

# Linking the Silk Road Economic Belt and the Eurasian Economic Union: Mission Impossible?

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The goal of the paper is to examine the prospects for cooperation between two ambitious regional integration projects in Eurasia – the Chinese Silk Road Economic Belt (SREB) and the Russia-led Eurasian Economic Union (EEU). Both Chinese and Russian leadership proclaim their goal of linking these two initiatives; however, the actual potential for cooperation is disputed by observers. This paper argues that the EEU and the SREB are strikingly different in terms of their design and goals – however, it is precisely these differences that create the possibility of the projects' co-existence in the Eurasian space, creating positive spillovers, as well as a limited agenda for more explicit cooperation. However, there are also important obstacles to cooperation: namely the growing protectionism in Russia; the danger of redistributive conflicts between the states of Eurasia; as well as broader geopolitical concerns.



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### Introduction

The last decade has witnessed growing economic ties across the Eurasian continent, including China and South-East Asia, Europe and post-Soviet Northern and Central Eurasia. Assessments of this novel trend by observers differ – while some believe the ‘new continentalism’ to be a challenge for the process of Western-dominated globalization,<sup>1</sup> others see it as a stepping stone towards a globalized world, finally overcoming the decade-long fragmentation of Eurasia.<sup>2</sup> One of the major challenges to economic integration in Eurasia has been the lack of the physical connectivity. Transportation infrastructure (roads, railroads or pipelines) was either missing, or exhibited significant deficits in terms of quality (due to the lack of appropriate international governance). Throughout the last decade, numerous projects have been launched to overcome this deficit. One of the most ambitious initiatives is the ‘One Belt One Road’ project pioneered by China in October 2013, especially in regard to its ‘continental’ aspect – the Silk Road Economic Belt (SREB).

The key element of the SREB initiative is its inclusive nature. It intends to interact with other regional projects and initiatives (national, sub-national and supranational), and is open to all actors willing to promote common infrastructure and facilitate international trade and integration of financial markets.<sup>3</sup> For post-Soviet Eurasia, a particularly relevant question is how the SREB (for which the countries of Central Asia and the Caucasus are already of paramount importance due to their geographical location) will interact with the Eurasian Economic Union (EEU). The EEU is a Russian-led regional organization comprising a number of countries potentially crucial to the trans-Eurasian transportation infrastructure that SREB intends to create, i.e. Kazakhstan, Kyrgyzstan and Russia itself. As of early 2016, official voices from both Russia and China are enthusiastic about the prospects for ‘linking’ (*sopryazhenie*) the two projects. In May 2015, the presidents of Russia and China signed a declaration proclaiming their intent to coordinate the integration processes within the EEU and the SREB. Discussions on the practical implementation of this ‘linking’ began in autumn 2015. Specifically, the Eurasian Economic Commission (the governing body of the EEU) plans to sign a

1 Calder, C.E. (2012) *The New Continentalism: Energy and Twenty-First-Century Eurasian Geopolitics*. New Haven: Yale University Press.

2 Linn, J. and Tiomkin D. (2006) ‘The New Impetus Towards Economic Integration between Europe and Asia’, *Asia-Europe Journal*, 4(1), pp. 31-41.

3 Godehardt, N. (2016) ‘No End of History: A Chinese Alternative Concept of International Order?’ *SWP Research Paper*, 2016/RP 2, Berlin: SWP, p. 19.

comprehensive treaty on economic and trade cooperation with China. There are no plans to develop a free trade area between China and the EEU; the treaty will instead focus on specific sectors (transportation is especially important in this sense), as well as support and protection of mutual foreign direct investments.<sup>4</sup>

Observers are divided as to how to assess the future of this EEU and the SREB cooperation. Some believe it is a viable vision, potentially strengthening the economic ties between Russia and China and promoting the development of the trans-Eurasian infrastructure and transportation corridors. Others remain skeptical of the real potential for practical cooperation in the years to come. The goal of this article is to critically examine the possibilities for the interaction of the EEU and the SREB, and to identify the potential and the obstacles for ‘linking’ these two projects.

