

EAEU AND BRI IN CENTRAL ASIA: TRANSFORMATION FROM LAND-LOCKED TO LAND-LINKED REGION?

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Abstract

Central Asia is one of the least integrated regions of Asia. Being a landlocked region, it depends on its neighboring states, especially Russia and China for its international trade through land. Both these states also have geo-political and geo-economic interests in this region. Both have been pro-active to integrate Central Asia into 'their' initiatives of integration. Russian led Eurasian Economic Union (EAEU) and Chinese Belt and Road Initiative (BRI) are two good examples in this regard. It has been observed that both EAEU and BRI may complement each other in the fields of infrastructure and transportation network development, energy security, and environmental issues. However, there are certain challenges to both the initiatives which include the divergent natures of both initiatives. First, BRI is a bilateral project while EAEU is a multilateral institution with well-defined hierarchy, rules and regulations. Second, all the Central Asian Republics (CARs) are members of BRI, whereas only two CARs viz. Kazakhstan and Kyrgyzstan are members of EAEU. Third, both Russia and China compete with each other for the hydrocarbons of the region. However, both initiatives have failed to contribute substantially in the industrial development of Central Asia. This research focuses on how both EAEU and BRI projects would help out Central Asia to become a Land-Linked region. The article addresses the questions; what are the objectives of EAEU and BRI? Why have CARs joined these organizations? And How

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can CARs benefit from both the organizations while balancing Russia and China in their foreign policies? Qualitative research methodology with secondary sources has been applied to this research while World Orders and Neo-Functionalism explain the problem.

Keywords: Central Asia, EAEU, BRI, Landlocked, Transportation Corridor.

Introduction

Landlocked countries of Central Asian region are not only desperate to find new international markets but need multiple routes to export their hydrocarbons as well as boosting international trade. China is the largest importer of natural gas from the region while Russia is the major transit hub of Central Asia's international trade including export of hydrocarbons. The instability in Afghanistan and US-Iran rivalry have never let Central Asian Republics' (CARs) international trade to boost through the Persian Gulf or Arabian Sea. There have been lots of efforts at regional as well as broader Eurasian level to integrate Central Asia into global economy.

Organizations like Central Asia Cooperation Organization (CACO), Commonwealth of Independent States (CIS), Shanghai Cooperation Organization (SCO), Organization for Security and Cooperation for Europe (OSCE), Eurasian Economic Union (EAEU), and Belt and Road Initiative (BRI), to name few, have contributed for the development of this region. However, in the economic and trade domain, none of these organizations have really been successful so far. Knowing the importance of CARs for its land routes to Europe, China announced One Belt and One Road Initiative (OBOR) in Nazarbayev University Astana. It was a signal to the regional states that Beijing gives them special importance and is willing to invest billions of dollars to develop their infrastructure. All the regional states have welcomed the Chinese initiative hoping that it will not only integrate their economies globally and regionally but will benefit the local markets as well.

Moscow has always been very keen towards Central Asian region for security reasons as well as economic benefits. Being part of the ex-Soviet domain, CARs have always been significant to Russian foreign policy makers. In order to balance the Chinese investments and economic interests in the region, Moscow is busy to convince and integrate CARs into its own economic and political organizations. Moscow initiated Eurasian Economic Community (EAEC) on the pattern of European Economic Community (EEC) which, in 2015, was elevated to Eurasian Economic Union (EAEU).

Although, all the CARs except Turkmenistan¹ had been the members of EAEC, only Kazakhstan and Kyrgyzstan have joined the EAEU.

In order to understand the converging and diverging interests of both Russia and China within the Central Asian region under the umbrella of EAEU and BRI, it is important to understand two approaches i.e. World Orders and Neo-Functionalism. According to World Orders approach², there are five world orders currently engaged in the Central Asian region. These Orders include; Russia Slavic, Western Liberal, Chinese Sinic, Islamic and the Residual Socialist Order. These Orders simultaneously cooperate and contradict each other. They even overlap and interpenetrate each other.

The Russian Slavic Order is pro-active towards this region since 1993. It considers the Central Asian region as natural shield against the (possible) Southern intrusion. This order wants to keep its political and economic influence in the region through domination over the hydrocarbon exports and security guarantees. While it considers Chinese Sinic and the Western Liberal Orders as a threat. The Chinese Sinic Order is interested into the hydrocarbons of the region besides NATO's presence along with the extremist and terrorist elements. It faces the East Turkestan Islamic Movement in Xinjiang which, possibly, have connections with its counterparts in Central Asia. Slavic Order cooperates with the both against Islamic Order. Furthermore, both Slavic and Sinic Orders cooperate against the Liberal Order in Central Asian region and other non-conferential issues. A good example of their cooperation in and with Central Asian states is the Shanghai Cooperation Organization. So, there are avenues for cooperation between China and Russia in this region and one of the main area is economic and trade cooperation.

