for conjugation of two Eurasian projects i.e. EEU and SREB along with the opportunities and challenges. Moreover, it has been discussed that the corona virus pandemic didn't let the two states to minimize their ties rather Beijing and Moscow further exacerbated their diplomatic, defense and informational cooperation. The paper suggests that it is important to develop mechanisms of development between China and Russia in order to make this integration efficacious.*

**Keywords:** Greater Eurasia, Silk Road Economic Belt, Eurasian Economic Union, Economic integration, China-Russia Rapprochement

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## **Introduction**

International system is exemplified by the intensive development of the states and their alliances where nation states and organizations are the actors. However, the polarization of international system and the developments in international relations leading towards the multipolar world order where major powers are forging alliance and directing foreign policy of multilateralism. While concentrating on Russia's projection of power on global stage is a matter of importance. The dissolution of USSR lead towards the economic vulnerabilities which becomes a concern as Russia always wanted to achieve the status of great power. In order to counter the western projection of unipolarity and to make its own direction for portraying power as well as to strengthen its economy, Russia adopted the strategy of Greater Eurasia. The strategy also intended as an expanded version of Eurasian Economic Union. The strategy became substantial after Crimean annexation and worse contacts with West. After the deteriorated relations with West due to the calamity in Ukraine and Middle East, Kremlin and Beijing have strengthened their collaboration in an unprecedented context level. Apart from Russia, China also shares common interest with Russia to counter US led unipolarity and liberal economic sphere and to establish new world of trade order. The convergence of interests between Russia and China made them to forge an alliance of economic integration in Eurasia. In 21<sup>st</sup> century, it is assumed that a state has to pursue economic parity for making itself a global player in international system. For this, in 2014, Russia and China signed the gas deal that cost US 400 billion dollars. Moreover, on May 8, 2015, President Putin and Xi Jinping at a meeting in Moscow; decided to incorporate their two projects: Eurasian Economic Union and Silk Road Economic Belt. The agreement expects to harmonize political institutions, investment funds, development banks, monetary regimes and financial systems that are all serving as a large free trade area connecting China with Europe, the Middle East and Africa. However, this macro bloc aim is to oppose US led unipolarity and to integrate in international market simultaneously. The Greater Eurasia strategy of Russia and China as an indispensable partner explore a broader dimension of their rapprochement with whole of Eurasian prosperity and connectivity. However, the conjugation of China's BRI and EEU has immense developmental opportunities for Russia and China but it projects certain difficulties and challenges where the interests of both states diverge.

The aim of this paper is threefold i.e. a) to demonstrate the theoretical understanding of economic integration, b) to determine the strategy of Greater Eurasia in terms of economic integration c) to analyze the significance of EEU and SREB and to assess

the conjugation of EEU and SREB along with possible opportunities and challenges in order to provide a constructive research outcome.

## **1. Theoretical Understanding of Economic Integration**

Following the end of World War II, the Western European market economies were destroyed. At that time, economic integration considered a practical approach. The word integration means ‘to bring together parts into a whole to make it more effective.’ However, economic integration has been perceived in two ways: a) as a connected process and b) as a state of affairs. Moreover, this can be characterized by the absence of any discrimination amongst national economies.<sup>1</sup>According to El-Agraa, “international economic integration in liberal economic way is the exclusion of all trade obstructions amid participating nations and to establish the rudiments of support and coordination among them.”<sup>2</sup>This definition of Agraa involves the factors of free trade, production and cooperation of all participating nations.

The progression of economic integration comprises the exclusion of all restrictions and barriers that cause hindrance in free trade since free trade was envisaged as a key characteristic for integrating economies. Scitovsky elaborates economic integration as the formation of economic unions and considers that “economic union is a minimum requirement of integration including the elimination of the restrictions on products movement as well as the movement of labor and capital.”<sup>3</sup>This concept elaborates not only free trade of product but believes in the free movement of labor and capital. Moreover, it is perceived that removal of artificial barriers, cooperation and coordination in the flow of labor and capital are the essence of economic integration. As Tinbergen stressed that “economic integration is a process to create most desirable structure of international economy in order to eliminate artificial obstacles for optimal functioning and deliberately introduce all the factors of cooperation and coordination among national economies.”<sup>4</sup>

Therefore, theoretical ground of economic integration was developed due to the analysis of outcomes of integration process. These outcomes of integration were considered as the high-income level and in general; public well-being at greater level. Economists regarded that custom unions contribute positively for public well-being that resulting higher

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<sup>1</sup> Bela Balassa, *The Theory of Economic Integration* (London: Compton Printing Limited, 1961), 7-8.

<sup>2</sup> Ali M. El-Agraa, *Theory and Measurement of International Economic Integration* (London:Palgrave Macmillan, 1989), 1-2.

<sup>3</sup>Tibor Scitovsky, *Economic Theory and Western Europe Integration* (Lodon: Routledge, 1958), 16.

<sup>4</sup> Jan Tinbergen, *International Economic Integration* (Amsterdam: Elsevier, 1965), 31.

income level of integrated states. It was supposed that custom unions would be unequivocally as good for world well-being as it would have been eliminating some taxes. On the contrary, Karakaya and Cooke argue that in the work of Viner, it has been shown that the effects of well-being of creating custom unions depend on the net impact of the creation and diversion of trade.<sup>5</sup> Gunnar Myrdal has notices that “economic integration is the apprehension of older western idea of parity and opportunities.”<sup>6</sup>

However, while applying the integration in case of China and Russia, it has been argued that the both states have a long border that stretches from North Korea to Mongolia and this border facilitates the economic integration potential in the flow of products with natural assets from Siberia and Far East of Russia to China including the flow of Chinese workers to Russia. Localized exchanges occur along the border but the long distance from important population centers prevents this from becoming a strong connection. Russia is affluent in natural resources and China is a voracious consumer. However, the energy exports of Russia to China i.e. oil, crude and refined oil, natural gas and electricity dominate trade relations. In the early years, oil was delivered by rail to China but most recently, Russia has built pipelines in the east to export crude oil and natural gas. It has been argued that energy trade will be a focal factor of China-Russia economic integration in future. In addition, Russia has also offered China favorable conditions for some highly designed manufacturers such as military vehicles and equipment. After work flows and trade, the third area of integration is investment particularly foreign direct investment (FDI). Moreover, the main interest between Russia and China is the natural resource projects with the intention of exporting products to the country of origin.<sup>7</sup>

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<sup>5</sup>Etem Karakaya and Andrew Cooke, “Economic integration: An overview of the theoretical and empirical literature,” (2002): 1-34

<sup>6</sup> Gunnar Myrdal, *An International Economy, problems and prospects* (London: Routledge and Kegan Paul, 1956), 12.

<sup>7</sup> Richard Lotspeich, “The economic integration of China and Russia,” *Asia Dialogue* (March 2018) accessed May 21, 2020, <https://theasiadialogue.com/2018/03/14/economic-integration-of-china-and-russia/>.

