

## Conceptualization of Eurasian Economic Union and OBOR as the New Economic Silk Road: Repercussions for Sino-Russia Relations

**Abstract:** *From the last few years, both states, China and Russia, have inaugurated China, Russia Eurasian indigenous system which is fostered as a means to the major Economic Union; one belt strengthens liaison with neighboring countries. The Eurasian one road; Silk Road "Economic Union(EEU)" unites the members of the countries into the intertwined solo enterprise; Central Asia requests furnishing a concept of free market, trade and freely movement of labor. One belt and One Road of China consists of two major systems in which one is maritime based while other is the land based. Both, land based and maritime based gambles concentrate on large scale construction and structure endeavor, which is majorly financed by Asian Investment Banks. The article provides a comprehensive analysis of the motivations and implications of these two significant economic ventures in the Eurasian region.*

**Key Words:** EEU, Silk Road, Russian-Chinese Cooperation

### Introduction

The Eurasian Economic Union (EEU) is a political and economic union of five countries located in Eurasia: Russia, Belarus, Kazakhstan, Armenia, and Kyrgyzstan. The EEU was established on January 1, 2015, with the aim of creating a single market and promoting economic integration among member states. The EEU's main objectives include the free movement of goods, services, capital, and labor, as well as the establishment of common economic policies and regulations. The member countries also cooperate on issues such as energy, transport, agriculture, and industry. The

EEU has a supranational governing body, the Eurasian Economic Commission (EEC), which is responsible for developing and implementing common economic policies and regulations. The EEC is composed of representatives from each member state and is headquartered in Moscow, Russia (Yilmaz, 2017).

The EEU has faced criticism from some quarters for its perceived lack of transparency and democratic accountability, as well as concerns over its potential impact on human rights and civil liberties. However, supporters of the union argue that it has the potential to promote

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economic growth and stability in the region, and to increase the global competitiveness of member states.

The Eurasian Economic Union (EEU) has a significant link with both China and Russia. China is not a member of the EEU, but it has been actively seeking closer economic ties with the union. In 2015, China signed a memorandum of understanding with the EEU, aiming to increase trade and investment between China and the EEU member states. China is interested in the EEU because it provides access to a large market of over 180 million consumers. The EEU is also strategically located between Europe and Asia, making it an important hub for China's Belt and Road Initiative (BRI) and the development of new trade routes (Zoellick, [2021](#)).

Russia, on the other hand, is a founding member of the EEU and has been a driving force behind the union's formation. Russia sees the EEU as an important tool for increasing its economic influence in the region and for countering the economic and political influence of Western powers.

In recent years, Russia and China have been strengthening their economic ties, and the EEU has become a key part of this cooperation. Russia and China have signed several agreements aimed at promoting trade and investment between the EEU and China, including the establishment of a free trade zone between China and the EEU in 2019. Overall, the EEU is seen as a key player in the economic integration of the Eurasian region, and both China and Russia are interested in strengthening their ties with the union to increase their economic and strategic influence in the region (Arase, [2015](#)).

The Economist pinned down that "in the last several times, both Russia and China have launched ambitious indigenous systems that are promoted as a means to strengthen association with neighboring countries. The Eurasian Economic Union

(EEU) builds upon earlier structures in the post-Soviet space, cast as a volition to the European Union (EU), which joins member countries in an intertwined single request furnishing the free movement of goods, capital, services, and labor. China's 'one belt, one road' is composed of two resemblant systems, one Maritime and one over land. These two enterprises also applied to as one belt, one road OBOR) or the Silk Road enterprise, concentrate on the construction of large-scale structure endeavors, financed by the recently established Asia structure Investment Bank(AIIB). At present, Russian - Chinese ties are more cordial than at any time in the post-Soviet period, reaching a position that Russian chairman Vladimir Putin has labeled 'unknown in history '. In the last several times, as relations with the West have worsened, the Kremlin has decreasingly promoted a pivot to the East, with China a major focus of its foreign policy exposure. Geopolitical considerations impend large in supporting the Russian - Chinese relationship. Although Russian opportunities that China would prove to be an indispensable source of profitable support in the wake of the duty of Western warrants haven't materialized, China remains, nevertheless, Russia's largest trading mate." (Banyan, [2014](#)).

