The European Union, Eurasian Economic Union and the Belt and Road: Perceptions, practices and risks in Eurasia

Conference Proceedings

Edited by

Dr. Tamás Matura and Dr. David Morris

Contents

Foreword

These conference proceedings with the title “The European Union, Eurasian Economic Union and the Belt and Road: Perceptions practices and risks in Eurasia” is published within the framework of the Jean Monnet Network Project “The EU and the EEU: Between Conflict and Competition, Convergence and Cooperation” (EUCON). The aim of this project co-funded by the Erasmus+ programme is to explore the complexity of relations between the European Union and the Eurasian Economic Union.

When the project was launched in October 2020, the global geopolitical context was different. Even though the causes and patterns of today's conflict between Russia and the West could be observed more and more clearly step by step since the mid-2000s and relations between the collective West and Russia had gradually deteriorated since then, the ties had not yet been broken. 24 February 2022 marks a point of no return in international relations. The Russian attack on Ukraine is a critical juncture of global reach, seriously challenging the liberal world order.

While in 1990, the bipolar world order of East-West confrontation ended abruptly, the final consequences of the current events are not yet fully clear. In this constellation, the previous norm-based world order dominated by the West, currently disintegrates into new blocks. The most likely scenario is that the future world will be divided by competition and conflict between the West (led by the USA in primary coordination with Great Britain) and non-liberal authoritarian powers, led by a Russian-Chinese axis of collaboration. However, in this context, China, and not Russia will most likely be the dominant power. At the same time, regional powers such as India, Saudi Arabia, Indonesia, and Turkey (etc.) will wisely use their new opportunities, in many cases against the immediate interests of the West.

These conference proceedings analyse the global changes from different perspectives. They scrutinize their causes, consequences and risk mitigation strategies from an economic, political, and security policy perspective, dealing with the global, regional, and country level. The analysis period covers both the time before the Ukraine war and the time since.

I hope that reading these conference proceedings will provide you with new insights and food for thought.

Dr. Hannes Meissner
Academic Coordinator of the EUCON Project
UAS BFI Vienna – University for Economics, Business and Finance

Ahmad Anwar[1]

The Limits of Economic Hedging in the Shadow of Security Challenges: CEE-China relations amidst Russia-Ukraine conflict?

Abstract

Central and Eastern European (CEE) countries have sought to diversify their economic ties through engagement with China, while maintaining their political and security alliances with the West. However, the limited economic benefits of engagement and the recent security challenges in the region have tested the effectiveness of economic hedging strategies in managing regional risks and uncertainties. This paper analyses the CEE countries' economic hedging with China in the backdrop of recent Russia-Ukraine war. The paper argues that while economic hedging strategies might offer some benefits, they are unlikely to outweigh the security benefits of political and security alliances. The recent conflict between Russia and Ukraine has highlighted the importance of maintaining close political and security relationships with the West in the face of regional security risks. The paper draws on case studies of CEE-China relations in the middle of Russo-Ukranian conflict to provide insights into the effectiveness of economic hedging strategies and the importance of political and security alliances. The study highlights that states always act rationally, and that security interests take precedence over economic interests, especially when economic diversification does not offer significant incentives.

Introduction

The ongoing Russo-Ukrainian war has caused significant worry in the Central Eastern Europe (CEE) region, as there are concerns about Russia's aggression and the potential for further conflict. Russian aggression in the region has led to calls for a stronger defense against potential aggression. There a some worry that the conflict would escalate into larger battlefield into CEE region or larger EU territory.

In the meantime, CEE countries have been engaging with China through the 16+1 framework[2], which is designed to facilitate investment and trade between China and the CEE region. However, when the conflict between Russia and Ukraine occurs, and China stands for Russia. Consequently, this has led to skepticism among CEE about the long-term viability of the 16+1 framework.

[1] Corvinus University of Budapest, ahmad.anwar@stud.uni-corvinus.hu
[2] Sixteen CEE countries plus China.

Even before the current Russo-Ukraine War, there have been some critics to the framework from the EU and several Western member states. They feared that Beijing may use the 16+1 to fragment the Union and impose its will. Furthermore, as Western Europe is increasingly irritated with China's rise, ties between the EU and China have generally been getting worse recently.

Whether China is building a political influence in the region is subject to academic discussion. It is true that the CEE-China cooperation is saturated with expectations as well as criticism (Pavlićević, 2018). While there have been some fear among EU's elites, arguments that maintain Chinese strategies to divide and rule Europe are not supported by strong evidence (Garlick, 2019). Even Chinese activity in the Eastern region is rather limited (Matura, 2019).

In general, however, most scholars agree with two common arguments. First, the motivation to engage with China is for diversifying economic channels.[3] China is expected to be an alternative to their Western economic counterpart. Second, the initial optimistic economic hope has resulted in limited value. The cooperation aimed at facilitating the flow of investment and trade was unexpected. In fact, there some concern raised about trade imbalances and unequal economic relationships, with some CEE countries experiencing large trade deficits with China (Brînză, 2019; Garlick, 2019; Turcsanyi, 2020). Hence, pessimistic and critics to stay with 16+1 flourish. There have also been projections signaling how CEE would reconsider their intense relations with China. Not only because of their frustrated expectation, but also because of the Covid-19 outbreak (Kavalski, 2021a, 2021b).[4]

When the Russo-Ukrainian war escalated and China stands its position to Russia, the cooperation with China in the 16+1 is questioned even among the CEE countries themselves. As discussed in this paper, the 16+1 framework was initially CEE's attempts of economic hedging strategy to anticipate global uncertainty in the aftermath of the 2008 financial crisis. The recent conflict between Russia and Ukraine has underscored the importance of maintaining close political and security alliance with the West, particularly NATO, in the face of regional security risks.

The study is crafted through the scrutiny of academic publications, opinion pieces, and some reports. Academic publications and reports provide in-depth analysis and research with historical context, relevant theories and methodologies, and empirical findings. Opinions provide alternative viewpoints from experts, policymakers, and influential figures..

This study begins by examining the concepts of hedging as strategies used by small states in international relations. It will then apply the concept to analyze how the West became a political

[3] While a study by Kavalski (2021a) asserts that the motivation to more about politics rather than just economy, most scholars mention that CEE economic frustration in the aftermath of 2008 crisis and the expectation to revive better economy are obvious motives.

[4] Even the memory of the communist past undermines the cooperation that some CEE nations view China as the 'others, a country with a distinct political culture and set of values (Turcsányi & Qiaoan, 2020).

security and economic ally for CEE countries and how, after the 2008 crisis, CEE open channels with China as a form of economic hedging. The subsequent section will discuss how CEE shifted back towards the West during the Russo-Ukrainian War. The article will conclude with some remarks.

Hegding: Small states strategy

According to the Realist perspective, the international system is fundamentally anarchic, meaning that it lacks a central authority and is governed by the principle of self-help (Kocs, 1994; Milner, 1991; Waltz, 2001). This system tends to put small states at a somewhat disadvantage because they have fewer resources and capabilities to protect themselves. Although great powers can provide assistance to small states, they may also pose a threat to their security by seeking to politically dominate them or exploit their resources.

Realists scholars assert that small states have two major approaches when dealing with great powers. The first is a balancing approach, which entails either increasing military strength on a state's own power or forging alliances with other states to ensure security and independence in the face of a threatening power. The second is bandwagoning, in which small states cooperate with the stronger powers by adhering to their demands and interests and, if required, even aiding. By joining the big powers, the bandwagoners could avoid damage while also gain some benefits.