### *Differences in the goals and design of initiatives*

The main difficulty in understanding the possibilities for linking the EEU and the SREB is that these two projects are fundamentally different in terms of their design and their goals. The EEU is a *regional integration agreement*, signed by five countries (Russia, Kyrgyzstan, Kazakhstan, Belarus and Armenia). Although there are currently multiple types of regional integration agreements being implemented around the world, the EEU is constructed (at least in terms of its formal organization) following the most common approach to regionalism – the EU model, which entails strong supranational institutions and a focus on governance.<sup>5</sup> The EEU is not the first project of this type launched by the countries of post-Soviet Eurasia – however, it is the first where the members actually honored their commitments and implemented the agreements they have signed. The focus of the EEU is on creating supranational institutions and common regulatory regimes for trade. In particular, the EEU has seen the implementation of a customs union. Under this initiative, internal customs borders between member countries were abolished, a common external customs tariff introduced, and decision-making on customs issues was transferred to the supranational Eurasian Economic Commission. Furthermore, the EEU

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4 Butrin, D. and Edinova T. (2015) ‘Po Doroge v Soyuz Svernuli na Shelkovyi Put’ . *Kommersant*, 12 May. Available at: <http://www.kommersant.ru/doc/2724437> (Accessed: 19 January 2016).

5 See Dragneva, R. and Wolczuk K. (2015) ‘European Union Emulation in the Design of Integration’, in Lane, D., and Samokhvalov V. (eds.) *The Eurasian Project and Europe: Regional Discontinuities and Politics*. Basingstoke: Palgrave, pp. 135-152; Furman, D., and Libman A. (2015) ‘Europeanization and the Eurasian Economic Union’, in Dutkiewicz, P., and Sakwa R. (eds.) *Eurasian Integration – The View from Within*. Abingdon: Routledge, pp. 173-192.

focuses on developing common industrial standards for goods, abolishing barriers for labor and capital movement. It also plans to integrate a number of crucial markets, including energy and financial services.

The SREB, by contrast, is *not* an organization. It does not have a secretariat or any other common governing institution (let alone a supranational one), nor even a clear set of members. The scope and the goals of the SREB are extremely vague, and subject to intensive debate even within China itself. To some extent, the SREB can even be seen as merely a label chosen by China to describe its foreign economic policy approach in Eurasia. The SREB does not envision the creation of common regulations or harmonization of tariffs and standards. Its focus is primarily on the infrastructure (transportation, electricity, pipelines etc.), as well as on establishing numerous platforms for dialogue and co-operation between interested actors. The SREB also intends to develop a network of institutions for financing this common infrastructure – including the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund and the New Development Bank of the BRICS.<sup>6</sup> Different projects and forums within the SREB will have different set of participants. Again, this is strikingly different from the EEU, where all members are expected to comply with the common strategy. Generally speaking, the SREB is more similar to the ‘open regionalism’ of the APEC, although its regulatory component is even weaker than in the APEC.<sup>7</sup>

Hence, at the first glance, ‘linking’ the SREB and the EEU is a meaningless concept given their very different content. However, paradoxically, it is precisely these differences, and in particular, the flexibility of the SREB design, that make the co-existence and interaction of the two projects possible. From this point of view, the situation is entirely different from the how political and economic relations evolved in Eastern Europe, where the EEU and EU-initiated regional projects (Association Agreements) turned out to be incompatible *because* they had the same objectives (i.e. to liberalize foreign trade and creating common standards). Nonetheless, the question that remains is whether the co-existence of the SREB and the EEU could create mutual impact (either positive or negative). Furthermore, it is important to ask whether it still makes sense to augment mere coexistence with more targeted coordination. Indeed, there are arguments suggest-

6 Lehmacher, W. and Padilla-Taylor V. (2015) ‘The New Silk Road – Idea and Concept’ *ISPSW Strategy Series* No. 390.

7 Bergsten, C.F. (1997) Open Regionalism. *World Economy*, 20(5), 545-565.

ing that in terms of the goals of the EEU and the SREB, linking them may be a useful approach.