Figure 1: Russia-China Border<sup>8</sup>

## 2. Fundamentals of China-Russia Rapprochement

Since 1991, the association among China and Russia have gradually been improved and thrived. This development in relations can be considered as ‘a model that states can deal with differences among themselves and harmonize relations for strengthening the international system.’<sup>9</sup> After the disintegration of Soviet Union, a clear underlying trend that has been evident in Russian state is the priority of national interests with pragmatic concerns. Russia’s policy was followed by unconditional Westernism. Yet it has been argued that Russia had no other option except to adopt western centric policies due to dwindled and poor economic conditions. Moreover, Russia has moved away from western centric policies due to the lack of understanding of Russia’s desires and refusal in fulfilling commitments which led Russia away from West and closely collaborate with China. Lukin argues that Russia’s goal from becoming the contemporary i.e. a subordinate country of west and its policies to become

<sup>8</sup> Frank Jacobs, “Why China Will Reclaim Siberia,” *The New York Times* (January 2015) accessed May 23, 2020, <https://www.nytimes.com/roomfordebate/2014/07/03/where-do-borders-need-to-be-redrawn/why-china-will-reclaim-siberia>.

<sup>9</sup> Kaneshko Sangar, “Russia and China in the age of grand Eurasian projects: Prospects for integration between the Silk Road Economic Belt and the Eurasian Economic Union,” *Journal of Eurasian Studies*, (2017): 1-15

an independent player in world politics; it was substantial for Moscow to develop economic ties for energy in order to ascertain pragmatic and mutually favorable bilateral relationship particularly with China.<sup>10</sup> Subsequently, Russia reshaped its foreign policy from pro-Western to a significant multipolar world system and to counter the hegemony of US. This transformation shaped the new strategy of reconciliation towards Beijing. However, Russia and China signed approximately 100 agreements for economic cooperation in 1999.<sup>11</sup> In 1990's, the trade volume among Moscow and Beijing was estimated \$5-7 billion annually.<sup>12</sup> In 1996, Beijing and Moscow became strategic allies according to the then Foreign Minister Yevgeny Primakov's commitment to a more balanced Russian foreign policy. In 2001, a treaty signed amid Moscow and Beijing of 'Good Neighborliness and Friendly Cooperation.' Later, old border disputes were resolved in 2005.<sup>13</sup> In 2008, China-Russia economic collaboration reached to \$56.8 billion. The first visit of China's President Xi Jinping soon after he came into power in 2013 made to Russia. His visit considered a significant strategic move in Beijing's foreign policy which demonstrates China-Russia joint efforts for establishing a new power bloc.<sup>14</sup> Russia and China have therefore signed a declaration that deepened their global strategy of coordination and association in 2013. This led China Russia relations to a great extent where they are today.<sup>15</sup>

### **3. Sino-Russo Convergence of Interests**

The subject of common ground of interests between Russia and China is of great importance where the convergence took place and the bilateral relations developed tremendously. As Lukin argues that a common interest is the general perception to free this

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<sup>10</sup> Alexander Lukin, "Russia, China, and the Emerging Greater Eurasia," *International Relations and Asia's Northern Tier*, (2017): 75-91.

<sup>11</sup> Muhammad Muzaffar and Imran Khan, "China Russia Relations after the Cold War," *Orient Research Journal of Social Sciences* 1, no. 2 (2016): 151-169.

<sup>12</sup> M.L. Titarenko, V.E. Petrovsky, V.Y. Portyakov, A.V. Ostrovsky and V.V. Kovalevskaya, "Development of Russian-Chinese Trade, Economic, Financial And Cross-Border Relations," *Russian International Affairs Council*, (2015): 36.

<sup>13</sup> David Lewis, "Strategic Culture and Russia's Pivot to the East: Russia, China and Greater Eurasia," *Security Insights*, (2019) assessed May 23, 2020 <https://www.marshallcenter.org/en/publications/security-insights/strategic-culture-and-russias-pivot-east-russia-china-and-greater-eurasia-0>.

<sup>14</sup> Michael S. Chase, Evan S. Medeiros, J. Stapleton Roy, Eugene B. Rumer, Robert Sutter and Richard Weitz, "Russia-China Relations: Assessing Common Ground and Strategic Fault Lines," *The National Bureau of Asian Research*, (2017): 3.

<sup>15</sup> Nikolay Megits, "The impact of Russia-China trade relationship on the US Economy," *Journal of Eastern European And Central Asian Research* 3, no. 2 (2016): 1-12.

world from unipolar system and to make efforts for transition towards a multipolar world order due to the United States of America and allies' led domination where they do not consider the strategic interests of Moscow and Beijing. In this scenario, mutual collaboration with Beijing is significant for Russia to make its own way of global player in international system. This cooperation shares a common ground to vision this world towards 'multipolarity.' Moreover, Moscow and Beijing are interested to preserve their role in United Nations and Security Council to mitigate regional and international issues since they hold the veto power. Both states want to establish the international economic system with less western influence and they can use the regional currencies for trade etc. However, Moscow and Beijing need each other for economic cooperation. Since 2010, China has become the important trading collaborator of Russia not only in terms of consumer goods but for machinery and equipment as well.<sup>16</sup>This is clear that two states are unified in opposition of US international system and reject the interference in sovereign states affairs. Their partnership may have the far-reaching effects on global balance of power. However, it has been argued that both are willing to strengthen their ties apart from their asymmetric relations and divergent interests.<sup>17</sup>Moreover, they also emphasize the importance of UN role, International Law, non-interference in internal dealings of countries and the right to seek their own path of development.<sup>18</sup>

#### **4. Ukrainian Episode and Sino-Russo Economic Relations**

The circumstances of economic link between Beijing and Kremlin improved dramatically in early March 2014 after Russia's annexation to Crimea. Subsequently, European Union and US imposed a series of economic sanctions. Due to sanctions, the rate dropped to a record low of \$1=36.75 rubbles. The Russia rubble had depreciated by about 20% between the end of December 2013 and the end of August 2014. The fall of rubble created new problems for the Russian economy which resulted in accelerated inflation and a decrease in personal consumption. The Russian government had no choice but to seek Chinese economic cooperation as they have done many times in the past.<sup>19</sup>China provided friendly prices to Russia and in return; Russia relieved barriers for Chinese investors which

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<sup>16</sup>Lukin, "Emerging Greater Eurasia," 75-91.

<sup>17</sup>Jeronim Perovic and Benno Zogg, "Russia and China: The Potential of Their Partnership," *CSS Analyses in Security Policy*, (2019): 2.

<sup>18</sup>Marta Carlsson, Susanne Oxenstierna, and Mikael Weissmann, "China and Russia – A Study on Cooperation, Competition and Distrust," *FOI: Swedish Defence Research Agency*, (2015): 15.