Furthermore, small states tend to do bandwagoning. Bandwagoning, occurs when a state aligns itself with a stronger and potentially adversarial power in order to gain benefits from the partnership. It is a strategy employed by states that find themselves in a weak position and feel that they do not have the resources to resist the stronger power. The strategy assumes that joining forces with a stronger power will benefit the weaker state, as opposed to relying on their own resources in resisting an inevitable outcome (Levick & Schulz, 2020; Walt, 1985).

Both balancing and bandwagoning are two traditional approaches in international politics. These strategies tend to be options employed by small states when dealing with great powers. (Gunasekara, 2015; Schweller, 1994; Thorhallsson & Steinsson, 2017). Nevertheless, some scholars are challenging this Realism perspective to accurately depict some small states strategy that do not align with the traditional balancing or bandwagoning strategies. Instead, they have adopted a third strategy namely hedging.

Hedging involves adopting a multipronged strategy to deal with both risks and threats, as opposed to only responding to threats through balancing or bandwagoning. This approach offers small states a way to navigate complex global power dynamics and maintain their security and independence. Some IR experts argue that hedging offers a more effective and nuanced approach than simply aligning with dominant powers or opposing them. The concept of hedging has become increasingly

relevant in recent years as smaller states seek to 'navigate' both strategies. (Ciorciari & Haacke, 2019; Kuik, 2016, 2021).

Hedging refers to a strategy used by states to balance between two or more opposing powers or to prepare for uncertain future events. It involves taking actions that maximize potential benefits while also preparing for potential risks or negative outcomes. This may involve maintaining positive relations with multiple powers or building up military capabilities to deter potential threats. The goal of hedging is to avoid being overly reliant on any one power or strategy, and to maintain flexibility in responding to changing circumstances (Koga, 2018; Kuik, 2016, 2021).

Economic hedging in uncertain world

According to Kuik (2015), there three categories of hedging: economic hedging, political hedging, and military hedging. Economic hedging refers to economic diversification. This strategy involves expanding business and investment partnerships with multiple countries to avoid dependence on a single partner. Political hedging, also called dominance denial, aims to establish a balance of power among nations through non-military means to avoid the geopolitical risks associated with being dominated by a single hegemon. Lastly, military hedging, known as indirect balancing, involves strengthening military capabilities by forming defense alliances and improving armed forces to reduce security threats without targeting any specific nation.

In term of economy, small states often employ economic hedging strategies, including diversifying their economic partnerships, in response to global economic volatility and uncertainty (McIntyre et al., 2018). By diversifying their economic relationships, small states can better manage their risks and reduce their vulnerability to external shocks. This can include forging new partnerships including with larger or more established economies. Hence economic hedging meets its relevance for small states.

Economic hedging might be a critical strategy for protecting national economic interests in an uncertain global environment. By diversifying their trade and investment links, states can reduce their dependence on any one partner and minimize the impact of economic shocks or disruptions. This can be especially important in times of global economic volatility, geopolitical tensions, or other unforeseen events that can affect a country's economic prospects. Economic hedging could also help states to access new markets, technologies, and sources of investment, which can contribute to their long-term growth and development (Yan, 2021).

The concept of economic diversification as a hedging strategy is often viewed as a promising solution to mitigate risks associated with economic dependence on a single partner. The benefits of economic hedging and diversification might be significant, as it can provide small states with greater resilience and bargaining power in an increasingly complex and uncertain global economic landscape.

Nevertheless, current studies on hedging have only focused on Asian states in response to the rise of China. There is still a lack of discussion regarding small states' hedging strategies in other regions. Moreover, is economic hedging without any limitation? The answer will be discussed through empirical example of CEE's trajectories in the subsequence parts.

CEE and the West: Traditional alliance

Revolutions that swept across CEE in 1989 and the subsequent dissolution of the Soviet Union in 1991 marked a significant turning point for the region. The new democratic governments that emerged in the wake of these events rejected their Communist past and sought to establish legitimacy by aligning themselves with Western values and institutions. This shift was particularly pronounced in the nascent states of the Baltic, which had spent decades under Soviet control and were eager to assert their independence and sovereignty.

In the aftermath of the fall of the Iron Curtain, the CEE countries began to distance themselves from their former Soviet allies, looking instead to the West as a source of political, economic, and cultural influence. One of the most prominent ways of achieving this was by pursuing membership in the EU. For countries like Poland, Hungary, and the Czech Republic, joining the EU represented an opportunity to break free from the economic and political stagnation of the Communist era and integrate themselves into the wider European community. For the Baltic states like Estonia, Latvia, and Lithuania, it was an opportunity to escape the shadow of the Soviet Union and assert their status as independent, democratic nations.

The process of joining the EU was not easy, however. It required significant reforms and restructuring of each country's political and economic systems, as well as meeting stringent criteria for membership. The countries had to demonstrate their commitment to democratic values, human rights, and the rule of law, as well as implement a range of economic and legal reforms. Despite the challenges, those countries succeeded in joining the EU in the fifth period of enlargement, which took place in 2004, and subsequent years.

Alongside the push for EU membership, the CEE countries also sought to bolster their security by joining the North Atlantic Treaty Organization (NATO). Since the end of the Cold War, NATO has played an important role in promoting security and stability in Central and Eastern Europe (CEE) through a mix of partnerships, military cooperation, and defense spending. For example, NATO's Partnership for Peace program has allowed for greater military-to-military cooperation between NATO and non-NATO countries in the region, including many former Soviet republics. Additionally, NATO has engaged in a series of rounds of enlargement since the early 1990s, which has seen 12 CEE countries join the alliance.

Membership in NATO has brought certain benefits for CEE countries, including increased security

guarantees, access to NATO's defense planning capabilities and military training, and the ability to participate in joint military operations with NATO allies. NATO's presence also serves as a deterrent to potential adversaries in the region, including Russia, which was (and relatively is) viewed with suspicion by many in the region (Rühle, 2014).

Since joining NATO, many CEE countries have significantly increased their defense spending, which has helped to improve their military capabilities and contribute to broader collective defense efforts. For example, defense expenditures by NATO allies increased by 4.3% in real terms in 2021, with CEE countries like Poland and Romania among the top spenders relative to their GDP (NATO, 2022). Additionally, CEE countries have been key participants in NATO's Enhanced Forward Presence (EFP) initiative, which has seen the deployment of multinational battlegroups to the region to enhance deterrence and defense against potential threat (Bocse, 2020).

NATO also conducts a variety of exercises and training programs with some countries in the Eastern Europe. These include air defense drills, cyber defense training, and joint naval exercises. These activities not only help to improve military capabilities, but also serve as a visible demonstration of NATO's commitment to the security of the region (Belkin et al., 2014; Hyde-Price, 1998; O'Hanlon, 2017).

CEE Economic hedging with China and

The EU has traditionally been the primary trade partner and source of investment for the CEE countries. However, the global economic crisis of 2008 had a significant impact on the region's trade flow and investment. As demand in the EU dropped, the CEE countries realized that their reliance on the European market and capital was a vulnerability and that they needed to diversify their trading and investment partners. In contrast, China's large economy remained relatively stable during the crisis. The CEE countries viewed China as a potential alternative partner for their economic growth and sought to build closer relations with the country.