## The Eurasian Economic Union and its Objectives

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This Economic Union was formally formed in January 2015 after a long hustle. It is reported that more members like "Russia, Belarus, and Kazakhstan, Armenia and Kyrgyzstan joined the union in Spring2015. The EEU isn't a Russian invention. Kazakh chairman Nursultan Nazarbaev first suggested the idea in 1994. Vladimir Putin, still, outlined the construct, structurally modeled on theEU. Although Putin spoke of the common strategic public interests between Belarus, Kazakhstan, and Russia,

as well as the part of a profitable union serving as a pole and a ground between Europe and Asia, the dominant exposure of his composition was profitable. The motivational explanation for the EEU has come more associated with a civilizational perspective that celebrates the supremacy of Russian culture and values, in which the Russia World extends beyond Russia's borders into the Eurasian space. In a speech given to the 2014 Seliger Youth Forum, for illustration, Putin associated the EEU with the Eurasian idea and the lesser Russian world'. The idea of the EEU as an extension of the Russian World, still, encounters a distinct lack of enthusiasm amongst member countries outside of Russia. Although in some ways its most devoted backer, Nazarbaev has been adamant that the EEU is to serve solely as a profitable, not a political structure. The Kazakh political nobility replied negatively to Putin's 2014 reflections at the Seliger Youth Forum, which reprobated the rise of Kazakh nationalism and asserted that Kazakhs demanded the literal experience of statehood. Citing the supremacy of state sovereignty, Nazarbaev has continuously reiterated that Kazakhstan would not hang back to withdraw from the EEU" if it feels that its interests are overhung (Charap, [2015](#)).

### **The New Silk Road (One Belt One Road) and its Nexus with EEU**

The connection between the Eurasian Economic Union (EEU) and China's One Belt, One Road (OBOR) initiative is that they are both aimed at promoting regional integration and cooperation, particularly in the areas of trade and infrastructure. The OBOR initiative, also known as the Belt and Road Initiative (BRI), is a massive infrastructure and development project launched by China in 2013. The initiative aims to strengthen economic ties and promote regional cooperation between

China and more than 60 other countries across Asia, Europe, Africa, and the Middle East. The project includes a vast network of railways, highways, ports, and other infrastructure projects (Li, [2015](#)).

The EEU is one of the key regions that the OBOR initiative seeks to connect. China sees the EEU as a strategically important market and hub for its trade and economic interests. As such, China has been actively seeking closer economic ties with EEU member states, particularly through the signing of free trade agreements and infrastructure investment. For the EEU, the OBOR initiative presents an opportunity to increase economic ties with China and to potentially benefit from the significant infrastructure investment being made by China. The EEU is also strategically located between Europe and Asia, making it an important transit hub for OBOR projects. Overall, the connection between the EEU and OBOR is one of mutual economic interest and the promotion of regional cooperation and integration (Callahan, [2013](#)).

The Economist magazine in its edition pinned down that "In the fall of 2013, Xi Jinping declared the brace of enterprise that inclusively form OBOR. Speaking at Nazarbayev University in Kazakhstan, Xi proposed that China and the countries of Central Asia cooperate to establish trade and profitable liaison through an ultramodern interpretation of the Silk Road to promote indigenous cooperation. Several months latterly, Xi set forth his plan to establish the Maritime Silk Road on a trip to Indonesia. In substance, Xi has proposed not only the expansion of trade links but, concerning the land element of this adventure, the construction of large-scale structure systems to be financed through the AIIB. In November 2014, the Chinese government declared that China would contribute 40 billion bones to fund this bid. Although still in a state of construction,

OBOR is envisaged as the development of a series of transportation corridors on land and ocean. The mainland element of the plan constitutes a route across Central Asia that stretches from China to Europe. The Chinese leadership has offered several accounts for OBOR.

The Chinese leadership has diligently sought to play down the patent geopolitical counteraccusations of OBOR, although it's accomplished that this bid reflects the far more assertive foreign policy approach of Xi Jinping" compared to his forerunners.

### **Cooperation between Russia and China: The Beginning of Economic Silk Road**

EEU has a much longer line compared to OBOR. Xi Jinping's decision to "unveil the Silk Road event during his visit to Kazakhstan in 2013 was no accident. To some extent, the CCP appears to have developed this construct in response to its growing frustration with Russia's lack of support for plans proposing mutually beneficial cooperation with the Shanghai Cooperation Organization (SCO), including Beijing's desire to establish an SCO development bank. Russia's long-term view of Central Asia as falling within its geographic sphere of influence, China's focus on the region as the focus of its Silk Road action, has elicited a largely negative response from the Kremlin. Officially, the Kremlin simply did not make any formal recognition of OBOR, although it initially refused (like the United States) to join the AIIB." (Kovaleva, 2018) Moreover, it is studied that "the two systems reflect differing models of establishing a profitable association. The EEU seeks to develop a profitable community within a specified geographic space while placing tariff obstacles to the movement of goods and services to-participants. The Chinese model is better considered as Arase notes as 'policy-led trade facilitation'. Nevertheless, non-official Chinese assessments tend to