Neo-Functionalism³ focuses upon the regional integration. It talks about the gradual and, initially, preferred areas of economic integration which later on brings more areas under cooperation. The "main aspects of neo-functionalism are; functional spillover, political spillover, and importance of supranational organizations."⁴This theory says that positive impacts of functional and political integration in 'some' areas will lead

¹ Turkmenistan has been pursuing a foreign policy of positive permanent neutrality which forbids Ashgabat to join any of the military, political or economic blocs.

² Adam Saud, "World Orders in Central Asia; United Against Political Islam?" *Regional Studies*, XXXV(3), (Autumn 2017).

³ A. Niemann and P. Schmitter, "Neo-Functionalism" in Antje Wiener and Thomas Diez, *Theories of European Integration*, 2nd edition, (Oxford: OUP, 2009), 45-66

⁴ Anastassia Obydenkova, "Comparative Regionalism: Eurasian Cooperation and European Integration. The Case of Neo-Functionalism?" *Journal of Eurasian Studies*, Vol. 2, (2011), 87-102

towards integration into further areas. Such benefits would lead to a trust on the part of decision makers to bring maximum integration.

While most of the scholars either have discussed the role of BRI and EAEU in Central Asia individually and/or competition between the two initiatives, least has been explored about the overlapping interests, hence cooperation and support to each other in trade and economy domains. This study focuses on possible positive outcomes of both initiatives for Central Asian states which may also lead towards broader cooperation between China and Russia.

Eurasian Economic Union

The Eurasian Economic Union (EAEU) came into existence on January 1, 2015. The agreement was signed on May 29, 2014 between Russia, Kazakhstan and Belarus. Armenia and Kyrgyzstan joined the Union later. The major objective of the EAEU is the creation of common energy and electricity markets. Other objectives include; to ease the cross border trade without much barriers and facilitation of visa free regimes for the migrant workers of the member states.

The EAEU has emerged out of the Eurasian Economic Community (EAEC) established in 2000. The efforts to establish a Custom Union (CU) started in 2006, when Russia, Kazakhstan and Belarus agreed to announce it. This CU was formally launched in 2010.⁵ After removing many of the trade barriers, this CU headed towards a Single Economic Space (SES) in 2012. While discussing the idea of “Eurasian Union” president Putin stated that “the new Union would be open to the world and brings its members into a Greater Europe.”⁶ Following the footprints of EU, EAEU’s main purpose is the duty free trade within the member states while emphasizing on the standardizing of the goods. It also wanted to establish “a single labour and services market.”⁷

The EAEU Treaty says that “the objectives of industrial policy are to (a) accelerate the sustainability of industrial development, (b) increase the competitiveness of member states’ industrial complexes, (c) implement

⁵ “The Eurasian Economic Union: Power, Politics and Trade”, *International Crises Group*, Report No. 40, (July 2016), 6

⁶ “A new integration project for Eurasia – the future, which is being born today,” *Center for Strategic Assessment and Forecasts*, (October 3, 2011). Retrieved from: <http://csef.ru/en/politica-i-geopolitica/223/novyj-integracionnyj-proekt-dlya-evrazii-budushhee-kotoroe-rozhdaetsya-segodnya-1939>

⁷ “The Eurasian Economic Union: Power, Politics and Trade”, *International Crises Group*, Report No. 40, (July 2016), 7

effective cooperation for innovation, and (d) remove barriers in industrial sector, including the movement of industrial goods.”⁸

The EAEU has a well-defined and relatively powerful supranational decision and conflict resolution bodies. If “Collegium”⁹ gives a decision by two third majority, each member has to obey that. But every member has the right to veto. This veto comes with the approval of “Council of the Eurasian Economic Commission” comprised of the deputy prime ministers of member states.¹⁰

According to the Neo-Functionalism, first step towards economic integration is the creation of free trade areas which abolish tariffs among the member states. After the success of free trade areas, Custom Union (CU) is formed which aims at the abolishing of movement of capital, services, labour and commodities. CU also charts out a single trade policy with the non-member states. EAEU has achieved the second step of integration in the form of Custom Union where some of the modalities are being finalized. Therefore, despite facing problems, there are indicators that EAEU is heading towards regional integration.

Belt and Road Initiative (BRI)

Initiated in 2013 as One Belt One Road, the BRI project aims to develop infrastructure and transportation networks across the ancient Silk Routes. BRI “envisions a vast network of railways, highways, ports, pipelines, and communication infrastructure spanning the Eurasian continent and facilitating trade, investment, and people-to-people exchange.”¹¹ In a statement, Chinese president Xi Jinping announced that China will “jointly build an ‘economic belt’ along the Silk Road with Central Asian partners to deepen cooperation and expand development in the Euro-Asia region.”¹² In order to support the initiative, Beijing has initiated supporting financial projects like the Asian Infrastructure and investment Bank (AIIB) with an investment of \$50 billion, Maritime Silk Road (MSR) with \$25 billion, Silk

⁸ Treaty on the Eurasian Economic Union, http://www.un.org/en/ga/sixth/70/docs/treaty_on_eeu.pdf.