Furthermore, China had excess production capacity and low-cost capital, making it economically beneficial to approach CEE countries for deeper economic relations due to their cheaper labor market and good human development index compared to Western Europe (McNally, 2013). The Hungarian government played a key role in facilitating the first meeting between China and CEE countries in 2011, leading to the establishment of the 16+1 framework in 2012. This intergovernmental mechanism aims to reduce communication barriers and promote trade and investment between China and the 16 CEE countries. The annual meetings at the head of state level produce policy recommendations, with a focus on international trade as a crucial area for improvement.

Since the establishment of the 16+1 framework, CEE countries' total exports to China have

increased from US$8.9 billion in 2012 to US$12.3 billion in 2019, with a compound annual growth rate of 4.7%. Meanwhile, CEEC imports from China rose from US$55.2 billion in 2012 to US$89.2 billion in 2019, with a compound annual growth rate of 7.1% (Stanojevic et al., 2021). Moreover, since the China's Belt and Road Initiative (BRI) introduced in 2013, the cooperation between China and CEE is expected to be more convenient as the projects emphasize the enhancement of connectivity, cooperation, trade, and cultural exchange between China and the region.

The cooperation between China and CEE countries continues to grow, with trade reaching $98.8 billion in the first three quarters of 2021, up 27.2% YoY, while trade growth between China and the EU rose only 22.7% YoY during the same period (China-CEEC.org, 2021). This reflects the ongoing significance of the 16+1 cooperation in promoting economic growth and diversification for both sides.

Although the numbers may seem promising, it is overly optimistic to expect positive progress from the economic framework. The reality is that the gap between the anticipated outcomes and the actual results thus far has been quite disappointing for the 16 countries involved. Despite the establishment of the 16+1, CEE countries have been experiencing a trade deficit with China, which is a cause for concern (Vangeli, 2017). A report from 2016 noted that the CEE annual trade deficit with China had grown by about 34 percent over a period of time. Additionally, a report from 2018 showed that the CEE's trade deficit with China has been expanding. Moreover, a report from 2021 indicates that additional trade between CEE and China has taken place mostly on the side of Chinese exports, further exacerbating the trade deficit (Jing & Xiaojing, 2018; Rajca, 2022).

The reasons behind this gradual trade deficit are multifaceted. One contributing factor is China's economic slowdown, which has led to an increase in their exports to the world, including CEE countries. Secondly, China's market is not entirely open to foreign firms, which has limited investment opportunities for CEE companies. Critics argue that this is unfair and gives China an advantage. Lastly, many of the investment projects in CEE countries are being carried out by Chinese contractors and workers, with little involvement from local labor. All of these factors have contributed to a situation where the cooperation is more beneficial to China than to the CEE countries (Pepermans, 2018). As a result, the existing criticisms directed towards CEE-China relations remain prevalent.

Russia-Ukraine War backdrop

The Russia-Ukraine war began when Russia invaded Ukraine in 2022 and has since escalated into a full-scale conflict. The conflict has created tension and heightened security concerns across the region, as many countries in Europe and CEE are located near or share borders with Ukraine. Russia's actions have also raised questions about its intentions and ambitions in the broader region,

spurring concerns about potential future conflicts or acts of aggression. In response, many European countries and organizations have sought to increase their security postures, including through the deployment of additional military or security personnel and increased collaboration on defense and security issues.

Far in the East, China has extended diplomatic, economic, and political backing to Russia. While Russia has received international sanctions and pressure, China instead takes opportunities by importing significant amounts of Russian energy resources. Although China has maintained a neutral stance in the Russo-Ukrainian conflict and encourage peaceful negotiations to resolve the issue, this seemingly normative jargon has been translated as: Beijing supports Moscow.

Many analysts suggest that China has already lost its connection with CEE as the war in Ukraine continues (Kaczynski, 2022; Karásková, 2022). This concern has been raised even before the war broke out (Kavalski, 2020). The ongoing conflict has intensified CEE countries' concerns about China's intentions and actions, particularly in relation to Russia.

CEE countries have expressed solidarity with Ukraine and provided various forms of assistance. To them, their traditional allies - NATO - and the EU are key supporters in addressing the security challenges in the region. Additionally, it needs a long-term strategy that goes beyond immediate reactions to crises and addresses the root causes of the conflict, including Russia's aggression and disinformation campaigns. CEE leaders urged greater cooperation and coordination among the CEE countries and with their Western partners to ensure the region's stability and security (Visegrad Insight, 2023).

Dealing with geographical proximity in the eastern Europe, CEE countries have been prompted by the invasion of Ukraine by Russia to reconsider their defense spending and contemplate the possibility of hosting US bases on their territories. There has been a significant increase in defense spending among Central and Eastern European (CEE) countries in response to the conflict between Russia and Ukraine, with some countries experiencing the highest defense spending from NATO member states in the region. Countries in the region have recognized the need for increased defense spending and stronger military capabilities to address the security implications of the ongoing conflict. Poland, for example, is expected to allocate over $17.6 billion towards defense spending, making it the NATO member state with the highest defense spending in Central and Eastern Europe (Sas, 2022).

On the one anniversary of the war in Ukraine, CEE released a statement expressing their support for Ukraine's territorial integrity and condemning Russia's aggression. The CEE also called on the United States and European Union to provide further assistance to Ukraine in its efforts to defend itself against Russian aggression. The statement emphasized the need for a united stance against Russian aggression in the region and highlighted the importance of transatlantic cooperation in

maintaining peace and stability (JBANC, 2023).

The Russian invasion of Ukraine has highlighted the importance of maintaining strong security postures in the region. As a result, CEE countries are increasingly prioritizing their relationships with Western countries and re-evaluating their economic relationships with China, recognizing that political-security interests overlap and take priority over economic hedging/diversification.

Conclusion

While economic benefits were once seen as a promising opportunity, the realization of political and security risks associated with such cooperation cannot be overlooked. The recent decision by China to support Russia's claims on the redesign of European security architecture only fuels these concerns. Economic preferences may be promising, yet security is seen as non-negotiable and must come first (Karásková, 2022).

For CEE countries, security is a top priority due to their historical experiences of being subjugated to Nazi Germany and the Soviet Union. As a result, their relationship with NATO, and by extension, the United States, is crucial in ensuring their security. This means that economic preferences, including those associated with economic hedging, may be restructured, or even abandoned altogether when they conflict with their political and security interests. Even if it means to potentially alienate their economic partnership with China.

References

Belkin, P., Mix, D. E., & Woehrel, S. (2014). NATO: Response to the Crisis in Ukraine and Security Concerns in Central and Eastern Europe. *Current Politics and Economics of Russia, Eastern and Central Europe*, *29*(2), 281.