view the EEU as a kindly obsolescent and dated undertaking that stifles invention and is an handicap to profitable effectiveness. Chinese judges tend to express farther uncertainties, also, that the EEU is economically feasible absent significant Russian allocations, considered a 'profitable blood transfusion' that the Kremlin is ill-equipped to bear. Given Russia's longstanding view of Central Asia as falling within its geographic sphere of influence, Chinese targeting of the region as a focus of its Silk Road action entered a largely negative response from the Kremlin. A common Russia - China working group was formed, with its first meeting held in August 2015. Free trade has been posited as a long-term thing, but this sensitive issue has been laid over to the distant future. The EEU - OBOR agreement" has been heralded as a triumph for Russian tactfulness (Laurelle, 2015).

### **Chinese Entry into the Eurasian Union and its Impact**

There are potential economic impacts of China's entry or increased involvement in the Eurasian Economic Union (EEU). One of the main economic impacts could be increased trade between China and EEU member states. China is a major trading partner for many EEU countries, and the EEU provides a large and important market for Chinese goods and services. Increased trade could lead to economic benefits for both sides, including increased exports, investment, and job creation (Trenin, 2011).

Another potential economic impact could be increased infrastructure investment in the EEU region. China's One Belt, One Road initiative (OBOR), which aims to promote regional integration through infrastructure development, could potentially lead to significant investment in EEU member states. This could help to modernize the region's infrastructure, improve connectivity, and promote

economic growth. However, there are also potential risks and challenges associated with increased Chinese involvement in the EEU. One potential risk is that China's large economy and resources could potentially lead to a situation where it dominates the EEU economically, potentially undermining the interests of other member states. This could lead to tensions between China and other members of the EEU. (Kovaleva, [2018](#))

Another risk is the potential for increased competition with other major economic powers, such as the United States and the European Union. This could lead to increased geopolitical tensions and potentially negative economic consequences, such as trade disputes or sanctions. Overall, the economic impacts of China's entry or increased involvement in the EEU are complex and multifaceted, and will depend on a variety of factors such as the nature of economic ties, the level of infrastructure investment, and the balance of power between different countries and economic blocs (Valdai Discussion Club Analytical Report, 2014).

Russia sees China's role in the Eurasian Economic Union (EEU) as both an opportunity and a potential challenge. On the one hand, Russia sees China as a major economic partner and an important source of investment for the EEU region. China's Belt and Road Initiative (BRI) and its focus on infrastructure investment could potentially benefit the EEU by improving connectivity, modernizing infrastructure, and promoting economic growth. On the other hand, Russia is wary of the potential for China to dominate the EEU economically and politically. Russia wants to maintain its position as the dominant economic and political power in the EEU and is wary of any potential threats to its influence in the region. Russia is also concerned about potential security risks associated with China's growing influence in the region. (Yilmaz, [2017](#))

To address these concerns, Russia has been working to balance its economic and political ties with China while also maintaining its position as the dominant power in the EEU. Russia has been working to negotiate favorable trade and investment agreements with China, while also seeking to maintain close ties with other EEU member states. Overall, Russia sees China's role in the EEU as complex and multifaceted, with both opportunities and challenges. Russia is working to manage these risks and maximize the benefits of its economic ties with China while also preserving its position as the dominant power in the region.

### **OBOR vs Eurasian Union: Geo Political Aspects**

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The Eurasian Economic Union (EEU) and China's One Belt, One Road (OBOR) initiative have significant geopolitical impacts, both regionally and globally. At the regional level, the EEU and OBOR have the potential to promote economic integration and cooperation between Eurasian countries. This could potentially help to stabilize the region and promote regional development. However, it could also create geopolitical tensions and competition, particularly if other countries feel excluded or threatened by the growing economic influence of China and the EEU.

At the global level, the EEU and OBOR have the potential to reshape the balance of power between different economic blocs and countries. China's OBOR initiative in particular is seen as a challenge to the established global order, with China seeking to assert its economic and political influence in new ways. This could potentially lead to increased competition and tensions between China, the United States, and other major powers. It could also potentially lead to the formation of new economic and political alliances, as countries seek to align

themselves with different regions and blocs. (Sijbren, [2016](#))

Subsequently, the geopolitical impacts of the EEU and OBOR are complex and multifaceted. While they have the potential to promote economic development and cooperation, they could also potentially lead to tensions and competition between different countries and regions. The extent to which this occurs will depend on a variety of factors, including the nature of economic ties, the balance of power between different countries and blocs, and the political and economic interests of different actors. (Banyan, [2014](#))

The author Serdar Yilmaz stated that “the unfolding of the events in Ukraine beginning in the Afterlife of 2013 didn't in the end baffle a reconstituted Ukrainian government from subscribing a Free Trade Association agreement with the EU, but Russian amenability to enthrall Crimea and support separationists in the East served as a exemplary assignment to Western actors as to the implicit pitfalls of farther engagement and military support of Kyiv. All the same, the present situation in Ukraine, which represents a torn state split between contending ideological faithfulness, has to be interpreted as a political failure for both the West and Russia, as well of course for the Ukrainians themselves (Gabuev, [2015](#)).