⁹ Loosely modelled on its Brussels counterpart, the EEC is headed by ten “Members of the Collegium” (or ministers), two from each member state. Each presides over several of 25 thematic departments, of which perhaps the largest and most important is trade policy.

¹⁰ “The Eurasian Economic Union: Power, Politics and Trade”, *International Crises Group*, Report No. 40, (July 2016), 12

¹¹ Michael Clarke, “The Belt and Road Initiative: China’s New Grand Strategy?” *Research Gate*, (2017). Retrieved from: <https://www.researchgate.net/publication/319100054>

¹² “Full Video: President Xi Jinping Delivers Speech at Nazarbayev University,” CCTV, September 7, 2013 u <http://english.cntv.cn/program/newsupdate/20130907/102105.shtml>.

Road Economic Belt (SREB) with an investment of \$40 billion and a \$40 billion Silk Road Fund (SRF).¹³

The project aims to integrate the world economically. It also wants to integrate China's less developed regions not only to mainland China but to international markets. The infrastructural development and enhancement of transportation network under the BRI project may bring the world closer where increased people to people connectivity is expected. It is also expected that multilateral economic and trade activities may develop the improvised regions and contribute for the economic development and social development of the global South.

EAEU and BRI in Central Asia

Since the Central Asian region is at the core of both EAEU and BRI, it is expected that these projects would change the status of this region from "land-locked to land-linked region."¹⁴ Interestingly, territories of both the initiatives overlap each other. The main area of interest for both organizations is also, more or less, the same that is economic and trade cooperation. The EAEU aims to create "common markets with (a) harmonized legislation; (b) unified energy, transport, and communication infrastructure; (c) coordinated tax system; and, (d) free movement of goods, services, capital and labor force" while BRI's major focus is "coordination of national policy, development of infrastructure potential, liberalization and simplification of trade and investment, as well as financial and cultural cooperation."¹⁵ The optimists think that as many of the objectives of both organizations overlap, it is expected that both will cooperate in these domains.

The increased cooperation is expected to enhance the economic activities, hence beneficial for the Central Asian region. Kazakhstan, being the core member of EAEU and the most important partner of BRI in Central Asia, has the potential to perform a role of bridge between two initiatives. Similarly, Chinese investment in Kazakh and Turkmenistan hydrocarbon sector and in Kyrgyzstan, Tajikistan and Uzbekistan's transport

¹³ Richard Ghiasy and Jiayi Zhou, "The Silk Road Economic Belt: Considering Security Implications and EU-China Cooperation Prospects," (Stockholm International Peace Research Institute, February 2017), 5. Retrieved from: <https://www.sipri.org/publications/2017/other-publications/silk-road-economic-belt>.

¹⁴ Anna Gussarova and Farkhod Aminjanov, "The Eurasian Economic Union and the Silk Route Economic Belt: Competition or Convergence?" (Almaty: Central Asia Institute of Strategic Studies, July 2017), 1

¹⁵ Anna Gussarova and Farkhod Aminjanov, "The Eurasian Economic Union."

infrastructure development has opened the new ways for regional economic integration. This integration has given birth to weird laws as well.

The new labour laws in Russia bind the migrant workers from non-EAEU member states to pass Russian language test. It is also obligatory to pass the Russian history exam before they get a permit to work in Russia. However, the EAEU member residents don't need such requirement. The Kyrgyz and Armenian immigrant workers benefit from this situation.¹⁶ Tajikistan and Uzbekistan, having hundreds of thousands migrant workers in Russia and Kazakhstan see attraction to join EAEU in this regard.

Kyrgyzstan and Kazakhstan have significant ties with China; simultaneously they are partners in BRI project as well. Their membership in both initiatives would have positive impacts not only on their national economies but across the whole region. Besides large number of Kyrgyz migrant workers in both Russia and Kazakhstan, main lifeline of Bishkek's international trade is Kazakhstan. Hence, despite minimal costs, EAEU is a very good option for the Kyrgyz Republic. As the custom barriers were uplifted in August 2015 between Kazakhstan and Kyrgyzstan, it has further increased the bilateral as well as international trade of Kyrgyzstan. Furthermore, under the umbrella of EAEU, Russia supplies oil and oil products to Kyrgyzstan without any tariffs. Once the common energy market is established, Kyrgyzstan would benefit from the tariff free hydrocarbons from Russia. The price of these items will, obviously, be much cheaper.