Bocse, A.-M. (2020). NATO, energy security and institutional change. *European Security*, *29*(4), 436–455. https://doi.org/10.1080/09662839.2020.1768072

Brînză, A. (2019). The "17 + 1" Mechanism. *China Quarterly of International Strategic Studies*, *05*(02), 213–231. https://doi.org/10.1142/S237774001950009X

China-CEEC.org. (2021, December 28). *China-CEEC Cooperation has opened new chapter_中国-中东欧国家合作*. Secretariat for Cooperation between China and Central and Eastern European Countries. http://www.china-ceec.org/eng/jmhz/202112/t20211231_10477902.htm

Ciorciari, J. D., & Haacke, J. (2019). Hedging in international relations: An introduction. *International Relations of the Asia-Pacific*, *19*(3), 367–374. https://doi.org/10.1093/irap/lcz017

Garlick, J. (2019). China's Economic Diplomacy in Central and Eastern Europe: A Case of Offensive Mercantilism? *Europe-Asia Studies*, *71*(8), 1390–1414. https://doi.org/10.1080/09668136.2019.1648764

Gunasekara, S. (2015). Bandwagoning, Balancing, and Small States: A Case of Sri Lanka. *Asian Social Science*, *11*(28), Article 28. https://doi.org/10.5539/ass.v11n28p212

Hyde-Price, A. (1998). NATO and the Baltic Sea Region: Towards Regional Security Governance? Final Report. *Manfred Woerner Fellowship Reports Fellowships Reports/NATO Academic Forum [Electronic Resource]*, *2000*, 98–00.

JBANC. (2023, February 25). *CEEC Statement on Ukraine War Anniversary*. https://jbanc.org/2023/02/25/ceec-statement-on-ukraine-war-anniversary/

Jing, D., & Xiaojing, L. (2018). Deepening the "16+ 1 cooperation" relationship to foster the new growth pole of Sino-EU Trade. *China–CEE Institute Working Paper*, *13*, 22.

Kaczynski, P. M. (2022, August 15). *How China Lost Central Europe*. Balkan Insight. https://balkaninsight.com/2022/08/15/how-china-lost-central-europe/

Karásková, I. (2022, April 20). *China Bulletin: How China lost Central and Eastern Europe*. https://www.freiheit.org/southeast-and-east-asia/how-china-lost-central-and-eastern-europe

Kavalski, E. (2020, July 27). *How China lost central and eastern Europe*. The Conversation. http://theconversation.com/how-china-lost-central-and-eastern-europe-142416

Kavalski, E. (2021a). The end of China's romance with Central and Eastern Europe. *Global Media and China*, *6*(1), 77–99. https://doi.org/10.1177/2059436421994442

Kavalski, E. (2021b). Quo Vadis Cooperation Between China and Eastern Europe in the Era of COVID-19? *World Affairs*, *184*(1), 33–56. https://doi.org/10.1177/0043820021991116

Kocs, S. A. (1994). Explaining the Strategic Behavior of States: International Law as System Structure. *International Studies Quarterly*, *38*(4), 535–556. https://doi.org/10.2307/2600864

Koga, K. (2018). ASEAN's evolving institutional strategy: Managing great power politics in South China sea disputes. *The Chinese Journal of International Politics*, *11*(1), 49–80.

Kuik, C.-C. (2015). Variations on a (Hedging) theme: Comparing ASEAN Core States' alignment behavior. *Joint US-Korea Academic Studies*, *26*, 11–26.

Kuik, C.-C. (2016). How Do Weaker States Hedge? Unpacking ASEAN states' alignment behavior towards China. *Journal of Contemporary China*, *25*(100), 500–514. https://doi.org/10.1080/10670564.2015.1132714

Kuik, C.-C. (2021). Getting hedging right: A small-state perspective. *China International Strategy Review*, *3*(2), 300–315. https://doi.org/10.1007/s42533-021-00089-5

Levick, L., & Schulz, C.-A. (2020). Soft Balancing, Binding or Bandwagoning? Understanding Institutional Responses to Power Disparities in the Americas. *Canadian Journal of Political Science/Revue Canadienne de Science Politique*, *53*(3), 521–539. https://doi.org/10.1017/S0008423920000220

Matura, T. (2019). China–CEE Trade, Investment and Politics. *Europe-Asia Studies*, *71*(3), 388–407. https://doi.org/10.1080/09668136.2019.1571166

McIntyre, A., Li, M. X., Wang, K., & Yun, H. (2018). *Economic benefits of export diversification in small states*. International Monetary Fund.

McNally, C. A. (2013). Refurbishing state capitalism: A policy analysis of efforts to rebalance China's political economy. *Journal of Current Chinese Affairs*, *42*(4), 45–71.

Milner, H. (1991). The Assumption of Anarchy in International Relations Theory: A Critique. *Review of International Studies*, *17*(1), 67–85.

NATO. (2022, June 27). *Defence Expenditures of NATO Countries (2014-2022)*. NATO. https://www.nato.int/cps/en/natohq/news_197050.htm

O'Hanlon, M. (2017). *Beyond NATO: A new security architecture for Eastern Europe*. Brookings Institution Press.

Pavlićević, D. (2018). 'China Threat' and 'China Opportunity': Politics of Dreams and Fears in China-Central and Eastern European Relations. *Journal of Contemporary China*, *27*(113), 688–702. https://doi.org/10.1080/10670564.2018.1458057

Pepermans, A. (2018). China's 16+1 and Belt and Road Initiative in Central and Eastern Europe: Economic and political influence at a cheap price. *Journal of Contemporary Central and Eastern Europe*, *26*(2–3), 181–203. https://doi.org/10.1080/25739638.2018.1515862

Rajca, K. (2022). *Poland economy briefing: Polish – Chinese economic relations – China-CEE Institute*. https://china-cee.eu/2022/11/20/poland-economy-briefing-polish-chinese-economic-relations/

Rühle, M. (2014). NATO Enlargement and Russia: Discerning Fact from Fiction. *American Foreign Policy Interests*, *36*(4), 234–239. https://doi.org/10.1080/10803920.2014.947879

Sas, A. (2022, July 21). *CEE: military expenditure in current prices 2022*. Statista. https://www.statista.com/statistics/1085713/cee-military-expenditure-in-current-prices/

Schweller, R. L. (1994). Bandwagoning for Profit: Bringing the Revisionist State Back In. *International Security*, *19*(1), 72–107. https://doi.org/10.2307/2539149

Stanojevic, S., Qiu, B., & Chen, J. (2021). A Study on Trade between China and Central and Eastern European Countries: Does the 16+1 Cooperation Lead to Significant Trade Creation? *Eastern European Economics*, *59*(4), 295–316. https://doi.org/10.1080/00128775.2021.1928518

Thorhallsson, B., & Steinsson, S. (2017). Small State Foreign Policy. In B. Thorhallsson & S. Steinsson, *Oxford Research Encyclopedia of Politics*. Oxford University Press. https://doi.org/10.1093/acrefore/9780190228637.013.484

Turcsanyi, R. Q. (2020). China and the Frustrated Region: Central and Eastern Europe's Repeating Troubles with Great Powers. *China Report*, *56*(1), 60–77. https://doi.org/10.1177/0009445519895626

Turcsányi, R., & Qiaoan, R. (2020). Friends or foes? How diverging views of communist past undermine the China-CEE '16+1 platform.' *Asia Europe Journal*, *18*(3), 397–412. https://doi.org/10.1007/s10308-019-00550-6

Vangeli, A. (2017). China's Engagement with the Sixteen Countries of Central, East and Southeast Europe under the Belt and Road Initiative. *China & World Economy*, *25*(5), 101–124. https://doi.org/10.1111/cwe.12216

Visegrad Insight. (2023, February 24). *What to Make of the CEE Response to Russia's Invasion of Ukraine*. Visegrad Insight. https://visegradinsight.eu/what-to-make-of-the-cee-response-to-russias-invasion-of-ukraine/

Walt, S. M. (1985). Alliance Formation and the Balance of World Power. *International Security*, *9*(4), 3–43. https://doi.org/10.2307/2538540

Waltz, K. N. (2001). *Man, the state and war: A theoretical analysis* (2001 ed.). Columbia Univ. Press.

