

Challenges and Opportunities of the Economic Integration in the Greater Eurasia

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What is IIASA?

- Established in 1972 by USA and USSR: **bridge between East and West**, science diplomacy
- **2018**: International, independent, interdisciplinary research on **major global problems**; currently **23 member countries**
- Dimensions: economy, energy, land use, climate, air quality, technology, biodiversity, demography, natural hazards
- Solution oriented, **integrated systems analysis** into the issues of sustainability and global transformation

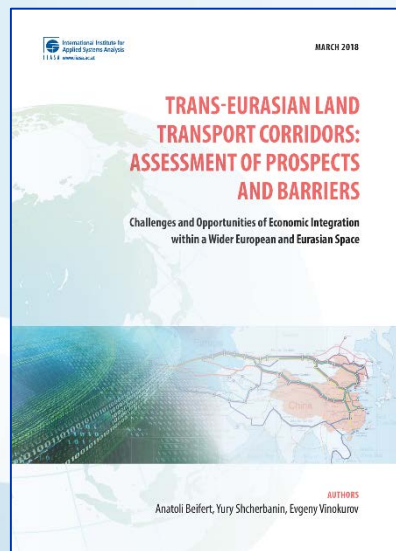


IIASA project: Challenges and Opportunities of Economic Integration within a Wider European and Eurasian Space

- Since 2014, focuses on **plausible futures** of economic cooperation between **the EU, EAEU**, and their **neighbours**, including the key Asian players
- A unique platform to facilitate a **science-based** de-politicized **dialogue** between experts, high-level policy makers and representatives of business **across all relevant domains and regions**
- More information: <http://www.iiasa.ac.at/web/home/research/eurasian>



IIASA project: Challenges and Opportunities of Economic Integration within a Wider European and Eurasian Space



- Ten events, 250+ international participants
- Reports synthesizing state-of-the-art in relevant dimensions
- Three in-depth studies on the most relevant issues: transport, FDI, convergence of standards
- Building trust

Economic connectivity in the Greater Eurasia: Transport and infrastructure



Belt and Road Initiative (BRI)

60+ countries

4 billion people in Asia

estimated 5 trillion USD budget

Numerous other projects, for example,

- Kosice-Vienna broad-gauge extension
- Reconstruction of Transsib in Russia
- "Arctic" railway in Finland
- Etc.

Economic connectivity in the Greater Eurasia: Economic integration (goods, services, capital, people)



European Union (EU)

28 countries, 513 million people

22 trill. USD PPP GDP = 22% of global economy

43,119 USD PPP GDP/capita



Eurasian Economic Union (EAEU)

5 countries, 183 mio people

5 trillion USD PPP GDP = 5% of global economy

10,000 USD PPP GDP/capita



EU instruments

- DCFTA: Georgia, Ukraine, Moldova
- Comprehensive Economic and Partnership Agreement (CEPA): Armenia
- Partnership and Cooperation Agreement (PCA) with EU: Azerbaijan, Belarus
- GSP+: Kyrgyzstan, Armenia

Economic connectivity in the Greater Eurasia

- Many studies highlight potential economic benefits from a closer economic cooperation between the EU and EAEU ('Lisbon-to-Vladivostok')
- The economic relations between the EU and the EAEU are currently defined by their foreign policies and not by economic reasonings



To be able to optimize benefits from economic connectivity, one needs to consider the transport-infrastructure-trade-investment-mobility nexus

The discussions of the connectivity between Europe and Asia should include Russia and Central Asia

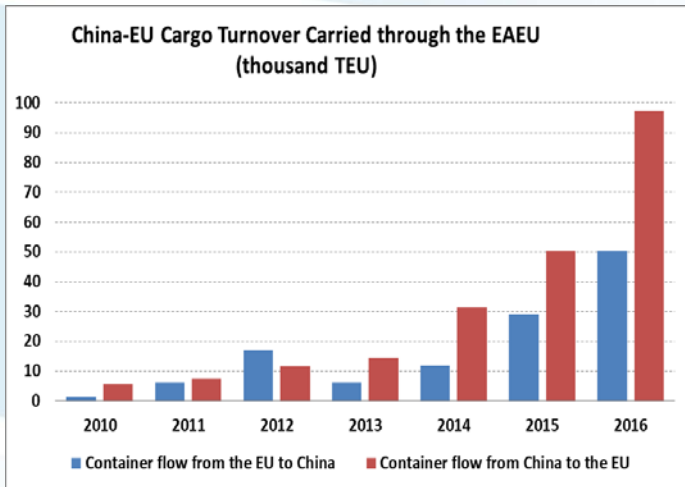
Concerning the EU-EAEU **economic integration**...