Possible Benefits

Since, all the CARs are aspirant to build and integrate their economies in the post-Soviet space, regional integration and cooperation with global financial organizations is the need of time. There are expectations that beside lose control over cross border trade, EAEU has provided a window of opportunity to the member states to resolve their conflicts. The loose border controls are expected to lessen the tensions among the regional states especially over the Fergana Valley where there are border disputes among Kyrgyzstan, Tajikistan and Uzbekistan. Another motivation is the working conditions of labour migrants in Russia.¹⁷

¹⁶ Evgeny Denisenko, "Токтоболотов: Вступление в ЕАЭС серьезно изменило статус трудовых мигрантов" ["Toktobolotov: Entry into the EEU has seriously changed the status of labour migrants"], Vecherniy Bishkek, 4 April 2016. Cited in "The Eurasian Economic Union: Power, Politics and Trade", *International Crises Group*, Report No. 40, (July 2016), 18

¹⁷ "The Eurasian Economic Union: Power, Politics and Trade", *International Crises Group*, Report No. 40, (July 2016), 3

For President Putin, “Eurasian integration is a chance for the entire post-Soviet space to become an independent center for global development, rather than remaining on the outskirts of Europe and Asia.”¹⁸ Increased trade between China and EAEU have benefited the CARs because it happens through this region. There are prospects for the establishment of common transportation corridors. EAEU can balance the possible inflow of Chinese cheap goods into the Central Asian markets through charting out common trade policy towards Beijing.

Since it’s easier for capital and human resource to flow across the Custom Union, China can export its goods to the common market while having ventures in any of the member states. This will surely help Kazakhstan and Kyrgyzstan in particular and other CARs in general. A vast free trade agreement can be signed among the number of Eurasian countries if Chinese and Russian interests converge. If it happens, Central Asian region would be at the heart of it.

There has been a steady increase in Chinese trade with the CARs. Economic integration will provide fertile grounds to Beijing to enhance its trade and economic activities in the Central Asian region. Construction of railway line from China to Uzbekistan through Kyrgyzstan is under consideration. When completed, an expected volume of 12 million tons of Chinese cargo per annum will pass through Kyrgyzstan.¹⁹ Chinese authorities expect this railway line will be further extended to Iran.

It is expected that the cargo turn over between Kazakhstan and China through Khorgos crossing will reach up to 20 million tons within next couple of years which will reach to 35 million tons in 2035.²⁰ Kazakhstan has launched a 2030 Strategy which says that the country will try to reach the ranks of developed countries by year 2030. To achieve this target, Nur-Sultan (Astana) has initiated the industrial development besides being regional transportation corridor. Railway lines are being developed by Kazakhstan in order to be cost effective in comparison to Trans-Siberian and South Sea Routes. It is noteworthy that Kazakhstan route is more cost effective for Chinese trade with Europe than the Russian routes.²¹

¹⁸ Office of the Russian President, “Meeting of the Valdai International Discussion Club,” (September 19, 2013). URL: <http://en.kremlin.ru/events/president/news/19243>

¹⁹ “Railroad from China: So Far Only on Paper,” Retrieved from: <https://rus.azattyk.org/a/28250725.html>.

²⁰ “China opens second railway to Kazakhstan,” Xinhuanet.com, (December 22, 2012), Retrieved from: http://news.xinhuanet.com/english/china/2012-12/22/c_132057373.htm

²¹ “Kazakhstan broadens the geography of transport-logistics strategy,” Official cite of the Prime Minister of the RK, Retrieved from:

China is the major investor and largest trade partner with Tajikistan. It has constructed new highways to connect Xinjiang with its neighboring Central states. With the help of China, electrification process of railway lines is underway in Uzbekistan. China has also constructed a tunnel between Ahangaran and Pop in Uzbekistan. This tunnel has reduced hundreds of kilometers of journey between the two cities.²² China-Kazakhstan-Turkmenistan-Iran railway line is operational. In January 2016, first Chinese cargo train went to Iran through this railway line. This journey was completed in only 16 days which had to take almost double time through the sea route.²³

Image: China-Kazakhstan-Turkmenistan-Iran Rail Project



Source: Google Images

The North-South Corridor is helpful for both Chinese and Russian trade with Iran. The railway line serves the said purpose. This corridor is very important and can benefit the EAEU as well.

Inclusion into EAEU has increased the Kyrgyz textile and garments products within the member states. The membership has also helped Bishkek to export these products to EAEU's trade partners globally. Kyrgyz authorities want to establish a brand name "made in Kyrgyzstan" within garments industry for which they are improving the quality of products

<http://www.primeminister.kz/news/show/21/kazahstan-rasshirjaet-geografiju-transportno-logisticheskoy-strategii/26-12-2012>.