It's important to note that while Russia and China partake in a largely consensual view of the transnational order, Beijing has stopped suddenly championing some of the Kremlin's more instigative foreign policy in recent years. At their May 2015 peak, Russia and China inked 32 agreements on cooperative conditioning, the maturity of which related to profitable endeavors. Concern over the perceived China trouble is a constantly invoked content in American political converse. OBOR signals China's thing to establish a dominant presence in the East Asian region. OBOR presents an

implicit challenge to the United States. The global dominance of the Chinese economy indicates the increasing weight of China in the global economic institutions, as well as its ability, as seen in the establishment of the AIIB, to erect alternative economic structures that pose an implicit challenge.” (Yilmaz, [2017](#)) The United States, for its part, has resolutely opposed the AIIB, although a number of its allies, including the United Kingdom and Germany, have broken ranks and served as founding members of the institution.

### Repercussions

There are potential repercussions for both China and Russia regarding their ties with the Eurasian Economic Union (EEU). For China, one of the main concerns is the potential for increased competition with other major economic powers, such as the United States and the European Union, in the region. This could lead to increased geopolitical tensions and potentially negative economic consequences, such as trade disputes or sanctions.

Additionally, some experts have raised concerns about the potential for China to dominate the EEU economically, given its vast resources and economic power. This could lead to a situation where China has outsized influence over the union, potentially undermining the interests of other member states. For Russia, one potential risk is the potential for increased dependence on China, particularly in economic and energy matters. This could give China significant leverage over Russia, potentially compromising Russia's economic and political interests. Additionally, some experts have raised concerns about the EEU's potential to become a vehicle for Russian geopolitical influence, potentially undermining the interests of other member states and contributing to regional instability. (Vinokurov, [2017](#))

Overall, while the ties between China, Russia, and the EEU have the potential to bring economic benefits and regional integration, there are also potential risks and repercussions for all parties involved. It will be important for all stakeholders to carefully manage these risks and work to promote stability and cooperation in the region

### Repercussions for China

- Increased competition with other major economic powers: As China seeks to increase its economic ties with the EEU, it may face increased competition with other major economic powers, such as the United States and the European Union. This could lead to increased geopolitical tensions and potentially negative economic consequences, such as trade disputes or sanctions.
- Risk of dominating the EEU: China's vast resources and economic power could potentially lead to a situation where it dominates the EEU economically, potentially undermining the interests of other member states. This could lead to tensions between China and other members of the EEU.
- Dependence on EEU for energy and resources: China is heavily reliant on energy and resources to power its economy. Increased ties with the EEU could potentially make China more dependent on the union for these resources, which could give the EEU significant leverage over China in economic and political matters.

### Repercussions for Russia

- Dependence on China: As Russia seeks to strengthen ties with the EEU, it may become increasingly dependent on China, particularly in economic and energy matters. This

could give China significant leverage over Russia, potentially compromising Russia's economic and political interests.

- Risk of the EEU becoming a vehicle for Russian geopolitical influence: Some experts have raised concerns about the EEU's potential to become a vehicle for Russian geopolitical influence, potentially undermining the interests of other member states and contributing to regional instability.
- Economic sanctions: Russia's involvement with the EEU has already led to economic sanctions from some Western countries, particularly in response to Russia's annexation of Crimea. This could potentially limit Russia's economic growth and lead to increased isolation on the global stage. (Sjibren, 2016)

### Conclusion

The EEU, OBOR both have durable impacts over the political economy of the world. However, China is not a member of the EEU, but it has been actively seeking closer economic ties with the union. China is interested in the EEU because it provides access to a large market of over 180 million consumers, and it is strategically located between Europe and Asia, making it an important hub for China's Belt and Road Initiative (BRI) and the development of new trade routes.

Russia is a founding member of the EEU and sees the union as an important tool for increasing its economic influence in the region and for countering the economic and political influence of Western powers. Russia and China have been strengthening their economic ties, and the EEU has become a key part of this cooperation. While the ties between China, Russia, and the EEU have the potential to bring economic benefits and

regional integration, there are also potential risks and repercussions for all parties involved. It will be important for all stakeholders to carefully manage these risks and work to promote stability and cooperation in the region.



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