Yan, K. (2021). Navigating between China and Japan: Indonesia and economic hedging. *The Pacific Review*, *0*(0), 1–29. https://doi.org/10.1080/09512748.2021.2010795

Heinz Gärtner[5]

Geopolitical Consequences of the Russian War in Ukraine, the US, China and Russia

The war in Ukraine is having major geopolitical consequences. The world finds itself in a great power competition between the USA, China and Russia. Great powers try to maintain or even expand their zones of influence, and they react nervously when another great power approaches their borders.

The security dilemma

Decisions about security and alliance membership have consequences for other actors. Each side purports to act defensively. The other actors often perceive these actions as offensive in accordance with the principle of the security dilemma. Missile deployments are often perceived by other countries as offensive and a threat to their own security, despite claims to the contrary. As a result, the rhetoric escalates and both sides assume aggressive behavior. The security dilemma can escalate to war. Cuba's decision in 1962 to station Soviet missiles on its territory provoked sharp US reactions.

Each country is free to choose to join an alliance. However, it should not be forgotten that every alliance membership has consequences for other states. Ukraine viewed its potential NATO membership as defensive. Still, Russia viewed further NATO expansion as a long-term threat. Ultimately, Russia wanted to create a fait accompli by forcibly dividing and demilitarizing Ukraine.

Typologies of polarization

Several typologies of polarization existed in the different phases of the post-war period. After the end of bipolarity, shaped by the military alliances NATO and the Warsaw Pact Organization, there was – according to the political scientist of the realist school Charles Krauthammer(1990/91) – a "unipolar moment". In this phase of assumed unipolarity, US-led NATO remained as the sole military alliance. This period was by no means peaceful, however, as shown by the wars in Kuwait in 1991-1992, in the Balkans in the 1990s, in Afghanistan after 2001 and in Iraq in 2003. Data shows that this brief period of unipolarity has been the one that has seen the greatest number of US military interventions since 1776. (Kushi, Sidita/Duffy Toft, Monica, 2022) So there can be no question of a "hegemonic peace".

[5] Univ. Prof. Dr. Heinz Gärtner is lecturer in the Department of Political Science at the University of Vienna and at Danube University.

For the neutral states this period was difficult. Unipolarity strives for global dominance. There is little room for neutrality. The idea of “with us or against us” dominated. During this phase, US embassies in neutral states complained that they were contributing too little to the NATO operation in Afghanistan. Activities outside the alliance, such as peacekeeping operations within the framework of the United Nations, were not taken seriously.

The “unipolar moment” was short-lived, though in some US government minds it has lasted to this day. However, it is becoming increasingly difficult for Washington to impose its will on others, with the withdrawal from Afghanistan being just the tip of the iceberg.

After that, the realist school coined the term multipolarity. Multipolarity has historically been associated with polarization and war if you look at the periods before the two world wars. Similar ideas are expressed by the terms "Post-American World" or "the Rise of the Rest". The term multipolarity is a euphemism, however. It is rather a tripolarity. US security and defense doctrines speak of great power competition. Thus, rival powers China and Russia would challenge the US in many parts of the world. This constellation changed with the potential consequences of war in Ukraine for Russia. With the exception of its nuclear weapons, Russia will fall out of the competition as a great power. The result will be a renewed global bipolarity, now between the US and China.

Characteristics of polarization

Polarization always has two characteristics: ideology and alliance building. During the Cold War there was an ideological confrontation between a liberal market economy and state communism. Joseph Biden's idea of the "alliance of democracies" against autocracies is an example of the current ideological polarization. It tries to create a global alliance and bloc. Like all ideologies, it is dishonest. The autocratically governed states of Saudi Arabia, Egypt, Vietnam or Rodrigo Duterte's Philippines and Narendra Modi's India belong to this alliance when it comes to geopolitical interests. Here the primacy of geopolitics over idealism applies. China's Belt and Road Initiative has a soft power capacity that goes beyond economic interests and can improve quality of life. Russia, on the other hand, has no attractive ideology to offer. The fight against Nazism, Russification or historical reminiscences of Peter the Great have little appeal.

In addition to existing alliances such as NATO or the Collective Security Organization (CSTO), new ones were also founded: the Australian-British-American Alliance (AUKUS) and the Asian Quad, consisting of the USA, India, Japan and Australia, are directed against the adopted Chinese threat. The “Abraham Accords”, in turn, are an emerging alliance of Israel and some Arab states directed against Iran. China has no alliances, but is building a “global network of partners”, with the Belt and Road Initiative as a key tool. This is a large number of bilateral relations that have a

multilateral character for China. These are not forced relationships, but voluntary participation, although dependencies can also arise. China also dominates the Shanghai Cooperation Organization, which does not yet have the character of an alliance. Russia, on the other hand, is currently only a member of the successor organization to the Warsaw Pact, the CSTO. In addition, Russia has allies in Africa, the Middle East and Latin America. It sees its position as a great power in the West threatened by NATO expansion and in the East by Chinese influence with the Silk Road Initiative. That is why Russia believes that by going to war against Ukraine it can at least maintain its influence in the West. Accordingly, Russia understands its "military operation" in Ukraine as a fight against US dominance in the West.

Options for smaller states in a polarized situation

In a situation of great power polarization, smaller states have two options: membership in an alliance or neutrality and non-alignment. First, they can lean on a major power (bandwagoning) and join an alliance to increase their own security and also to have economic advantages from it. Smaller states usually get promises of protection (such as Article V in the NATO Treaty) because they fear being left alone in the event of a conflict (abandonment). At the same time, however, they run the risk of being drawn into foreign and major power conflicts (entrapment) because, in return for the promise of protection, they also enter into obligations to grant others protection, regardless of whether their own interests are affected. When Finland and Sweden announced their intention to join NATO, they chose alliance over neutrality and non-alignment. This step was justified with the security guarantee of NATO, which Ukraine did not have. It remains to be discussed to what extent Finland and Sweden were or are actually threatened by Russia.

Second, smaller states can remain neutral and non-aligned. In this way, they avoid the danger of becoming involved in a major power conflict. However, this status of neutrality must be credible and predictable. This means that even in peacetime a neutral state must communicate its neutrality and non-alignment unequivocally. He must always make it clear that he does not aspire to join a military alliance and will not take part in foreign wars or station foreign troops on his territory. An additional guarantee would be neutrality protected by international and constitutional law.

In a situation of bipolarity, Austria was exposed to a major power conflict after the Second World War. Austria was occupied four times by the victorious powers. By opting for permanent neutrality in 1955, Austria avoided occupation and division. Neutrality can be a good security guarantee. There are hardly any cases in which credibly neutral states have been the target of an attack, except in the course of major wars. Historically, neutrality has almost always been violated militarily when allies have also been attacked. For example, Belgium, which wanted to remain neutral before the two world wars, was attacked, as were the countries that had made alliance commitments. In order

to avoid abandonment, a neutral state must meet two conditions: Firstly, it must not pose a threat, for example not join an alliance perceived as hostile by one side or communicate this intention. Second, it must be useful. It can assume the function of a buffer state or offer specific services (mediating activities, host roles in negotiations and summit meetings, diplomatic initiatives, peacekeeping forces, etc.).

