
One Eurasia or Many?

Regional Interconnections and Connectivity Projects on the Eurasian Continent

Alexander Libman and Evgeny Vinokurov

Evgeny Vinokurov

EFSD and EDB Chief Economist

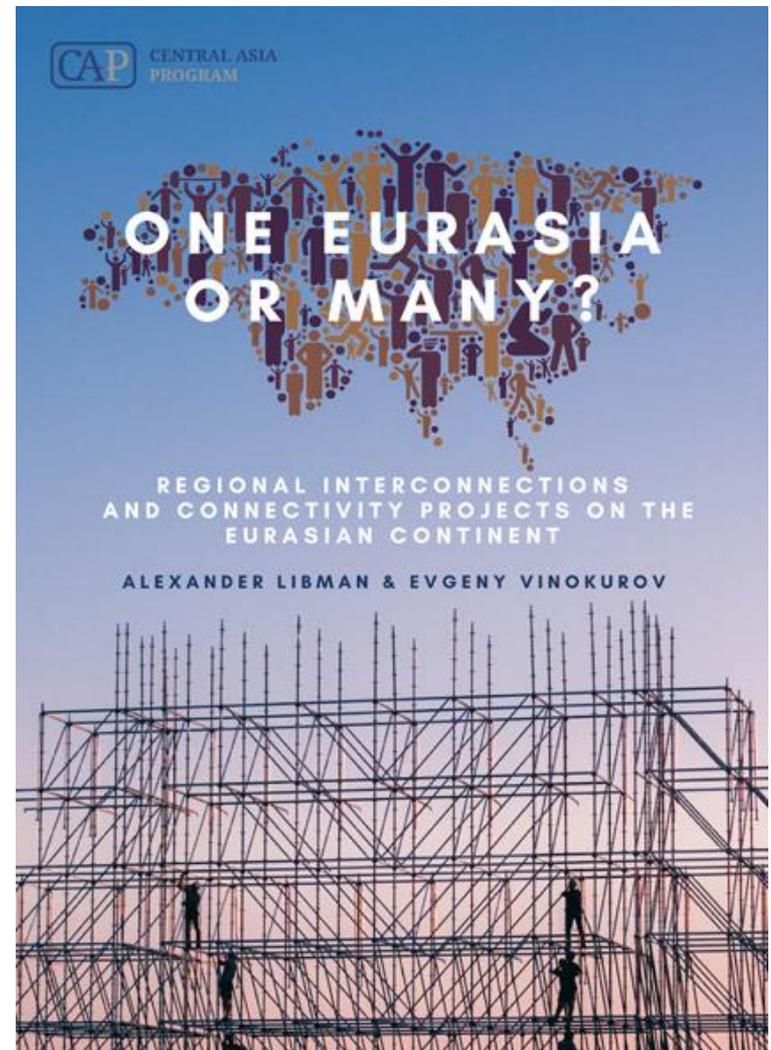
CAREC, June 22nd, 2021

The Dream of Eurasia

Eurasian super-continent as an integration space?

2

- Growing political and expert discussion about „connectivity“ of Eurasia
- An argument used by numerous actors and countries
- Our e-book (published three months ago by the George Washington University Central Asia Program) is an attempt to review the emerging network of interconnection projects
- We focus on state-led projects and institutions rather than pipelines, roads, EP networks, and railroads (that we did in our 2012 book etc.)
- Three main conclusions
 - Two areas of Eurasian regionalism: contact- (and confidence) building and infrastructure
 - The idea of connectivity integrates AND separates
 - Integration within overlapping clubs rather than entire Eurasia



From Interconnections to Continental Regionalism

Institutions and Ideas of Eurasian regionalism

- A parallel process: institutionalization of Eurasia
 - Driven by economic interconnections...
 - ... but also by interests and ambitions of Eurasian (and non-Eurasian) great and major powers
- Problems
 - Constructing the „idea of Eurasia“: competition for buzzwords („Eurasia“, „Silk Road“, „connectivity“)
 - Structural differences between macro-regions of Eurasia
 - State-led institutionalized regionalism in the West
 - Economic market-led regionalism in the East
 - ‘Holding-together regionalism’ in the post-Soviet Eurasia (Libman, Vinokurov, 2012)
 - Massive deficit of trust
 - Eurasian regions *define* themselves as being *dissimilar* to each other
 - Eurasian regions have long history of conflicts:

Competition of Connectivities

Competing projects of Eurasian regionalism

- Many power centers attempt to overcome the „boundaries“ of Eurasian regionalism through its own „non-political“ project, preferable a connectivity one
- Problem: many of these projects are a reaction on each other and treat each other as competitors
- As a result, new divisions in Eurasia rather than an encompassing Eurasian regionalism
- Two groups of initiatives – Talking Clubs (nothing bad per se!) and Connectivity Strategies
- Major examples
 - US: New Silk Road Initiative (NSRI, 2011)
 - China: Belt and Road (BRI, 2013)
 - Japan: Partnership for Quality Infrastructure (PQI, 2015)
 - Russia: Greater Eurasian Partnership (GEP, 2016)
 - EU: EU-Asia Connectivity Strategy (2018)
 - India: Connecting Central Asia Policy (CCAP, 2012)
- Pragmatism and infrastructure: China
- Infrastructure, but with common rules, norms and standards: Japan and the EU
- Common ideas and positive yet unclear on infrastructure: Russia