<sup>19</sup>Megits, "Russia-China trade relationship on the US Economy," 1-12.

lead to Chinese venture in Russia's railway and telecommunication. The mutual collaboration further extended when Russian banks seek sanctuary in Beijing's institutions.<sup>20</sup> During President Putin visit to china in 2014, both states struck a deal of \$400 billion for gas supply contract with Moscow's Gazprom. The gas deal demonstrates that Russia has enjoyed diplomatic and economic upfront after Western economic sanctions. However, Brain argues that these negotiations largely favored China because the gas supplies for Siberia pipeline will come from the Siberian fields where Russia can supply to only Asian countries because the pipeline is not connected to European markets.<sup>21</sup>

Russia's policy of 'Turn to east' or 'Asia Pivot' began before the Ukrainian crisis where Russia-China economic ties were booming but after the outbreak of the Ukrainian crisis; the strategic partnership has advanced the Kremlin's geo-political reorientation. In line with Kremlin's internal discourse on the right to follow its 'sovereign' pathway for democracy and collaboration with China was part of the Kremlin's search for a sovereign direction in its foreign policy.<sup>22</sup> As it is pointed out in the Valdai report by a group of imperative experts in Russian foreign policy that intensifying mutual collaboration with Beijing not only has been seemed politically and economically beneficial but it also proved to be a 'moral' turning point since both states sought to uphold a model of global non-western development to defend their state sovereignty and to increase their control and influence.<sup>23</sup> Moreover in practice, Russia-China cooperation revolves around not only energy sector but in armaments, common border, and UN Security Council and Russian Far East development.<sup>24</sup> However, in May 2014 during a summit in Shanghai; Kremlin and Beijing signed a mutual declaration deal for synchronizing their economic cooperation under i.e. EEU and SREB. Furthermore, in the summits of International Economic Forum and Shanghai Cooperation Organization of 2015, President Putin has anticipated a new vision of economic

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<sup>20</sup>Chase et al., "Assessing Common Ground and Strategic Fault Lines," (2017): 9.

<sup>21</sup> Brian G. Carlson, "Room for Maneuver: China and Russia Strengthen their Relations," *Center for Security Studies*, (2019) assessed May 23, 2020, <http://strategicstudyindia.blogspot.com/2019/04/room-for-maneuver-china-and-russia.html>.

<sup>22</sup>Jeronim Perovic, "Russia's Eurasian Strategy," 45-63.

<sup>23</sup>S. Karagonav, T. Bordachev, A. Bezborodov, V.Kashin, A.Korolev and A. Likhacheva et al., "The Great Ocean-5: From the turn to the East to Greater Eurasia," *Valdai Papers*, (September, 2017) accessed on May 21, 2020, <https://valdaiclub.com/files/15300/>.

<sup>24</sup>Marcin Kaczmarek, "Domestic Sources of Russia's China Policy," *Problems of Post Communism* 59, no. 2 (2012): 3-17.

collaboration in Eurasia as a great Eurasian partnership which he referred as 'Greater Eurasia'.<sup>25</sup>

## **5. Russia's Strategy of Greater Eurasia**

As it elaborated previously that after the end of communism in 1991, Russia has come back to the dilemma of a Eurasian power in search for economic incorporation and modernization in the world. Due to the worse economic condition, integration with West was required because the economic core of international system lies there. This integration led by the west was unsustainable since it could become the asymmetry in the economic balance of power in political and economic structures to minimize the influence and autonomy of Russia. The western led institutions became a challenge where Russia was unable to develop itself into the center of economic integration. In order to counter this situation, the only way out was to become a Eurasian power and to contour the Greater Eurasia project for diversifying economic development, to lessen the dependence on the West and for influencing viable strategic markets, international financial institutions and transport corridors.<sup>26</sup>In order to sustain and gain its great power status, Russian foreign policy thinkers came with the idea of Greater Eurasia where Russia due to its geostrategic location, has stakes both in Asia and Europe. Being a Eurasian power and having Eurasianist identity, Russia strategizes to make its foothold in the continent.

Greater Eurasia is the brain child of President Putin's foreign policy for strengthening Kremlin's position in international system. It has become more symbolic after Ukraine crisis and Moscow's vulnerable ties with US and the West. Subsequently, President Putin announced the Moscow's desire for Greater Eurasian integration in 2016. In his opening speech, President Putin proposed that "taking into account the vision of a broader Eurasian partnership engaging Eurasian Economic Union in which India, Iran, China and Pakistan will be integrated." Since then, President Putin has endorsed the venture in his speeches in Federal Assembly conferences with leaders of foreign states. The geo-economic ventures of Moscow are always associated with Russia's standing in international politics. The pursuit of Greater Eurasia shows that Russia's foreign economic policy and international

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<sup>25</sup>Marcin Kaczmarek and Witold Rodkiewicz, "Russia's Greater Eurasia and China's New Silk Road: Adaptation instead of competition," *OSW Commentary* 219 (2016): 3.

<sup>26</sup>Glenn Diesen, "Russia, China and 'Balance of dependence' in greater Eurasia," *Valdai Papers*, (March 2017) accessed May 21, 2020, <https://valdaiclub.com/a/valdai-papers/valdai-paper-63-russia-china-and-balance-of-depend/>.

identity are intrinsically connected. However, Moscow's leadership is cognizant of the changes and transformation in international economy. The idea of Greater Eurasia was born when after losing Ukraine for Eurasian Economic Union in 2014, Kremlin realized to focus its integration targets in post-Soviet space. The Great Eurasian joint venture has two core economic objectives: a) to link Russia and Eurasian Economic Union to China's BRI and b) to go beyond China and link the Eurasian Economic Union with Iran, India and Southeast Asia.<sup>27</sup>

Valdai Club Report of 2017 outlined the conceptual understanding of Greater Eurasia and elaborates that Greater Eurasia is a framework destined for the next decades for geo-political, geo-economic and geo-ideological thinking that aims to establish an interactive vector among the continent's states. It aims to join the economic, political and cultural revitalization in order to develop previously backward and repressed countries of Eurasia for transforming Eurasia into world economic and political center. This center includes the countries of East, Southeast, South Asia and countries from Central Eurasia, Russia and from European continent and their organizations for participating in constructive cooperation. Moreover, this strategy is an emerging geo-economic project that has been supported by Asia's Asian sentiment, Beijing economic shift towards West and its alignment with EEU and Russia's pivot to Asia. This idea is the accelerated expansion of transcontinental transport infrastructure that includes underdeveloped and slow developing highways. Furthermore, Greater Eurasia is a space of civil coordination and cooperation to include cultural aspect of Greater Eurasia and Silk Road. This strategy is the movement towards a new geo-strategic community for development, security and peace for overcoming the division caused by Cold War and to regulate the differences and friction among the participants of the Eurasian community. The potential role for Greater Eurasia is to immerse China into cooperation with institutions and agreements for preventing China into a hegemonic state due to the involvement of other Eurasian countries that will balance the power.<sup>28</sup>

Bobo Lo argues that Greater Eurasia is the synonym of Russia's 'Turn to East', or 'Pivot to Asia' because these initiatives aim to transform foreign policy of Russia from Western pole to Asian dimension that challenges the liberal world order and unipolarity of

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<sup>27</sup>SeckinKostem, "Russia's Search for a Greater Eurasia: Origins, Promises, and Prospects,"*The Wilson Center*, (2019): 1.