Consequences for Ukraine: permanent neutrality, permanent division or permanent war

A division of Ukraine had been in sight since 2014. The Russian-backed militias in Donbass should ensure that Ukraine does not join NATO. A permanent neutrality of Ukraine along the lines of Austria could possibly have prevented permanent division and war. Ukraine should have renounced NATO accession, but Russia should also have given up its presence by supporting the militias in the east. Furthermore, neutrality could serve as examples for with Georgia and Moldova. Neither Ukraine nor NATO nor Russia were willing to accept Ukraine's explicit neutrality. Ukraine effectively abandoned its neutrality with its declaration of intent to join NATO after the 2008 Bucharest NATO summit, and finally in 2014. The Russian motive for invading Ukraine was not its neutral status but its intention to join what was considered a hostile alliance.

The war since the Russian invasion on February 24, 2022 made a partition of Ukraine increasingly likely. For Ukraine, the alternative was permanent neutrality or permanent partition. Rather, the possible division of Ukraine would be similar to the division of Germany or Korea after the costly war of 1950 to 1953. Russia should then come to terms with a rump Ukraine in the West with NATO candidate status. After Finland gave up its non-aligned/neutral status, Russia already has a 1300 km longer border with NATO.

Another scenario could be the Soviet Union's ten-year war of attrition in Afghanistan. Another scenario would be added to the scenarios of permanent neutrality and permanent division: permanent war.

Outlook: Alternatives to a new Iron Curtain

There are signs that a new iron curtain, a cordon sanitaire, will fall from the Arctic to the Black Sea and will last well beyond Putin's term in office. With this new Cold War, Europe will remain alone while the US will focus on China in the new global bipolarity. In order to prevent such a permanent division of Europe, Europe must develop alternatives.

A major international security conference, similar to that of the Conference for Security and Co-operation in Europe (CSCE) in Helsinki in 1975, can be envisaged for the post-war period. The idea is to create a system of common security in which security is seen as indivisible. This system would be a counter-model to the security dilemma. Another model could be a conference of states - similar

to the Congress of Vienna after 1815 - that negotiates a reorientation of the security policy order for a new stability. Security can be achieved by reducing threats and not just by increasing military capabilities.

Literature

Krauthammer, Charles 1990/1991: The Unipolar Moment. Foreign Affairs 70(1): 23-33.

Kushi, Sidita/Duffy Toft, Monica 2022: Introducing the Military Intervention Project: A New Dataset on US Military Interventions, 1776-2019. https://journals.sagepub.com/doi/pdf/10.1177/00220027221117546. (accessed 09/16/2022).

Marcela Ganea[6]

Perceptions of China Seen as a Threat in the Romanian Political Discourse in 2021-2022

Abstract

The purpose of my research has been to analyse the discourse of the Romanian politicians in 2021-2022 in order to identify descriptions of China perceived as a threat. Empirical observations reveal that a few right-wing politicians describe China in negative terms and impose regulations that forbid cooperation and interaction with the Chinese institutions and companies. My research material has been Romanian media articles, personal pages of Romanian politicians, and think-tank reports. My research tool has been the Critical Discourse Analysis.

I have found that, since 2019, the Romanian politicians have been encouraging an overall rejection of China, explaining that "the core pillars of Romania's foreign policy are the EU, NATO and the strategic partnership with the US", while contracts with China and other non-EU countries are no longer a goal. However, local authorities, NGOs, think-tanks and the academia continue their cooperation with China. There are Chinese investments that create jobs and contribution to the Romanian GDP, and cooperation platforms between academia, educational institutions and think-tanks.

While the overall trend is to simply ignore China, there are currently a few right-wing Romanian politicians in power in Bucharest who promote publicly a harsh discourse on China. These politicians use phrases that encourage punishment for China for alleged acts of undermining the sovereignty of the states and the human rights, encourage suspicion towards China, express a whole range of accusations, and promote rejection of China. A close analysis reveals a copy-paste of the US discourse, their discourse is often based on US sources.

Research methodology

My **research material** has been Romanian media articles, personal pages of Romanian politicians, the webpages of the Romanian Senate and Chamber of Deputies, and think-tank reports. **My research technique** consisted in: 1) collecting data that include the following phrases in Romanian: "Relații China Romania 2022", " senator deputat politician român China", "discurs anti-China", "Senat Camera Deputaților China", 2) identification of descriptions of China, descriptions of the Romanian-Chinese relations or Chinese relations with other countries, or

[6] Researcher, Belt and Road Initiative Research Lab Bucharest, y4ww@yahoo.co.uk

relations of Chinese institutions with other countries, 3) induction – based on empirical observations, classification and conclusions. My **research tool** has been the Critical Discourse Analysis. In a nutshell, the CDA technique relies on the following principle: Discourse is a way of representation. According to Fairclough, the analysis of a text means the effort to identify the action represented by the text which may be social, political, cognitive, moral and material effects. If we pay attention to vocabulary, grammar and textual structures, and to the formal features of the discourse, we can interpret and connect an event represented by the text to the abstract representations. We live in discursive realities. Realities result from the combination of discursive practices that create images and cause mindsets and behaviours (Fairclough 1989). My analysis consisted in connecting the Romanian public discourse on China to facts and realities reflected in official reports that describe China. I made the analysis in terms of linguistics and in terms of pragmatics. **Limitation of the research:** It covers only written discourse available on the Internet and reflected in the media, personal pages and blogs of Romanian politicians and official websites, in Romanian. Therefore, it resulted into only 3,500 words.

Introduction

In May 2023, the political relations between Romania and China can be characterized as "stagnant". Romania was the third country to recognize the People's Republic of China in 1949 and the relations used to be very close until 2019. In 2019, the Romanian administration in power adopted a new political trend and took a distance from China. Reluctance to have China as economic partner in governmental agreements in strategic sectors became obvious in 2020 when the ongoing negotiations with China for Cernavoda nuclear power plant, Rovinari coal power plant, big infrastructure including Bucharest international airport, telecommunications, and 5G were stopped by the central-right party in power in Bucharest, with the explanation that "the core pillars of Romania's foreign policy are the EU, NATO and the strategic partnership with the US" and contracts with China and other non-EU countries are no longer a goal[7].

There are no strategic partnerships, but relations are strong between Romania and China at local levels in many industrial sectors, between academia, educational entities and think-tanks.

Local authorities in Romania welcome partnerships between academic institutions, think-tanks, Chinese investments and any kind of partnerships. In the first nine months of 2022, there were 13,300 Chinese SMEs registered in Romania[8]. After Serbia, Hungary and Poland, Romania remains one of the main investment goals for the Chinese companies. At the end of 2021, China was Romanian's biggest non-EU trade partner, 23% higher than in 2020.China is Romania's 4th import

[7] https://www.politico.eu/article/romania-recoils-from-china-aggressive-diplomacy/
[8] https://china-cee.eu/2022/11/29/romania-economy-briefing-romania-china-trade-and-investment-relations/

country, after Germany, Italy and Hungary, and the 18th export country.