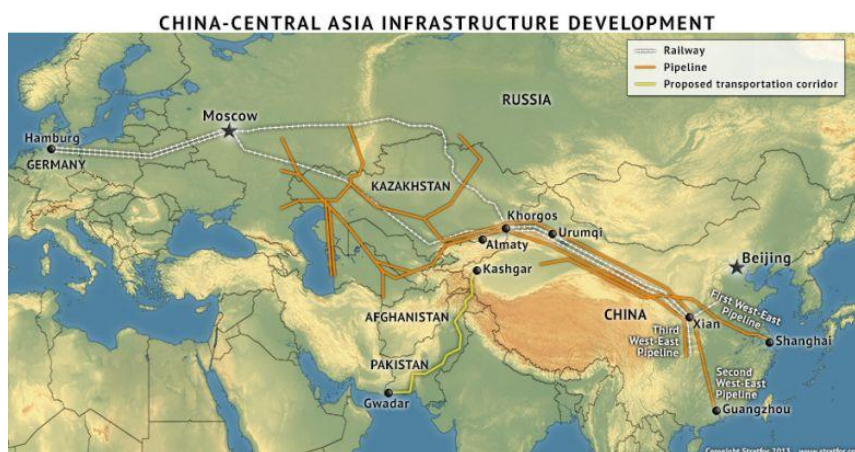
²² Adam Saud, "Revivalism of Silk Routes: CPEC and Central Asia-South Asia Connectivity," *Political Studies*, Special Issue (2018), 194-95

²³ "Railroad 'China-Kazakhstan-Turkmenistan-Iran' Was Presented in Beijing," Retrieved from: https://forbes.kz/news/2016/04/26/newsid_110648

which can also compete in the EU markets. There are prospects that if Tajikistan joins it, Dushanbe's aluminum export may raise manifold. This aluminum has a huge market in the booming Russian construction industry. Similarly, Kazakhstan also has the capacity to absorb Tajik aluminum into its construction industry. Dushanbe also expects investment in banking sector, hydroelectricity sector, cotton production, and textile industry after the membership of EAEU. China has largest investment in the form of foreign direct investment in Tajikistan. Chinese FDI is more than 60% of the total Tajik FDI.²⁴

EAEU and China have signed a trade and economic cooperation agreement in May 2018.²⁵ There are chances that this agreement will bring further positive developments as Chinese investments in the transportation and infrastructure development will not only help the EAEU-China trade but intra-trade in Central Asia as well.

Image: China-Central Asia Infrastructure Development



Source: <https://worldview.stratfor.com/article/chinas-ambitions-xinjiang-and-central-asia-part-1>

²⁴ "China Became Major Investor in Tajikistan," Retrieved from: <http://www.easttime.ru/news/tadzhikistan/kitai-stal-osnovnym-investorom-tadzhikistana/12477>

²⁵ Georgi Gotev, "Kazakhstan Advocates Closer ties between EU and the Eurasian Economic Union," EURACTIV.com, (January 17, 2019). Retrieved from: <https://www.euractiv.com/section/central-asia/news/kazakhstan-advocates-closer-ties-between-eu-and-eurasian-economic-union/>

Chinese investment under the umbrella of BRI has created employment opportunities for Central Asian populace in Chinese companies working in their areas. It has also provided opportunities for the people to get jobs in China. China has also provided thousands of scholarships to the Central Asian students for higher education in Chinese universities. Furthermore, China has established many Confucius institutes in the region. This move is an attempt to exert soft power over Central Asia. Job seekers in China from the region are also interested to know the Chinese language, culture and history in order to have better understanding of the Chinese society.

China is the major source of Turkmenistan and Kazakhstan gas and oil exports. China has constructed pipelines from the shores of Caspian Sea all the way to Xinjiang in China. According to Chinese National Petroleum Company (CNPC), the current gas imports from Central Asia amount up to 55 billion cubic meters which will reach up to 85 billion cubic meters once Line-D is completed and operationalized.²⁶ China pledged \$ 48 billion to invest into Central Asian energy markets during president Xi Jinping's recent visit to the region.²⁷

Uzbekistan is an important market for both China and Russia because it has comparatively competitive industrial sector with machinery production. Tashkent is an active partner in China's BRI project. It also aspires to benefit from the EAEU. In this regard, Uzbek president Shavkat Mirziyoyev stated on January 24, 2020 that "not only 80 percent of Uzbekistan's products pass through the EAEU member countries—Kazakhstan, Kyrgyzstan, and Russia—the same countries are the final consumers of 50 to 80 percent of Uzbekistan's exports...Integration (with EAEU) means better conditions for our migrants in Russia and Kazakhstan...the government is studying avenues to cooperate with the Eurasian Economic Union."²⁸ It is pertinent to note that around 30% of Uzbek international trade had been recorded with the EAEU member states

²⁶ "Flow of Natural Gas from Central Asia," *Chinese National Petroleum Company*, Retrieved from: <https://www.cnpc.com.cn/en/FlowofnaturalgasfromCentralAsia/FlowofnaturalgasfromCentralAsia2.shtml>

²⁷ Spencer Sheehan, "The Problem with China's One Belt, One Road Strategy," *The Diplomat*, May 24, 2017, <http://thediplomat.com/2017/05/the-problem-with-chinas-one-belt-one-road-strategy/>.