<sup>28</sup>Karagonav, "The Great Ocean-5,"24.

West. Greater Eurasia's purpose is mainly regional to give new life to Eurasian Economic Union. However, he argues that observers see Greater Eurasia more global than regional and he extends that Greater Eurasia is a regional, extra regional and global project.<sup>29</sup> Dmitri Trenin argues that Russia's strategy is the self-image of a grand lonely power in a global order; reaching out to Asian allies for creating a continental order free of US dominance and for calculating patience for Western Europe.<sup>30</sup> Kuznetsova states that Greater Eurasia is a primary process of geopolitical and geo-economic changes taking place in the Eurasian continent and in neighboring territories such as Africa. It is not just a strategic cooperation amid Russia and China nor it is just a territory. It is a new geopolitical fact that has become realistic due to the strengthening of peripheral and semi-peripheral states that have reached the developed countries.<sup>31</sup> Diesen argues that Eurasia is the largest continent with huge landmass and natural resources however; Eurasian integration can challenge the US hegemony and change the balance of power.<sup>32</sup>

### **5.1 China as a Strategic Partner with Russia in Greater Eurasia**

China is the core and essential partner of Russia in shaping Greater Eurasia because of its ability and intention compete with the United States led unipolarity. This strategic partnership is indispensable for Greater Eurasia because this dyad comprises biggest energy users and energy producer in the world trade leader and a continental land bridge. However, in recent years, Beijing and Moscow became substantial player in combating unipolarity by creating regional financial institutions and platforms such as BRICS (Brazil, Russia, India, China and South Africa), SCO (Shanghai Cooperation Organization) and EEU (Eurasian Economic Union). Linking China with Greater Eurasia proposes potential opportunities for Russia to make this project a viable geo-economic initiative. This strategy became a challenge for US led world order after the initiation of Silk Road project under BRI. The

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<sup>29</sup>Bobo Lo, "Greater Eurasia: The Emperor's new clothes or an idea whose time has come?" *Institut Francais Des Relations Internationales*, (2019): 1-44.

<sup>30</sup>Dmitri Trenin, "Russia's Evolving Grand Eurasia Strategy: Will It Work?" *Carnegie Moscow Center*, (2017) assessed on May 21, 2020, <https://carnegie.ru/2017/07/20/russia-s-evolving-grand-eurasia-strategy-will-it-work-pub-71588>.

<sup>31</sup>Anna Kuznetsova, "Greater Eurasia: Perceptions from Russia, the European Union, and China," *Russia International Affairs Council*, (2017), assessed on May 23, 2020, <https://russiancouncil.ru/en/analytics-and-comments/analytics/greater-eurasia-perceptions-from-russia-the-european-union-and-china/>.

<sup>32</sup>Glenn Diesen, "Russia, China and 'Balance of dependence' in greater Eurasia," *Valdai Papers*, (March 2017) accessed May 21, 2020, <https://valdaiclub.com/a/valdai-papers/valdai-paper-63-russia-china-and-balance-of-depend/>.

ambition of China is to revive the ancient Silk route through the development of land infrastructure and maritime routes that will be financed by China's financial institutions.<sup>33</sup>

In 2015, Moscow and Beijing signed a combined declaration of collaboration in Moscow for the development of EEU and SREB. Lukin (2019) argues that some experts in China expressed their doubts concerning the prospective of EEU but that approach has changed significantly. China recognizes and respects Moscow's interests in the region and stresses that the main aspect is to commence a link among SREB and the region where Moscow will play an important role and seek opportunities for ensuring regional security and economic stability which provide constant stability to the development of region. Moreover, this is the imperative task under Sino-Russo cooperation in the coming years.<sup>34</sup>In structuring economic influence, China's policy restricts prospective rivalry between China and Russia that pave the way how to harmonize projects that both powers devised for Eurasia.<sup>35</sup>Bordachev elaborates that idea of aligning the EEU and BRI i.e. Greater Eurasia still remains vague.<sup>36</sup>

## **6. Prospects of EEU and SREB: Towards Greater Eurasia**

### **6.1 Eurasian Economic Union**

Eurasian Economic Union is the idea that had been represented by President of Kazakhstan Nursultan Nazarbayev in 1994 that there is a need to create a platform for economic integration under Eurasian Economic Union. This idea has taken 20 years to implement and in 2000 five states establishes Eurasian Economic Community.<sup>37</sup> Eurasian Economic Union is the final stage of economic integration process. In order to integrate, Belarus, Russia and Kazakhstan agreed and signed a custom union and the common economic area for economic cooperation in 2007. According to the document, the integration agreed on three levels for common economic space; a) Eurasian Economic Community (EurAsEC), Custom Union for Kazakhstan, Belarus and Russia (CU) and EEU. Under this agreement, the participant states

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<sup>33</sup>Diesen, "Russia, China and 'Balance of dependence,'" (March 2017): 3.

<sup>34</sup>Alexander Lukin, "Russian-Chinese cooperation in Central Asia and the Idea of Greater Eurasia," *Indian Council of World Affairs*, (2019): 1-14.

<sup>35</sup>Marcin Kaczmarek and Witold Rodkiewicz, "Russia's Greater Eurasia and China's New Silk Road: Adaptation instead of competition," *OSW Commentary* 219 (2016): 4.

<sup>36</sup>Timofei Bordachev, "Greater Eurasia: What Is Yet To Be Done?" *Valdai Papers*, (December 2019) accessed May 21, 2020, <https://valdaiclub.com/a/highlights/greater-eurasia-what-is-yet-to-be-done/>.

<sup>37</sup>Evgeny Vinokurov, "Eurasian Economic Union: Current state and preliminary results," *Russian Journal of Economics*, (2017): 54-70.

can benefit from common markets for harmonized legislation, collective transport, communication and energy infrastructure, organized tax system and the free movement of labor, services, goods and capital. However, the fact still remains important that strategically the market resources are still in planning and development stage for members who managed to create an institutional apparatus for developing a framework and integration process for member states markets.<sup>38</sup> Finally, Eurasian Economic Treaty came into effect in 2015 moreover Armenia and Kyrgyzstan acceded in the same year.<sup>39</sup>

The strategic location, territory and population show that the EEU has the capability to become a key player in international economy. The EEU plans until 2025 including creation of common energy markets, elimination of barriers on movement of goods and capital, a common space for transport, a coordinated policy on agro-industry and formation of single EEU market. Its goal is to ensure macroeconomic sustainability, to create favorable conditions for business activities and investments, to increase the scientific and technical potential among member states, to guarantee the accessibility of financial resources, infrastructure and human resource development and to achieve foreign trade potential for inter-regional and cross border cooperation. In order to expand the process of economic integration, EEU strategy is to build relations with foreign states. Their aim is to sign free trade agreement, memoranda on cooperation with third world countries and non-preferential trade agreements. EEU successfully aligned with Serbia, Vietnam and Egypt and they signed the agreement. Moreover, talks with India, Iran, Singapore, Israel and South Korea are in progress.<sup>40</sup>

Sergei argues that Russia's goal for creating EEU is to restore Russian control in post-Soviet space for building a unified version of Eurasia.<sup>41</sup> However, this can be argued that Russia's aim is not only to make its foothold in post-Soviet space but to expand the integration by minimizing US role not only in post-Soviet Republics but in whole Eurasia. Moreover, Russia realizes its economic process that is under process. In order to achieve

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<sup>38</sup>Anna Gussarova, Farkhod Aminjonov, and Yevgeniy Khon, "The Eurasian Economic Union and the Silk Road Economic Belt," *Central Asia Institute for Strategic Studies*, (2017): 1-27.