Case Analyses

In 2019, after the visit to the US of the Romanian President Klaus Iohannis, during which he signed a MoU regarding the 5G technology with President Trump, MoU that was kept confidential, Pavel Popescu, 35 years old, with studies in Romania at the universities in Timisoara and Arad, member of the Liberal National Party, member of the IT&C Commission of the Romanian Parliament and currently president of the Defense Committee of the Chamber of Deputies in the Romanian Parliament, initiated an anti-Huawei 5G discourse after his visits to the US, which he further on extended to all strategic industries:

> I'll ask the Romanian politicians to block all Chinese investments in Romania because China is a threat to Romania, Europe and the world and stating that "the Chinese Communist Party cannot and won't buy Romania because Romania hates Communism and loves democracy. China must pay through the nose for what it has done in the context of covid19. I am hereby asking all politicians irrespective of their party, to all public institutions and their leaders, to all NGOs, all public affairs companies, to every Romanian who understands the crimes of the Communism and to the entire Romanian press to become aware of the danger posed by today's Communist leadership in China to the economy, unity and health of Romania, Europe and the entire world. Wake up![9]

Popescu's discourse is very harsh, he uses strong words such as "hate", "threat", and imperative verbs such as "block", it has a populist tinge as he encourages anyone and every institution to reject China because of the danger it poses. Popescu does not justify its urge with clear arguments. In a pragmatic analysis, his discourse does not reflect facts in Romania. Neither reports of the Romanian Intelligence Service nor other reports and pieces of news have ever mentioned evidence of China's perpetrating espionage in Romania and being a threat to Romania's security.

In November 2022, Pavel Popescu submitted a draft law whose subject is to close Confucius Institutes in Romania[10] because they are "threat to national security". The substantiating document says:

> The four Confucius Institutes present in Romania, accommodated by four public universities, are real threats to Romania's national security. In partner countries, they turned out to be centres for Chinese espionage and propaganda of the CCP across democratic countries. Recently, the Government of the UK and Northern

[9] https://www.podul.ro/articol/9956/pavel-popescu-declara-razboi-total-comunistilor-din-china-printr-un-proiect-de-lege-partidul-comunist-chinez-nu-poate-cumpara-romania-trebuie-sa-plateasca-cu-varf-si-indesat-pentru-tot-raul-facut

[10] https://senat.ro/legis/PDF/2022/22b761EM.PDF

> Ireland announced, through the security minister, the decision to close all Confucius Institutes across their country…This is only the most recent measure taken by Western governments to weaken one of the propaganda leverages of the CCP in democratic countries…William Burns, director of the CIA, mentioned the need to close Confucius Institutes sponsored by the Communist Chinese government…These entities perform a "whitewashing"…[11]

From the linguistic perspective, the use of the English word "whitewashing" in a Romanian document while there is already a well-established Romanian equivalent of this word proves that the document is based on an English-language document.

From a pragmatic perspective, the contents do not reflect facts and realities in Romania for the following reasons:

- No report of the Romanian Intelligence Service and no other reports of pieces of news have ever mentioned evidence of China's perpetrating espionage in Romania and being a threat to Romania's security.
- A 2022 report of Expert Forum Romania concludes that China has no strategic agreement with Romania, there is no Chinese media outlet active and influent in Romania and the political and economic bilateral relations are currently the lowest in 3 decades[12].
- An article published in August 2022 in Free Europe website concludes that "the Chinese propaganda in Romania looks inefficient. Romania is not attractive for China since it neither possesses super-technology for China to buy or to spy, nor opportunities for big infrastructure Chinese investments[13]".
- The study entitled *China's Influence in South-eastern, Central, and Eastern Europe* by Erik Brattberg, Philippe Le Corre, Paul Stronski, Thomas de Waal, published by Carnegie Endowment for International Peace in October 2021[14] concludes that "Romania is not under Beijing's influence and Romania is an example of Beijing's failed attempt to create relations with the new leaders. The Romanian media does not cover China and very few academics and researchers study China".
- A study of the Center for European Political Analysis on Beijing's influence in Romania found in August 2022 that "China is neither a major friend nor a major threat for Romania[15]"

In March 2023, the Romanian publication Newsweek, the Romanian counterpart of the American

[11] https://senat.ro/legis/PDF/2022/22b761EM.PDF
[12] https://expertforum.ro/lansare-raport-prezenta-chinei-in-romania/
[13] https://romania.europalibera.org/a/propaganda-chineza-in-romania/31997978.html
[14] https://carnegieendowment.org/files/202110-Brattberg_et_al_EuropeChina_final.pdf
[15] https://www.g4media.ro/analiza-interesele-si-influenta-partidului-comunist-chinez-in-romania-care-sunt-principalele-canale-de-propaganda-ale-beijingului-in-spatiul-politic-si-mediatic-romanesc.html

publication with the same name, was writing that "the Romanian Senate is refusing to stop the Chinese propaganda in Romanian universities – it unanimously rejected the draft law that asked for no more funding for the 4 Romanian universities that have Confucius Institutes – Bucharest, Cluj, Sibiu and Brasov[16]":

> Newsweek pointed since 2021 that Confucius Institutes have been declared by the US propaganda means of the CCP aimed at universities. Four Romanian universities are still cooperating with the Communist authorities in Beijing who fund these institutes. It was only in December 2022 that Romania timidly tried to stop this cooperation when the deputy Pavel Popescu submitted the "draft law regarding measures to control the funding of the academic scientific research" in which article 2 explicitly said that higher education institutions that have partnerships with Confucius Institutes shall not be funded from public money….

From the linguistic perspective, the implicature of the statements show similarities with the American public discourse which actually the publication mentions at the beginning and at the end of the article.

From a pragmatic perspective, the contents do not reflect facts and realities in Romania for the reasons mentioned above and the proof is in the very fact that the Senate unanimously rejected this draft law.

In June 2022, Florin Cîțu, 50 years old, with studies at Grinnell College, University of Iowa, member of the Liberal National Party, president of the Romanian Senate, during the joint session of the Romanian Parliament dedicated to the 25th anniversary of the Romania-USA Strategic Partnership, who declared that "Romania is the only EU country that removed China from all the contracts with the state"[17] to respond to the request of the US.

In November 2022, the same Florin Cîțu, former Prime Minister and former president of the Romanian Senate, at the time removed from all political positions, declared that "the current Government includes politicians who were paid to disseminate propaganda for China and that is why the Romanian economy is a disaster[18]". In terms of linguistics, his statement has very negative connotations with serious accusations and deprecatory terms. In terms of pragmatics, his statement does not reflect facts and realities in Romania because, as mentioned above:

- No official report had ever mentioned instances of Chinese propaganda in Romania, on the contrary, a 2022 report of Expert Forum Romania concludes that there is no Chinese

[16] https://newsweek.ro/educatie/senatul-incurajeaza-propaganda-chinezeasca-in-universitatile-romanesti
[17] https://www.caleaeuropeana.ro/florin-citu-romania-a-facut-foarte-multe-pentru-parteneriatul-strategic-cu-sua-fiind-singura-tara-din-ue-care-a-scos-china-din-contractele-cu-statul-roman/
[18] https://www.bursa.ro/florin-citu-in-guvernul-de-astazi-de-la-bucuresti-exista-oameni-care-au-facut-propaganda-pe-bani-pentru-china-80304849

media outlet active and influent in Romania the political and economic bilateral relations are currently the lowest in 3 decades[19], and Free Europe website concludes in August 2022 that "the Chinese propaganda in Romania looks inefficient[20]", while the study entitled *China's Influence in South-eastern, Central, and Eastern Europe* by Erik Brattberg, Philippe Le Corre, Paul Stronski, Thomas de Waal, published by Carnegie Endowment for International Peace in October 2021[21] concludes that "Romania is not under Beijing's influence and Romania is an example of Beijing's failed attempt to create relations with the new leaders."