### *Mutual gains and advantages of cooperation*

To start with, the EEU and the SREB do indeed have the potential to create positive spillovers for one another. On the one hand, the transportation and infrastructure projects of the SREB can clearly benefit from the liberalization of trade and movement of capital and labor within the EEU. This would reduce the intensity of border controls within the EEU, leading to increased speed of transit through the EEU territory. In turn, this would increase the competitiveness of the SREB transportation corridors through post-Soviet Eurasia. This positive effect should prevail as long as the EEU does not impose prohibitive trade barriers on its external borders (a possibility that will be discussed later in the current paper). On the other hand, the goal of market integration within the EEU can be more easily achieved if regulatory measures (i.e. the activities of the Eurasian Economic Commission) are complemented by the development of transportation infrastructure. The EEU space is, generally speaking, connected by Soviet era transportation networks, but improving and facilitating transport (the main goal of the EEU) will still provide an additional impetus to market integration.<sup>8</sup> Furthermore, implementing the SREB projects provides further opportunities for the companies of the EEU, strengthening business ties within Eurasia at the micro-level. From this point of view, the EEU (through regulation) and the SREB (through infrastructure) contribute to mutually compatible goals.

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Direct cooperation between the EEU and the SREB could also lead to positive outcomes – partly because the activities of the projects extend beyond the simple dichotomy of regulation vs. infrastructure. In terms of transportation, the EEU also has an ambitious agenda of developing common transportation infrastructure. In this case, connecting this infrastructure to the SREB could benefit the EEU countries by extending the impact of the common EEU infrastructural projects. Furthermore, while the main achievements of the EEU have so far been documented in terms of trade issues, it also envisions becoming more active in creating favorable conditions for cross-border investments.

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<sup>8</sup> EDB (2011) *Perspektivy Razvitiya Infrastruktury Avtomobil'nykh i Zheleznykh Dorog, Vklyuchennykh v Transportnye Marshruty EvrAzEs*, Almaty: EDB.

From this point of view, linking the SREB and the EEU can be achieved through an investment agreement, focusing on providing favorable conditions for cross-border FDI (especially in the area of infrastructure). This is, in fact, the focus of the Eurasian Economic Commission, as discussed above. Finally, discussions on linking the SREB and the EEU can be used as a platform for consideration of broader economic cooperation between Russia, Central Asian countries and China – even if, strictly speaking, this extends beyond the EEU’s direct jurisdiction.

One can see that the agenda for explicit cooperation between the SREB and the EEU is limited. Nonetheless, the unintended positive spillovers from their coexistence is evident, and the potential gains of cooperation are not negligible. More importantly, the areas for cooperation discussed above are priorities for the Russian leadership when it comes to engaging in dialogue with foreign partners. Over the last decade, Russia has embraced a different approach to the international economic cooperation than that of the European Union, for example.<sup>9</sup> For EU countries, international cooperation implies the creation of common norms and rules. Russia, however, looks at many of these norm-based international regimes with suspicion, believing that these norms have been introduced to promote the partner’s political agenda. Moscow prefers to focus on specific projects in the areas of infrastructure and investments; if common norms jeopardize these projects, Russia’s perspective is that they have to be abandoned. To provide a striking example: when European politicians talk about economic cooperation in broader Eurasia, they typically focus on the prospects of a free trade area, while Russian politicians embrace the idea of a transportation corridor.<sup>10</sup> Therefore possible discussions on EEU - EU cooperation are problematic; in the eyes of the Russian elites, the SREB, with its focus on infrastructure and investments, has a decisive advantage.