²⁸ Umida Hashimova, "Uzbekistan will Cooperate with Eurasian Economic Union," *The Diplomat*, January 27, 2020. URL: <https://thediplomat.com/2020/01/uzbekistan-will-cooperate-with-eurasian-economic-union/>

in 2018.²⁹ It is expected that inclusion of Uzbekistan will encourage and open the doors for other states like Azerbaijan, Iran and Turkey to join EAEU. This possible expansion will create further opportunities for the CARs to not only integrate into the regional markets but with Caucasus, the Middle East and Europe.

²⁹ “Uzbekistan Befuddled by Eurasian Economic Union’s tug of War,” *Eurasianet*, November 1, 2019. URL: <https://eurasianet.org/uzbekistan-befuddled-by-eurasian-economic-union-tug-of-war>

Image: Central Asian Roads, Rails and Energy Transportation Network

Source: Financial Times

Not only states from the region like Tajikistan and Uzbekistan aspire to join the EAEU but states like Mongolia, Turkey, Syria and even Tunisia are potential contenders of membership. Currently, Moldova has the observer status.³⁰

May 2018, Chinese and EAEU free trade agreement “reduces some trade barriers and simplifies customs procedures, creating a foundation for

³⁰ Chris Devonshire-Ellis, “China Russia Great Eurasian Partnership on Development Track as EAEU Agree to Regional Free Trade,” *Silk Road Briefing*, (February 12, 2019). Retrieved from: <https://www.silkroadbriefing.com/news/2019/02/12/china-russia-great-eurasian-partnership-development-track-caeu-agree-regional-free-trade/>

deeper integration.”³¹ Since 2013, Beijing has invested around \$ 100 billion into the EAEU’s economies under the SERB project. This agreement has high hopes that cooperation between the two entities will bring a development revolution in the broader Eurasian region.

Russian idea of ‘Great Eurasian Partnership’ can be materialized with the help of Chinese investment in the infrastructural development. China has invested a large amount into the Asian and African markets besides improvement in the transportation network along with infrastructure development. The recent trends of Russian international trade also dictate that Moscow is keen to enhance its trade with Asian and African nations. Increase in Chinese and Russian trade volume with these regions may complement each other. Therefore, there are chances that both entities will cooperate with each other in this domain. The benefits of this cooperation will surely be reaped by the Central Asian states as they are at the core of ‘this’ trade.

“In May 2015 Russian and Chinese leaders agreed during a bilateral meeting in Moscow to link each country’s regional integration projects, namely China’s Silk Road Economic Belt and Russia’s Eurasian Economic Union (EEU), instead of competing with each other for influence over the same geopolitical space in Central Asia.”³²

Another important area of cooperation between Russia and China within Central Asia is the environmental crises. There are always few negative impacts on the environment when industrialization and infrastructure is developed. BRI project may bring some environmental problems in Central Asia as well. This can happen especially in Tajikistan where Chinese cement plants can add to the decline of environment.³³ The Aral Sea crises have brought disastrous impacts on already endangered environment of Central Asia. Within 20 years, around 90% of the water from Aral Sea has dried up. It happened primarily due to Soviet wrong agricultural policies, mismanagement and increase in the region’s population. These crises have negative impacts on the health conditions of Aral Sea region. People carry infectious diseases besides respiratory

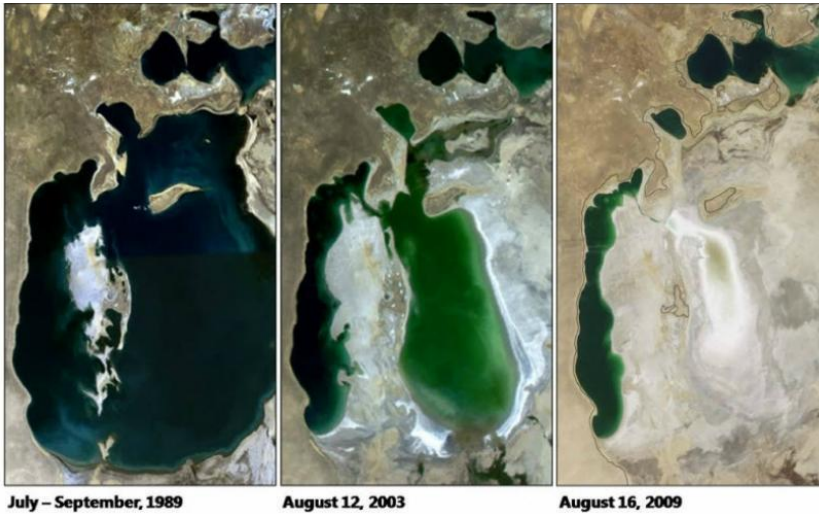
³¹ Oleg Remyga, “*Linking the Eurasian Economic Union and China’s Belt and Road*,” (November 9, 2018). Retrieved from: <https://reconnectingasia.csis.org/analysis/entries/linking-eurasian-economic-union-and-chinas-belt-and-road/>