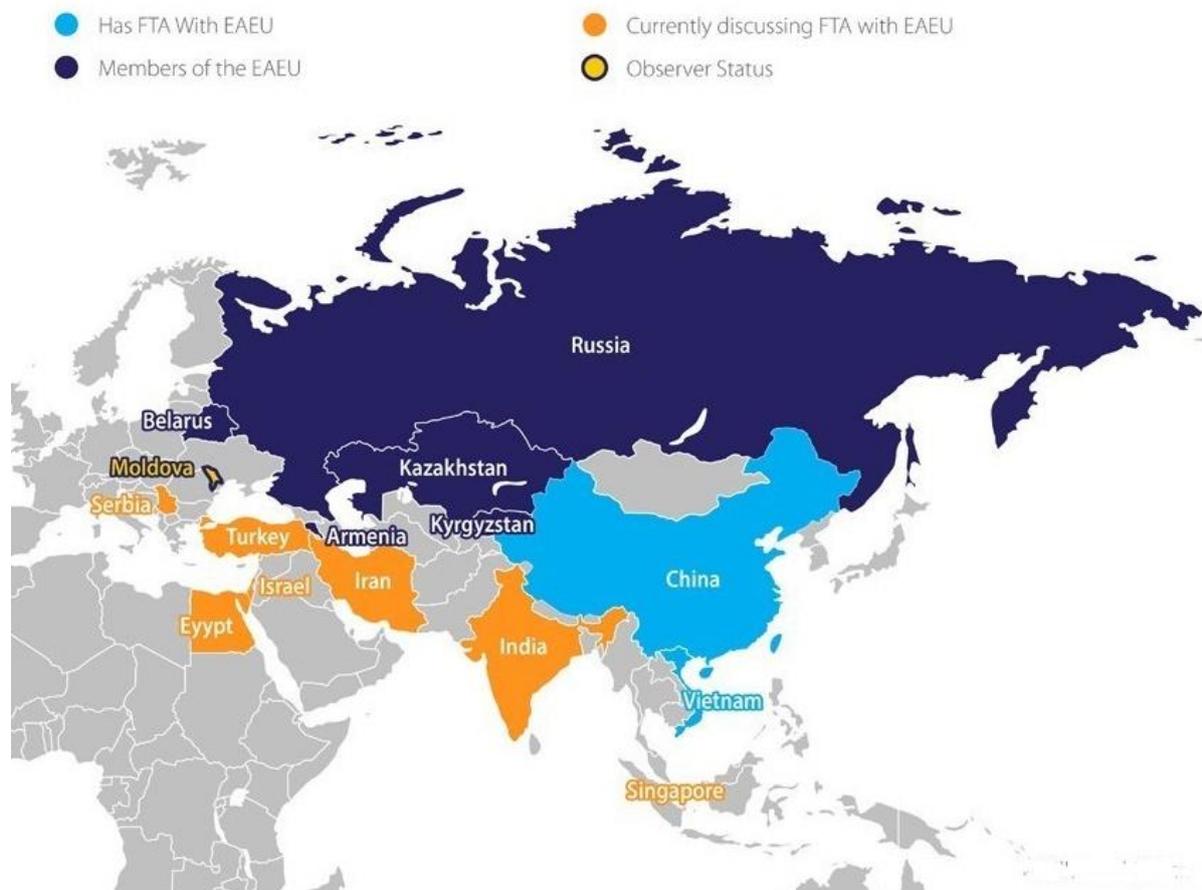
<sup>39</sup>Vinokurov, "Eurasian Economic Union," 54-70.

<sup>40</sup>E.S. Alekseenkova, I.S. Glotova, A.V. Devyatkov, V.A. Morozov; A.Y. Osinina; E.V. Pak; A.N. Starostin and S.M. Yun, "EAEU Development Prospects Upto 2025," Russian International Affairs Council, (2017): 6-90.

<sup>41</sup>Bruno S. Sergi, "Putin's and Russian-led Eurasian Economic Union: A hybrid half-economics and half-political "Janus Bifrons"," *Journal of Eurasian Studies*, (2018): 52-60.

economic power, Russia is looking towards economic integration and intensifying its area of influence in Eurasian continent.

*Figure 2: Eurasian Economic Union Nations<sup>42</sup>*



## 6.2 Silk Road Economic Belt

The conception of new Silk Road was initially introduced by President Xi Jinping in 2013, anticipates a construction of infrastructure linkage between Beijing and Europe. The explicit elements of the new Silk Road include Central Asia (in the form of economic belt of Silk Road), Southeast and South Asia (in the form of Maritime Silk Road) and Pakistan (in the form of China Pakistan Economic Corridor). This project consists of transit states and regions connecting Europe, Central and Eastern Europe, Balkans, Russia, South Caucasus region, Turkey and Middle East. Over sixty states have approved for contribution in this

<sup>42</sup>Chris Devonshire-Ellis, “China-Russia Great Eurasian Partnership on Development Track as EAEU Agree to Regional Free Trade,” *Silk Road Briefing*, (February 2019) assessed May 21, 2020, <https://www.silkroadbriefing.com/news/2019/02/12/china-russia-great-eurasian-partnership-development-track-eaeu-agree-regional-free-trade/>.

project known as BRI.<sup>43</sup> Karagnov asserts that for containing US; China turns towards West through BRI and this move is not only focusing on new corridors for transport but it also contemplates the concerns of economic development and restring direct interaction among Eurasia and Eurasian culture.<sup>44</sup> However, while considering the scope of Silk Road Economic Belt, it is argued that SREB aim is to coordinate national policy, infrastructure development, liberalization and financial and cultural cooperation.<sup>45</sup> There are two important routes that connect Asia to Europe through Trans-Siberian Railroad and New Eurasian Continental Bridge. Trans-Siberian route runs through Russia between Vladivostok and Rotterdam and Continental Bridges run from Lianyungang to Rotterdam and this is main target of SREB. The Chinese intend to build a single consistent railroad towards Iran and Turkey and to construct a high-speed railway from China to United Kingdom from Kazakhstan. Moreover, another effort has been made to initiate New Eurasian Continental Bridge known as TRACECA that intend to join Central Asian region with Turkey through the routes of Azerbaijan and Georgia.<sup>46</sup> Sangar asserts that this vision would cost \$8 trillion where Chinese Development Bank is looking towards to invest \$890 billion. Moreover, trough Asian Infrastructure and Investment Bank \$40 billion have been allocated for Silk Road fund.<sup>47</sup> This Silk Road initiative has likely such potential for providing massive opportunities for Eurasian continent.