Competition of Connectivities: tangible results of connectivity projects

■ BRI and trans-Eurasian transit

- Chinese subsidies
- Growing interest of transit countries – meteoric rise of trans-Eurasian transit - another 64% rise in the EAEU in 2020! On the way to repeat in 2021 (post-pandemic recovery, Suez, Chinese container terminals, and need for alternative)
- Self-sustaining equilibrium and demand of private actors
- Should be supplemented by the North-South axis making Central Asia a crossroads!



Trans-Eurasian Forum Formats

Connecting Eurasian regions

- **Two avenues for Eurasian regionalism – (1) information exchange or building contacts and trust and (2) building common infrastructure, removing barriers and connecting the continent.**
- None of them emphasizes the issue of common rules (unlike European regionalism) – clearly unfeasible for Eurasia
- **Multiple projects** aiming to cross the boundaries between regions
 - Central Asia: CAREC and SPECA
 - BRI-EAEU Congruence
 - Shanghai Cooperation Organization
 - 17+1 Group
 - ASEM
 - (Currently unrealistic but very promising in the long-term) idea of the EU-EAEU Dialogue. An EU-EAEU ‘Megadeal’ as a long-term objective.
- **Clear gaps** in the institutional architecture of trans-Eurasian integration at the ‘meso-level’:
 - The shadow side of growing interconnections – drugs and arms trafficking, the spread of disease, environmental issues
 - Water
 - Labor migration and general migration

Central Asia is growing rapidly and features considerable potential



\$295 bln
GDP (2019)

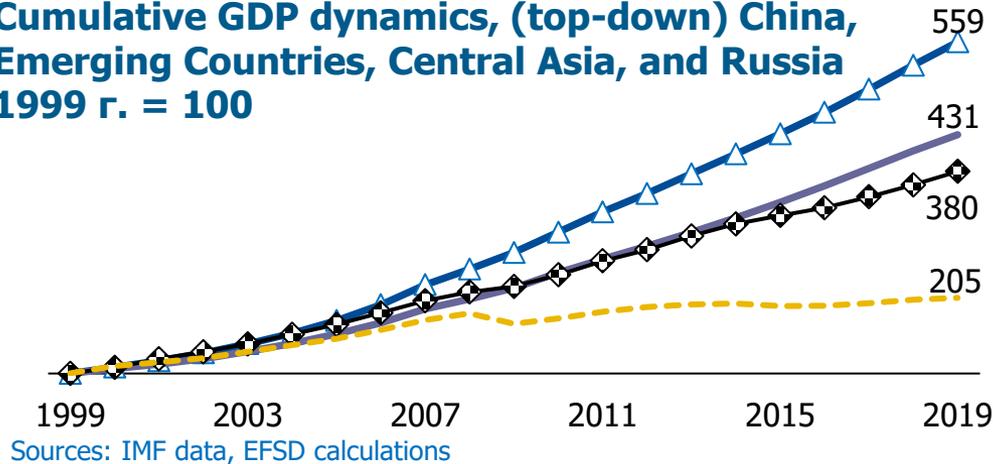
9%

Average yearly GDP per
capital growth, 2003-19



73,8 mln.
people (2019)

Cumulative GDP dynamics, (top-down) China, Emerging Countries, Central Asia, and Russia 1999 r. = 100



Key growth points

1

Commodities, agriculture, and water and energy nexus

2

Transport corridors – both East-West and North-South!

3

High share of working-age population

4

Considerable investment potential

Conclusions and post-COVID perspectives

Post-COVID recommendations:

- BRI: sticking to a long-term vision (China and partners) and containing the expression of negative sentiments (partners)
- BRI: (at least partially) keeping subsidies and providing more transparencies for companies to have enough visibility for their business strategies and investments
- BRI and others: paying much more attention to debt and fiscal sustainability; some restructuring might be needed if the crisis proves to be longer than expected.
- ASEM and others: Dialogue on trans-Eurasian macroeconomic and financial stability
- ASEM, SCO, CAREC?: Launching discussion on how to fight the shadow integration across the continent

Conclusions:

- Eurasian regionalism has its limits
- Rhetoric of connectivity can connect and divide countries
- At the same time, Eurasian regionalism **can** produce tangible results
- Cautious steps in overlapping clubs have more chances to be successful
- Gaps to be filled
- Central Asia at the forefront

Thank you very much for your attention!

谢谢!

Շնորհակալութեան ուշադրութեան համար.

Дзякую за ўвагу!

Назар аударғандарыңызға рахмет!

Назар салганыңыздарга рахмат!

Благодарю за внимание!

Раҳмати калон!