This does not mean, however, that cooperation between the EEU and the SREB would be problem-free. In fact, there are a number of barriers that could make linking the SREB and the EEU difficult, if not impossible. These are: internal and the external protectionism in the EEU; competing visions for transportation corridors and redistribution conflicts within the EEU; and geopo-

9 Libman, A., Stewart, S. and Westphal K. (2016) ‘Mit Unterschieden umgehen: Die Rolle von Interdependenz in der Beziehung zu Russland’, in Perthes, V. (ed.) *Ausblick 2016: Begriffe und Realitäten internationaler Politik*. SWP-Ausblick 2016, Berlin: SWP, pp. 18-22.

10 See, for instance, the statement of the chairperson of the Council of the Federation, the upper chamber of the Russian parliament, Valentina Matvienko in November 2015. Available at: <http://www.fa.ru/de/press/about-us/Pages/V--Matvienko-Rossiya.asp> (Accessed: 17 January 2016).

litical competition, all of which potentially overshadow the benefits of economic cooperation. These will be discussed in greater detail in the following section.

### *The rise of protectionism*

In order to contribute to increased Eurasian connectivity, the EEU should develop itself as a space with open borders (allowing goods to cross the territory of the EEU without any significant challenges). In this regard, abolishing the customs duties is not necessarily the central task; more important may be to expedite border crossing procedures and to simplify the bureaucracy. In fact, the time lost due to customs procedures has always been one of the major problems for trans-continental railroad transportation. Generally speaking, from the point of view of transportation costs, maritime transport (which dominates the economic ties between the Eastern and the Western parts of the Eurasian continent) is more cost-effective than the land transportation. The latter, however, has a significant advantage in terms of speed (according to some estimates, it may be potentially 2 - 2.5 times faster than maritime transport). However, this advantage only holds when customs borders do not cause additional delays.<sup>11</sup> The EEU's first steps appeared very promising in this respect. The organization managed to remove internal customs borders and controls. The idea that the EEU should, at least in the long run, open its borders for its neighbors was also actively discussed by EEU countries. This discussion is linked to the idea that the EEU should become a starting point for broader cooperation within a greater Eurasian space, encompassing the EU, Northern Eurasia and Southeast Asia. This point was made, for example, by Vladimir Putin in his seminal article in *Izvestiya* published in 2011 and frequently viewed as an expression of his long-term views on Eurasian regionalism.<sup>12</sup>

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Over time, however, the situation has changed dramatically. On the one hand, the idea of economic protectionism became increasingly popular in the EEU. In particular, this is relevant for Russia. Russian economic policy has always been torn between protectionism (fueled by the lobbying activities of individual business groups) and a desire to liberalize foreign trade.

11 Vinokurov, E., Dzhardaliev, M. and Shcherbanin Y. (2009) 'Mezhdunarodnye Transportnye Koridory EvrAzES: Bystree, Deshevle, Bol'she' *EDB Industrial Report* No. 5, Almaty: EDB.

12 Putin, V. (2011) 'Novyi Integracionnyi Proekt dlya Evazii – Budushchee, kotoroe Rozhdaetsya Segodnya', *Izvestiya*, 3 October, Available at: <http://izvestia.ru/news/502761> (Accessed: 31 January 2016).

This tension persisted until 2013, and led to a contradictory and inconsistent foreign trade policy. An excellent example is Russia's accession to WTO in 2012. During the accession negotiations, Russia made substantial commitments to liberalizing its foreign policy. But despite these commitments, many of the protectionist barriers remained in effect – partly as an outcome of lobbying by individual interest groups.<sup>13</sup> In 2014, after the onset of Ukraine conflict, the balance shifted towards protectionism. Protecting domestic markets from excessive dependence on foreign suppliers was seen not only as a way to increase national security, but also to promote economic development by enabling domestic industry to develop and grow in the absence of foreign competitors. The idea of 'import substitution' became one of the cornerstones of Russian economic policy.<sup>14</sup>