To enhance trade and investment flows in Eurasia, a set of trade agreements should be implemented, which properly **address the diverse interests of the parties**

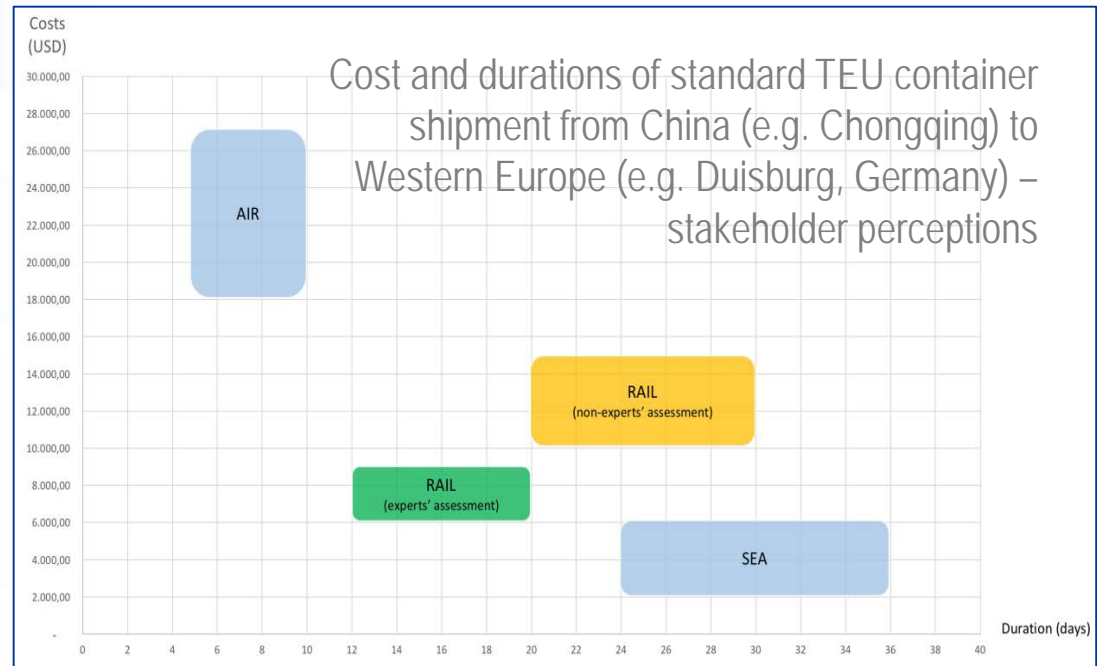
- ❑ EAEU is a subject of negotiations
- ❑ EU: a full-fledged FTA with the EAEU; EAEU: a staged approach with a substantial transition period
- ❑ EU: elimination of factors hindering competition on equal terms between domestic and foreign companies in the EAEU member states
- ❑ EAEU: European investments and technology transfer
- ❑ EAEU & EU (some countries): enhancement of land corridors
- ❑ EU: EAEU energy supply security in short- and mid-term; EAEU: EU energy demand security
 - ✧ Potential game changes: EU's de-carbonization agenda, development of the LNG market, Russia's "turn to the east"

EU: Political climate needs to improve

Concerning the development of transport ...



~1% of total trade!



Barriers to international freight transit:

- Discrepancy of the regulatory infrastructure requirements (e.g., length of trains, electrification, axle load, gauges)
- Infrastructure bottlenecks at international border crossing (China-Russia, China-Kazakhstan, Belarus-Poland)
- Insufficiently harmonized procedures for crossing borders (EU-EAEU)
- Specific regulations within the bilateral intergovernmental agreements (quoting of transportations, restriction of a choice of routes) etc.

science for global insight



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Thank you for your attention!