³² Alexander Gabuev, “Eurasian Silk Road Union: Towards a Russia-China Consensus?” *The Diplomat*, (June 5 2016). Retrieved from: <http://thediplomat.com/2015/06/eurasian-silkroad-union-towards-a-russia-china-consensus/>

³³ Van der Kley, D. *China Shifts Polluting Cement to Tajikistan. China Dialogue*. (8 August 2016). Retrieved from: <https://www.chinadialogue.net/article/show/single/en/9174-China-shifts-polluting-cementto-Tajikistan>

disorders, liver and kidney failures and skin diseases. The water of this region is also polluted. Major sources of water pollution are the industrial waste, agricultural chemicals, and municipal drainage.³⁴

Image: Satellite Image of Aral Sea.



Source: Google

The document of the Silk Road Economic Belt states that “we should promote ecological progress in conducting investment and trade, increase cooperation in conserving the eco-environment, protect biodiversity, tackle climate change, and join hands to make the Silk Road an environment-friendly one.”³⁵

Under this agreement Beijing is doing efforts to protect the environment of Central Asian region. It has introduced the latest upgraded water technology in its cement plants located in Tajikistan and Kyrgyzstan. This new technology has reduced the release of toxic materials.³⁶ Similarly, “Russia actively participates in international cooperation and is a party to

³⁴ Dinara Ziganshina, “Environmental Law: Russia and Central Asia,” *The Law and Politics of Sustainability*, Vol. 3, (University of Dundee, 2010). Retrieved from: <https://discovery.dundee.ac.uk/ws/portalfiles/portal/95820/ZIGANSHINA+Environmenta+Law+-+Russia+and+Central+Asia+%28Krasnova+et+al%29.pdf>

³⁵ Elena F. Tracy, “China’s new Eurasian Ambitions: The Environmental Risks of the Silk Road Economic Belt,” *Eurasian Geography and Economic*, 58(1), (2017)

³⁶ Levina, M. “China Helps Upgrade Bishkek Thermal Power Plant.” *The Times of Central Asia*, (23 September 2013). Retrieved from: <https://www.timesca.com/index.php/news/8295-china-helps-upgrade-bishkek-thermalpower-plant>

most global and regional international forums on biodiversity, wildlife protection, air pollution, industrial safety, among others.”³⁷Therefore, Moscow also backs the efforts to protect environment in Central Asia.

It has been observed that China has proposed a new ‘regional integration model which may also present some opportunities’ especially for the protection of environment. Having convergence of interests, it is expected that both Russia and China will help the regional states for the protection of environment.

Possible Challenges

Although there are many prospects one can expect in the form of cooperation, EAEU and BRI differ onto few questions. The fundamental difference between the two initiatives is of their nature. EAEU is an organization with well-defined structure and conflict resolution mechanism, BRI lacks such structure because it is an investment program. BRI does not impose membership and is bilateral in nature while EAEU is a multilateral initiative. There is a competition among the Central Asian states regarding BRI project. Each state wants to be the transportation link and main hub of Chinese land trade with Europe. However, “Focusing on infrastructure, the BRI rather tends to enhance Chinese opportunities and positions in the region than to assist Central Asia’s strategic develop.”³⁸

While comparing EAEU with BRI in Central Asia, it is clear that BRI has advantageous position. Only Kazakhstan and Kyrgyzstan are the members of EAEU while all five states are part of BRI. Furthermore, the trade volume within EAEU is less while China’s trade with most of Central Asian states is massive. Despite the fact that Kyrgyzstan is the member of EAEU, its largest trade partner is China not Russia. Similarly, knowing the fact that Tajikistan is dependent on Russia for its security and having Russian base on its soil, still it is not the member of EAEU. China is also the largest trade partner of Tajikistan. More importantly, more than half of the Tajik Foreign Direct Investment (FDI) comes from China.

EAEU members as well as other regional states also suspect Russian dominance within the organization. Some of the most important projects like introducing a common currency and joint parliament for EAEU has been opposed by Kazakhstan and Belarus. Moreover, there are internal

³⁷ Dinara Ziganshina, “Environmental Law: Russia and Central Asia,” *The Law and Politics of Sustainability*, 3, (University of Dundee, 2010). Retrieved from: <https://discovery.dundee.ac.uk/ws/portalfiles/portal/95820/ZIGANSHINA+Environmenta+Law++Russia+and+Central+Asia+%28Krasnova+et+al%29.pdf>

³⁸ Anna Gussarova and Farkhod Aminjanov, “The Eurasian Economic Union.”

differences and conflict of interests within the member states. For example, when a conflict erupted in April 2016 in Nagorno-Karabakh region between Armenia and Azerbaijan, Kazakhstan-having good relations with Azerbaijan- pressurized to shift the venue of EAEU summit from Yerevan, the capital of Armenia, to Moscow.³⁹

When Russia imposed economic sanctions on Turkey in the wake of December 2015 Russian fighter plane shot down incident, Kyrgyzstan and Kazakhstan did not halt their trade and diplomatic activities with Turkey because all the Central Asian states have close historical, religious, cultural, diplomatic and economic relations with Turkey.