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The prevalence of protectionism in Russia has long been seen as a problem by China, which, for example, promoted the idea of a free trade area within the Shanghai Cooperation Organization (SCO) – an idea Russia definitively rejected. Russia's growing protectionist tendencies could potentially translate either to increased protectionism of the EEU as a whole (if the cohesion of the countries remains at a high level), or to the reemergence of internal customs borders in some form (if EEU countries take unilateral steps to liberalize their foreign trade, forcing

Russia to introduce additional constraints to protect its market). As a result, the benefits of transit through the EEU territory will disappear, making the 'linking' of this project with the SREB a more difficult task. Nonetheless, we must acknowledge that the predominance of protectionism in Russia should not be treated as the only possible outcome of its long-term development: there are still many voices calling for more liberal trade policy; they simply carry less weight than they did several years ago. The ongoing economic crisis in Russia, however, may create another reason to tighten customs controls that even liberals will subscribe to – the need to generate fiscal revenue. Low oil prices make it more and more difficult for Russia to meet its budget requirements, and there is clear evidence that the Russian government has massively increased its efforts to generate new budget revenue options. This, again, can create problems for the dream of the trans-Eurasian transit through the EEU countries.

13 See discussion in O'Neal, M. (2014) 'Russia in WTO: Interests, Policy Autonomy, and Deliberations', *Eurasian Geography and Economics*, 55(4), pp. 404-421.

14 Libman, A. (2014) Außenwirtschaftlicher Protektionismus in Russland: Endgültige Abkehr von der Integration in die Weltwirtschaft? *SWP-Aktuell* 2014/A 69. Berlin: SWP.



On the other hand, many of the obstacles to trans-Eurasian transit are not the result of the economic policy decisions, but rather the consequence of foreign policy concerns. Over the last three years, Eurasia has seen the introduction of multiple sanctions introduced by key actors: EU sanctions against Russia, Russia's ban on food imports from the EU, mutual sanctions by Russia and Ukraine; Russian sanctions against Turkey. While these sanctions themselves necessitate additional customs controls, they also create substantial spillover effects. For example, in order to enforce its sanctions against Ukraine, Russia had to introduce new rigorous regulations for the transit of goods from Ukraine to Kazakhstan; similarly, in January 2016 Ukraine blocked Russian transit to Moldova. These spillover effects can be harmful for the transit between countries not involved in the sanction wars – once again, creating a challenge for any potential linking of the SREB and the EEU. In the worst case, this could even limit the implicit positive spillovers from their coexistence – if, for example, the chosen structure of transportation corridors by the SREB does not encourage trade links within the EEU.

#### *Redistribution and different visions of transportation corridors*

One of the key ideas of the SREB is that the multitude of transportation corridors in Eurasia is viable due to the economic potential of the countries of the region: i.e. there will be sufficient demand for transportation of goods. However, the current economic situation does not seem to support this assumption. China's ability to sustain long-term growth has come under scrutiny in the recent months, with mounting signs of economic weakness. Key countries in post-Soviet Eurasia – Russia and Kazakhstan – are suffering deep recessions due to the falling oil prices. More importantly, there are reasons to believe that this economic slowdown will be long term.

Under these conditions, demand for transportation goes down, while on the other hand, governments' need to generate revenues goes up (because their traditional sources dry out). This means more competition between different transportation corridors within the SREB, some of which fit the interests of EEU countries, and some of which do not. Moreover, it also means more competition within the EEU regarding different transportation corridors (e.g., circumventing Russia or going through the Russian territory). In this environment of competition, linking the EEU and the SREB once again becomes a difficult task.