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<sup>43</sup>Kaczmarek, "Russia's Greater Eurasia and China's New Silk Road," 1.

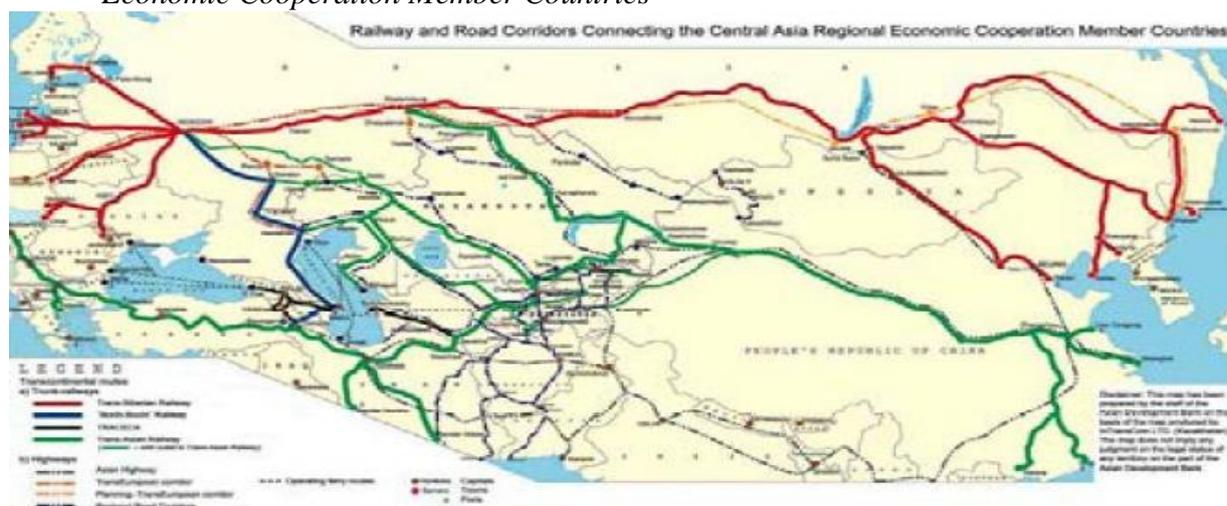
<sup>44</sup>Sergey Karaganov, "The new Cold War and the emerging Greater Eurasia," *Journal of Eurasian Studies* 9 (2018): 85–93.

<sup>45</sup>Gussarova, "Eurasian Economic Union and Silk Road Economic Belt," (2017): 3.

<sup>46</sup>Balazs Sarvari and Anna Szeidovitz, "The Political Economics of the New Silk Road," *Baltic Journal of European Studies* 6 (2016): 3-27.

<sup>47</sup>Kaneshko Sangar, "Russia and China in the age of grand Eurasian projects: Prospects for integration between the Silk Road Economic Belt and the Eurasian Economic Union," *Journal of Eurasian Studies*, 2017.

Figure 3: Railway and Road Corridors Connecting the Central Asia Regional Economic Cooperation Member Countries<sup>48</sup>



Note: Red line shows Trans-Siberian Railway, Blue line shows North South Railway, Black line shows TRACECA and Green line shows Trans Asian Railway.

## 7. Combining EEU and SREB: Opportunities and Challenges

President Vladimir Putin and President Xi Jinping on May 2015 concluded a declaration for coordinating the development and construction From EEU and SREB. This declaration is the result of a reasonable compromise between two states i.e. Moscow accepted the active role of China in Eurasia and China has decided to manage the Eurasian Economic Union as an equivalent negotiating bloc.<sup>49</sup>This deal is of great importance as it has got the support of many countries for integrating land route in order to increase the economic activities across the continent. Karaganov asserts that the initiative to align EEU with Silk Road is the important tool of cooperation between Beijing and Russia under the format of EEU-SREB.<sup>50</sup>Moreover in 2018, an accord has signed between EEU and Beijing for trade and economic cooperation among EEU members. This agreement concerns to reduce trade barriers and simplifying custom procedures for creating a better economic integration process. This process helps to develop relations between EEU member states and China for benefiting maximum economic opportunities.<sup>51</sup>

<sup>48</sup>G. Gleason, "Political Dimensions of the Northern Afghanistan Resupply Routes," *The Quarterly Journal*(2009): 39-63.

<sup>49</sup>Kuznetsova, "Perceptions from Russia, the European Union, and China," (2017): 4.

<sup>50</sup>Karaganov, "The Great Ocean-5," September, 2017:20.

<sup>51</sup>Oleg Remyga, "Linking the Eurasian Economic Union and China's Belt and Road," *Reconnecting Asia*, (November 2018) assessed May 21, 2020, <https://reconnectingasia.csis.org/analysis/entries/linking-eurasian-economic-union-and-chinas-belt-and-road/>.

In 2019, China and Russia called themselves as ‘good friends’ and guaranteed to work mutually for economic integration and affluence in Eurasia in response of mounting military and economic contention with United States.<sup>52</sup> On the other hand, it has been argued that the idea of bringing EEU and SREB is one of the essential projects in Asia that will benefit all participating countries. However, it also carries the risks that BRI will influence the EEU.<sup>53</sup>

The Eurasian Economic Union is interested in the SREB implementation because the members of EEU are involved in the project as transit countries or the final destination of trade routes from China to Europe. In addition, China aims to develop free trade zone under Shanghai Cooperation Organization. Meanwhile, all member states of EEU agreed that due to the significant trade balance with China, there would be a serious challenge for many national industries of agriculture.<sup>54</sup> The main objective of Russia to integrate with SREB is to exploit the Chinese investment capability for developing infrastructure network in Eurasian continent. This connectivity would make the region more competitive and enable transitional trade and investment flows among Europe and Asia. Additionally, it will help Eurasian Economic Union to make an alliance for economic competitiveness with other countries and regional blocs for expanding its influence globally. The development between EEU and SREB could foster the intra-national development that is a) China can develop Western regions and integrate with them into Eurasian continent and b) Russia is interested for developing its border regions by intensifying economic integration.<sup>55</sup> According to Li, the connecting Russia and China’s strategies are essential not only for building a strong mechanism for EEU but also for the upcoming prospects of the organizational integration process. China, Russia, ASEAN and EEU are three important economic entities therefore, the cooperation between China and Russia can leads to beneficial Eurasian Economic

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<sup>52</sup>Lee Jeong-ho, “China and Russia forge stronger Eurasian economic ties as Vladimir Putin gets behind Xi Jinping’s belt and road plan in face of US hostility,” *South China Morning Post*, (April 2019) assessed May 22, 2020, <https://www.scmp.com/news/china/diplomacy/article/3007883/china-and-russia-forge-stronger-eurasian-economic-ties>.