Furthermore, in the wake of Russia-Ukraine crises over Crimea in 2014, Kazakhstan bypassed Russia to carry on its trade with Ukraine. Nur-Sultan (Astana) used alternative route through the Caspian Sea, Azerbaijan and Georgia. It is important to know that Kazakhstan is one of the largest exporters to Ukraine.⁴⁰ All these cases depict that member states, especially Kazakhstan often balances the Russian moves to dominate the EAEU.

In 2009, European Union launched “EU’s Eastern Partnership Program.” This program included Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. The program focuses on the support in the fields of good governance, strengthening civil society, promoting human rights and civil liberties and enhanced economic activities.⁴¹ This partnership program is also a challenge to EAEU as these states are more inclined towards EU than EAEU so far regional integration is concerned. Furthermore, disputes between the member states have also hindered the integration. Regional economic crises are also slowing down the process of regional integration.

One more challenging aspect is the stiff competition between Russia and China over the transportation of Central Asian hydrocarbons. Already challenged by the Chinese pipelines A, B, C and D from the shores of Caspian Sea to Xinjiang, Moscow has serious reservations over the alternative transportation routes of the Central Asian energy resources. Not only BRI but its flagship project of CPEC has given high hopes to the

³⁹ Sara Hojoyan, “*Conspicuous by Presence: Armenia attends EEU summit moved from Yerevan amid Karabakh crisis*”, Armenianow.com, (14 April 2016). Retrieved from: <https://www.armenianow.com/en/news/2016/04/14/armenia-eurasian-union-summit-prime-minister-moscow/967/>

⁴⁰ “*Ukraine to ship goods to Kazakhstan, bypassing Russia*”, Radio Free Europe/Radio Liberty (RFE/RL), (13 January 2016). Retrieved from: www.rferl.org/content/ukraine-goods-kazakhstan-bypassing-russia/27486101.html.

⁴¹ “European Neighbourhood Policy and Enlargement Negotiations: Eastern Partnership,” *European Union*, Retrieved from: https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/eastern-partnership_en

Central Asian States for alternative energy routes. Furthermore, establishment of common energy markets-the baseline of EAEU-is yet to be established.

“Other constraints regarding ways to conjugate the EAEU and BRI lie in the sphere of logistics, trade barriers, political tensions and fears of strong partners, intrinsic to post-Soviet and less developed countries.”⁴²

Both, BRI and EAEU have failed to help the Central Asian states in industrial development. It seems that both the initiatives tend to exert influence of China and Russia in their desired domains. It seems that China is mainly interested in the natural resources and land routes to Europe while Russia wants to keep its monopoly over the energy transportation as well political and security dependence of Central Asian states. Nevertheless, both initiatives are expected to integrate the landlocked region into the global markets.

Conclusion

Both EAEU and BRI project compete and complement each other in the Central Asia region. Russia not only wants to balance the Chinese investment in the region but to counter the Western influence in the fields of democracy (three coloured Revolutions⁴³) and human rights domain.

“Economic integration goes beyond just physical connectivity and transportation networks. It also implies development of common industrial capacities by providing joint innovative industrial facilities, including the Eurasian network of technology transfer, technology platforms, clusters and engineering centers.”⁴⁴

There are more differences for future strategies within the EAEU while BRI has included investment besides the infrastructure development. Therefore, Central Asian states prefer BRI project over EAEU as it provides “incomprehensible and obscure return conditions than the short term regime stability efforts by Russia which obviously is politically motivated. Furthermore, EAEU has failed to achieve the experience of the EU in most of its initiatives.

⁴² Elnur Mekhdiev et al, “Conjugation of Belt and Road Initiative and Eurasian Economic Union: Problems and Development Prospects”, *Economies*, 7(18), (December 2019).

⁴³ So called democratic revolutions namely; Rose Revolution of Georgia in 2003, Orange Revolution of Ukraine in 2004 and Tulip Revolution of Kyrgyzstan in 2005 are widely attributed to the Western support by regional states as well China and Russia.

⁴⁴ Anna Gussarova and Farkhod Aminjanov, “*The Eurasian Economic Union*.”

Despite these problems, there are still prospects that both the initiatives can change the fate of this region especially through those projects and initiatives where there is convergence of interests of both China and Russia. More importantly, Central Asian states have to balance the influence of both the regional powers in all fields while maintaining cordial relations with both.

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