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To some extent, the problem of compatibility of the transportation corridors within the EEU has already emerged in recent years. One example is the status of the Russian trans-Eurasian infrastructure – in particular the Trans-Siberian railroad. For Russia, this corridor is probably the most attractive one. However, in terms of the SREB, particular attention is paid to the transportation corridors along the southern border of Russia, through the Central Asian and Caucasian countries. While China and Russia have agreed to include the Trans-Siberian railroad into the SREB, it is not clear how exactly this will happen, and, more importantly, how the companies using the SREB infrastructure will manage the logistics. If at certain point it becomes clear that the Trans-Siberian railroad cannot generate revenues for the Russian government, it is possible that Russia will use its influence in the EEU to limit the development of alternative corridors. This would create clashes between the SREB and the EEU or, even more likely, internal conflicts within the EEU. There are numerous other examples of divergent preferences among individual countries regarding the transportation infrastructure. Again, as in the case of protectionism, this divergence does not necessarily mean that linking the SREB and the EEU is doomed to failure: redistribution conflicts are a natural part of any integration project. However, this constitutes a serious obstacle, and it is not clear whether the countries will manage to overcome it.

Another issue in which redistribution could play an important role is the allocation of contracts for companies implementing the SREB's infrastructure projects. In many cases, Chinese foreign direct investments will involve Chinese industrial capacity (and even workforce) as opposed to local businesses. It is not clear whether the SREB projects will be implemented based on the same approach. However, if this does happen, there will be backlash from EEU companies, and, ultimately, EEU governments - which are closely linked to corporate interests in their respective countries. Again, the worse the economic situation in the EEU countries is, the higher is the likelihood that governments and politically connected companies will perceive the SREB contracts as a source of revenues – and will engage in fierce competition. Ultimately, this can slow down or even prevent the implementation of the SREB projects. In the case of Russia, the risks do not necessarily come from the large corporations and the federal government – regional rent-seeking elites can also play an important role.

Finally, there are two fundamental problem of designing trans-

portation corridors in Eurasia, where the EEU countries and China may have different viewpoints. First, the relative importance of the North-South vs. East-West corridors is assessed differently by Russia and Kazakhstan, on the one hand, and China, on the other.<sup>15</sup> Second, and more fundamentally, it is not entirely clear whether the transportation corridors should focus on linking adjacent regions or ‘go through’ the territory of the EEU countries connecting China and Europe. In the last case, EEU countries benefit only from construction contracts and transportation fees, a limitation to the positive effects of the SREB for their economic development.<sup>16</sup> In this case, however, China may also be interested in promoting economic linkages within the Eurasian space rather than focusing only on the transportation to the EU: it could make the SREB projects more economically viable<sup>17</sup> and contribute to the development of the Chinese Western provinces. Still, the dispute on the topic mentioned is far from being resolved.

### *Geopolitical struggles*

We have already made the claim that in terms of the mandate of the EEU and the current scope of the SREB, there is no direct competition. There is another important aspect to both of the projects, namely that they are frequently perceived as part of a general geopolitical toolbox used by Russia and by China. The expansion of the SREB is seen as a manifestation of Chinese influence, while the EEU is considered a new ‘sphere of influence’ for Russia. The importance of this aspect is for the actual functioning of the organization is certainly debatable; for example, the frequent proposition that the EEU decision-making is fully dominated by Russia cannot be empirically supported if one looks at the Eurasian Economic Commission. However, it matters a great deal for the *perception* of the organizations – most importantly, by parts of the elites in the EEU countries and in China. And if one perceives the EEU and the SREB primarily as geopolitical projects, their compatibility appears much more limited, in contrast to an assessment based on their declared scopes and goals. It depends on the congruence of interests of Russia and China.

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15 Vinokurov, E., and Ya. Lisovolik (2016) ‘Shelkovyi Put’ 2.0: Zachem Rossii Novye Zheleznyye Dorogi’. *RBC*, 29 February. Available at: <http://www.rbc.ru/opinions/economics/29/02/2016/56d4318a9a7947fe1ae7eb0b> (Accessed: 05 June 2016).

16 Korostikov, M. (21016) ‘Pod Vysokim Sopryazheniem’. *Kommersant*, 9 May. Available at: <http://www.kommersant.ru/doc/2978877> (Accessed: 05 June 2016).