<sup>53</sup>Elnur Mekhdie, Irina Pashkovskaya, Elena Takmakova, Olga Smirnova, Khadiya Sadykova, and Svetlana Poltorykhina. "Conjugation of the Belt and Road Initiative and Eurasian Economic Union: Problems and Development Prospects," *Economics* 7, no. 118 (2019): 1-15.

<sup>54</sup>A.V. Tsvyk, “Greater Europe or Greater Eurasia? In search of new ideas for the Eurasian integration,” *RUDN Journal of Sociology* 18, no. 2 (2018): 262-270.

<sup>55</sup>Ivan Timofeev, Yaroslav Lissovolik, and Liudmila Filippova, “Russia's Vision of the Belt and Road Initiative: From the Rivalry of the Great Powers to Forging a New Cooperation Model in Eurasia,” *China and World Economy*, (2017): 62-77.

integration.<sup>56</sup> Nonetheless, Russia now becomes an ‘assembling point’ for Greater Eurasia Partnership (GEP). Sukhankin states that this credit is all linked with Chinese initiatives that the hub of gravity of world trade is currently moving from high seas to vast continent Eurasian interior.<sup>57</sup> Furthermore, the bilateral trade between Kremlin and Beijing has augmented significantly and expected to double to \$200 billion by 2024. China is currently negotiating with EEU for Free Trade Agreement because increased trade requires free trade zones. The existing Free Trade Zones in the region can connect China with EEU and towards Europe.

Figure 4: Free Trade Zones Linking China, Russia and EEU<sup>58</sup>



The cooperation between EEU and SREB will help to connect the West with East through wide-range network of pipeline, railways, ports and logistic infrastructure. The railways network will connect Europe as an alternative of slow maritime transport and expensive air transportation. This cooperation will alter the Eurasian space into a single

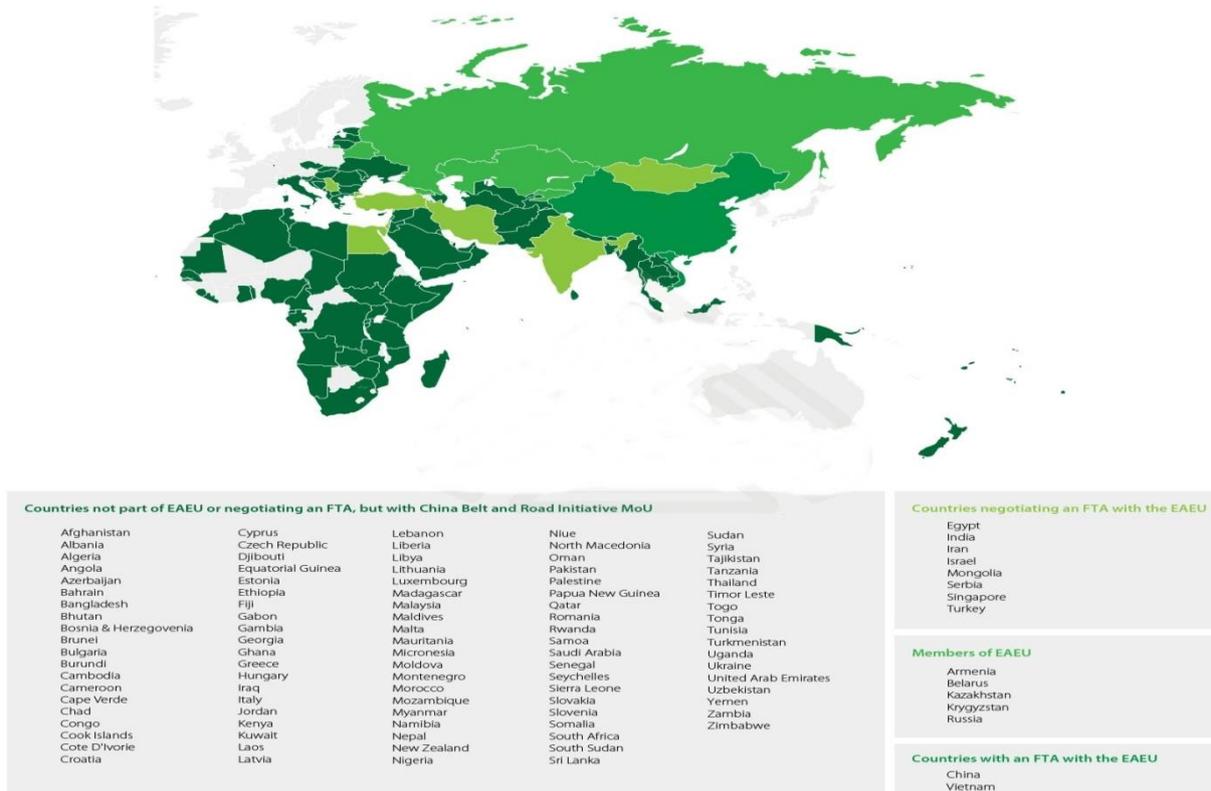
<sup>56</sup>Yongquan Li, “The greater Eurasian partnership and the Belt and Road Initiative: Can the two be linked?” *Journal of Eurasian Studies* 9 (2018): 94-99.

<sup>57</sup>Sergey Sukhankin, “From ‘Turn to the East’ to ‘Greater Eurasia’: Russia’s abortive search for a Far East Strategy,” *Eurasia Daily Monitor* 15, no. 117 (2018) assessed on May 23, 2020, <https://jamestown.org/program/from-turn-to-the-east-to-greater-eurasia-russias-abortive-search-for-a-far-east-strategy/>.

<sup>58</sup>C. Devonshire-Ellis, “Free Trade Zones Linking China, Russia & The Eurasian Economic Union,” *Silk Road Briefing*, (September 2019) assessed May 22, 2020, <https://www.silkroadbriefing.com/news/2019/09/25/free-trade-zones-linking-china-russia-eurasian-economic-union/>.

economic zone that will benefit all states in Eurasia.<sup>59</sup>The strategic cooperation between Moscow and Beijing under the umbrella of Greater Eurasia is significant to create the multipolarity by fostering regional integration not only economically but politically as well. Such strategic environment will create an atmosphere of harmonious cultural and peaceful openness towards other states. This will surely create a buzz in western bloc where the leading states would be Russia and China along with major powers.

*Figure 5: China’s BRI merged with EEU across Eurasia, Africa and Pacific<sup>60</sup>*



However, apart from the opportunities and advantages of linking EEU and SREB, it poses potential risks and challenges. China’s priority is to develop East-West transport corridor while Russia seeks to develop infrastructure along the routes of North-South meridian. Malle argues that there are remarkable challenges for Russia’s economic development with China.<sup>61</sup> These challenges will occur when the interests of both states

<sup>59</sup>Elena G. Garbuzarova, “Cooperation between the Eurasian Economic Union and the Silk Road Economic Belt: Benefits, Risks, Achievements,” *Problems in Post Soviet Space*, (2019): 9-15.