17 Vinokurov, E. (2016) *Transport Corridors of the Silk Road Economic Belt across the Eurasian Economic Union: Preliminary Estimates for the Transportation Capacity and Investment Needs. SSRN Working Paper*, Almaty: EDB.

*Since 2014, Russia has declared a long term goal of 'turning to the East', making China its major international partner. In fact, the Russian support for linking the EEU and the SREB is probably primarily driven by this long-term strategic goal – more so than by the analysis of any specific economic benefits.*

Since 2014, Russia has declared a long term goal of 'turning to the East', making China its major international partner. In fact, the Russian support for linking the EEU and the SREB is probably primarily driven by this long-term strategic goal – more so than by the analysis of any specific economic benefits. At the same time, however, Russian elites are still fearful of excessive Chinese influence, especially in Central Asia. If these fears become predominant in the Russian elites, Russia will become reluctant to support any form of cooperation between the EEU and the SREB – regardless of the tangible economic potential. This suspicion of China may grow if economic cooperation with China stagnates (not an unrealistic perspective given the problems of the Russian economy), and the Chinese presence in Central Asia becomes more evident. But one cannot exclude the potential rapid rise of critical attitudes towards China due to some unforeseen development, possibly entirely unrelated to Eurasia. The crisis in the Russia-Turkey relations in autumn 2015, which came as a surprise for many observers, shows how rapid and unpredictable the turns of the Russian foreign policy can be.

However, even Russia's continues embrace of the dialogue with China from the geopolitical perspective could become a barrier for the linking of the EEU and the SREB. From the Russian perspective, it would appear to be particularly attractive to focus on symbolic, rhetorical issues, supporting the vision of the Russian pivot to Asia for the elites and for the public, as opposed to the specific complementarities of the EEU and the SREB. As we have mentioned, these are frequently low-profile, technical issues (e.g., governance of foreign investments), which do not necessarily serve the foreign policy rhetoric. In this case cooperation between the EEU and the SREB could be stuck at the level of high-level declarations and statements that never reach practical implementation (as indeed has happened in the past with a number of regional projects in Eurasia – e.g., the Commonwealth of Independent States). These problems are likely to become particularly pronounced if the negotiations on linking the EEU and the SREB are conducted mostly by the Ministries of Foreign Affairs rather than the Eurasian Economic Commission and the Economic Ministries of the countries.

## *Conclusion*

The outcomes of our discussion seem to be in some sense contradictory. On the one hand, linking the EEU and the SREB can bring tangible benefits. This will be the case if the two organizations merely coexist in Eurasia, and even more so if the negotiations on harmonizing the vision of the transportation corridors are successful and an investment agreement is reached. The design of the organizations makes them fully mutually compatible; even more, the design of the SREB makes it an attractive partner for the Russian elites given their general stance on international economic cooperation (paradoxically, the SREB seems to fit the global economic vision of Russia even to a greater extent than the EEU itself, which in many aspects replicated the European Union). But there are also serious obstacles to the interplay of the two organizations. These have the potential to grow in importance if the economic crisis in Russia and other countries of the EEU continues, and the demand for redistribution and protectionism increases.

Ultimately, the key to success in terms of SREB - EEU cooperation is to keep it low profile and focused on technical aspects, as well as to acknowledge the design and the jurisdictions of the EEU and of the SREB – i.e., to avoid engaging in discussions that are beyond the scope of what these projects are supposed to achieve. This is not easy, particularly because the scope of the SREB is fluid. Paradoxically, while the idea of linking the SREB and the EEU was born out of Russia's foreign policy objectives and rhetoric ('turn to the East'), the best way to advance the cooperation of two projects is to de-couple it from Russian foreign policy (with its heavy emphasis on geopolitics) as far as possible. Whether this can be achieved remains to be seen. The lack of cooperation between the EEU and the SREB has the potential to severely limit the development of transportation infrastructure across Eurasia.