<sup>60</sup>Chris Devonshire-Ellis, “Xi and Putin Place the Greater Eurasian Partnership on the Path to Realization, *China Briefing from Dezan Shira and Associates*, ( June 14, 2019) accessed May 22, 2020, <https://www.china-briefing.com/news/xi-putin-place-greater-eurasian-partnership-path-realization/>.

<sup>61</sup>Silvana Malle, “Russia and China in the 21st century. Moving towards cooperative behaviour,” *Journal of Eurasian Studies* 8 (2017): 136–150.

diverge. However, this situation can be handled accordingly if Russia and China resolve issues mutually.

Sangar in his research argues that SREB aims to pay attention towards rail and road routes and loosing sight of transit potential of inland waterways. Moreover Asaul, Malygin, Anatoly, Mokhov, Vladimir, & Seliverstov elaborates that the implementation of SREB will provide potential access to Northern Sea Route to the countries of EEU which will eventually form a novel Eurasian transit route.<sup>62</sup> Experts believe that Russian influence will decline in Central Asia due to increased influence and presence of China in the region. Moreover, trade with China can slow down EEU members industrialization process.<sup>63</sup> However, this notion is too early to state because Russian foothold in Central Asia along with Chinese cooperation is strong enough.

Syroezhkin asserts that joining of EEU and SREB will pose potential benefits for member countries but in different aspect it is becoming a competitor of EEU.<sup>64</sup> Though, rail network is important and significant for connecting EEU and SREB through transferring goods but it is argued that railways can never replace the shipping due to the less capacity for transferring containers. Moreover, China's Silk Road is to cut the Russian trade in Eurasian continent.<sup>65</sup> The biggest challenge and risk will be trans-border terrorism. The border proximity of Russia towards Central Asia and then Afghanistan can hinder the process of linkage of these two projects. Along with that, it is also a biggest challenge that there is no platform for integrating through these projects where China and Russia can develop mechanism for countering possible security and economic risks. This argument also arises that Russia cannot become a long-term partner of China due to the certain extent of diverging interests. However, the argument that lies over Russian influence still eminent where Russian role seems to be minimized due the China's major role in Eurasia. This fact remains substantial that China is the economic major power but China is not a hegemon. This greater

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<sup>62</sup>Maxim Asaul, Igor Malygin, Asaul Anatoly, Alexey Mokhov, Komashinskiy Vladimir and Yaroslav Seliverstov, "Linking Eurasian Integration with the Silk Road Economic Belt in the Context of Water Transport," *Advances in Economics, Business and Management Research* 131 (2019): 237-240.

<sup>63</sup>Garbuzarova, "Cooperation between the Eurasian Economic Union and the Silk Road Economic Belt," 13.

<sup>64</sup>K. Syroezhkin, "Joining of Eurasian Economic Union and Silk Road Economic Belt," *Russia and New States of Eurasia*, (2016): 37-55.

<sup>65</sup>Raffaello Pantucci, "China's new silk road is designed to cut Russia out of Eurasian trade," *South China Morning Post*, (February 2016) assessed May 22, 2020, <https://www.scmp.com/comment/opinion/article/1913441/chinas-new-silk-road-designed-cut-russia-out-eurasian-trade>.

Eurasia partnership will automatically balance the power of China in Eurasia. From Chinese perspective, there will be no loss for China as China is already successful to make its foothold in the Eurasia, for China <sup>66</sup>it's a win-win strategy but with some degree of agreed cooperation between Russia and China.

Corona virus has dramatized the global affairs and extent of the new world disorder. The pandemic subsequently has shaken the world's politico-economic affairs. Despite of tremendous challenges due to covid-19, the growing significance of Sino-Russo strategic nexus and their joint patrol mission over the Japan seas and East China has threatened the US liberal democracy. The pandemic exacerbated US-China confrontation that provides the options for Russia to strategize its national interests. Bobo Lo argues that the impact of China-Russia partnership on global order has been peripheral. However, the mounting relationship from diplomatic to political and defense to informational realm- the cooperation between Beijing and Moscow increased dramatically. In a recent report of *Silk Road Briefing*, China is planning to further cement the Eurasian trade and will make up connectivity Central Asia, Russia and Pakistan (CPEC) along with Northern Sea passage to Europe though Arctic. Moreover in 2021, China will augment free trade development projects with Eurasian Economic Union including Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan.<sup>67</sup>This China-Russia axis of power indicates that both states put aside their disagreements and strengthening their military, diplomatic and economic ties. In a recent statement of newly elect President of America, Joe Biden promised that US would be more effective in dealing with Russia's aggressive policies which the previous administration wasn't doing. The rise of China and the resurgence of Russia and their nexus in Eurasia is worrisome for US, West and allies.

## **Conclusion**

Greater Eurasia concept has been developed by Russian experts in 2015 after the deteriorated relation with the west due to Ukrainian episode. Greater Eurasia as expressed by

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<sup>66</sup>Bobo Lo, "The Sino-Russian partnership and global order," *China International Strategy Review*, (2020): 306-324

<sup>67</sup>Chris Devonshire-Ellis, "China's Belt And Road Initiative: Infrastructure Developments To Expect In 2021," *Silk Road Briefing*, (December 16, 2020) accessed February 6, 2021, <https://www.silkroadbriefing.com/news/2020/12/16/chinas-belt-and-road-initiative-infrastructure-developments-to-expect-in-2021/>

Bobo Lo is a global project of Russia with integrating Europe and Asia to counter the US hegemony and unipolarity. China and Russia core convergence of interest lies that they want multipolarity to minimize the influence of US. However, under the umbrella of Greater Eurasia, China and Russia signed the agreement to combine EEU with SREB. This strategic thinking of Russia and China is the result of development in internal and external environment where economic strength is imperative in order to establish a state as a major global player. In this scenario, it is inevitable for both states to create a strategic partnership. The US dominated economic sphere based on fair and free trade excluding China and Russia poses a serious challenge.

In order to counter this, they both required developing a strategic partnership for building a new world trade order with maximum influence in Eurasia. Furthermore, EEU wants to strengthen its position with outside world. Arguing, the member states of EEU, all of them are homogenous and their transfer of production is limited such as Belarus, Russia and Kazakhstan are the main producers and exporters of energy and chemicals. The demand for raw material is high but this creates competition instead of complementarity in finished products. However, Russia having the dominant position in the Union hasn't have the capital and production capacity to invest in abroad. For this, the Union's required to integrate economically with the outside world and China is the best option for that. However, China has a single reason to facilitate EEU but Beijing has other objectives that converge with Russia's interest of countering US and unipolarity and to create economic leadership in Eurasia. The Silk Road Economic Belt is a railway route to connect Europe and Asia. The integration with EEU helps to do trade with high speed rails and railway tracks with minimum cost. However, the project is still under process and nothing can be said decisively. In order to minimize the risks and challenges for making Greater Eurasia a project of success, China and Russia need to develop an effective platform for discussing all risks and opportunities so that Russia and China can get most out of it.