- In addition, according to the European Commission, the GDP in Romania increased and made Romania rank the second in the EU in terms of GDP growth in 2022, while unemployment, the public deficit and the gross public debt decreased. It was only inflation that increased 3 times, but that happened across the EU anyway.

It is obvious that Florin Cîțu's discourse became harsher in 2022 than in 2021 and somehow copied key words from the American public discourse. In January 2021, when he had been asked during a radio program about "Romania's relation with China and whether Romania will copy the behaviours of the big powers in Europe to stay close to China, or the US behaviour to stay away from China", he replied with neutral discourse: "away from China, and this has nothing to do with the White House, it's just a healthy way to develop an economy[22]". At that time, Florin Cîțu used no epithets and no criticism of China and the relation Romania-China. One year and a half later, his discourse reflected harsh criticism towards China.

In December 2022, the Romanian deputy Dragoş Cătălin Teniţă, 46 years old, with studies at the university of Bucharest, a non-affiliated to any political party and a member of IPAC – the Inter-Parliamentary Alliance on China, officially asked Beijing and the Romanian Ministry of Foreign Affairs "to give explanations regarding the Chinese clandestine sections of political police in Romania":

> official explanations from Beijing regarding the Chinese foreign police stations whose remit goes beyond the official bilateral legal and judicial Police cooperation and whose goal is to monitor, to harass and sometimes to repatriate Chinese citizens in exile, by making use of bilateral security agreements with countries in Europe and Africa…… measures taken by Romania to counter potential operations that may affect the principles of democracy, the rule of law and the sovereignty of Romania….We are requesting the representatives of the

[19] https://expertforum.ro/lansare-raport-prezenta-chinei-in-romania/
[20] https://romania.europalibera.org/a/propaganda-chineza-in-romania/31997978.html
[21] https://carnegieendowment.org/files/202110-Brattberg_et_al_EuropeChina_final.pdf
[22] https://www.facebook.com/watch/?v=859345288193304

People's Republic of China in Bucharest to provide explanations, given this suspicion of serious operations put in practice via the embassy[23]

IPAC represents 13 states that are "concerned about China's potential role in destabilizing and undermining the human rights and the sovereignty of the countries[24]." In December 2022, IPAC made public a statement that referred to an investigation by Safeguard Defenders Organisation and broadcasted by CNN and IPAC presented a report in September 2022, entitled "110 overseas", and published during the IPAC summit in Washington.

The Romanian deputy Dragoş Cătălin Teniţă seems to have taken over the IPAC discourse and translated it into Romanian.

In terms of pragmatics, his statements do not reflect facts and realities in Romania. No official report or piece of news had ever mentioned the allegations. No reports of the two Commissions of Defence, National Security and Public Order or of the Romanian Intelligence Service have mentioned "clandestine sections of political police" or "suspicion of serious operations put in practice via the Chinese embassy".

Except for these few cases, searches on Internet do not reveal other Romanian officials or entities with harsh discourse on China.

There is an interesting case of another official, Dan Barna, who was forced in 2019 to amend a statement within 24 hours, which confirms that Romania's foreign policy follows the guidelines of its strategic partner, the US, due to reasons connected to national security and defense. Dan Barna, aged 48, with studies at the Polytechnical University of Bucharest, declared in August 2019 two things that were actually not incompatible at all because, on the one hand, Barna expressed economic interests when he said: "we must develop our relations with Russia and China which are relevant global stakeholders. Economic relations are crucial, we must develop them according to very clear principles, I don't see a problem…"[25], and on the other hand he expressed security and defence interests when he said: "the North-Atlantic partnership is the genuine guarantee and the only one available for Romania at present". However, his statement was characterized as "strange" because he mentioned Russia and China, and the press rushed to ask for explanations, which made Dan Barna correct his statement within 24 hours into: "our standpoint can be no other than the standpoint of the treaties we are signatory of."[26]

Dan Barna's case confirms that Romania took a distance from China in 2019 when its strategic partner, the US, imposed rules regarding China, seen as a threat to the US interests, and Romania

[23] https://www.cdep.ro/relatii_publice/site2015.text_presa?pid=24925
[24] https://www.cdep.ro/relatii_publice/site2015.text_presa?pid=24925
[25] https://www.digi24.ro/stiri/actualitate/politica/dan-barna-declaratie-ciudata-romania-trebuie-sa-dezvolte-relatii-economice-cu-rusia-si-china-1177339
[26] https://www.b1tv.ro/politica/barna-relatii-china-rusia-291767.html/amp

had no choice. Security and defence prevailed.

Unlike the other three politicians, Dan Barna, an experienced politician in the government in power for many years, simply explained the official standpoint and did not proclaim China a threat to Romania's security and interests.

The source of inspiration for the public anti-China discourse in Romania, rarely seen, and only with a limited number of young politicians, appears to be the American public discourse. By the end of 2022, no country had declared China a threat to its national or security interests, except for the US and NATO.

In May 2022, Secretary Blinken, in a 6,720-word speech on "The Administration's approach to the People's Republic of China" in which he mentioned China 66 times, that is once every 100 words, or every minute, if we consider the average speech speed of 100-120 words, reiterated the US concerns:

> President Biden has instructed the Department of Defence to hold China as its pacing challenge, to ensure that our military stays ahead. We'll seek to preserve peace through a new approach that we call "integrated deterrence" – bringing in allies and partners; working across the conventional, the nuclear, space, and informational domains; drawing on our reinforcing strengths in economics, in technology, and in diplomacy... The scale and the scope of the challenge posed by the People's Republic of China will test American diplomacy like nothing we've seen before ...[27]

Blinken's speech is a corollary for all previous US policies on China.

In June 2022, at the summit in Spain, NATO "listed China as one of its strategic priorities for the first time, saying Beijing's ambitions and its coercive policies challenge the Western block's interests, security and values."[28] In November 2022, Mircea Geoana, deputy secretary general of NATO, urged the world not to allow China to win its bet on becoming global leader in AI and technologies: "Beijing is investing vast sums in areas such as Artificial Intelligence, with the goal to dominate the not-so-distant future.

This is not a benign competition. If authoritarian ideals were to prevail, our very freedom would be at stake. We all have a responsibility not to let that happen.[29]"

Conclusions

Romania took a distance from China in 2019 when its strategic partner, the US, imposed rules regarding China, seen as a threat to the US interests. Romania cose to give priority to security and

[27] https://www.state.gov/the-administrations-approach-to-the-peoples-republic-of-china/
[28] https://www.aljazeera.com/news/2022/6/30/nato-names-china-a-strategic-priority-for-the-first-time
[29] https://www.nato.int/cps/en/natohq/opinions_208704.htm?selectedLocale=en

defense.

While the overall trend is to simply ignore China, there are currently a few right-wing Romanian politicians in power in Bucharest who promote a harsh public discourse on China. These politicians encourage punishment for China for alleged acts of undermining the sovereignty of the states and the human rights, encourage suspicion towards China, express a whole range of accusations, and promote rejection of China. A close analysis reveals a copy-paste of the US discourse, their discourse is often based on US sources. They also characterize China as a threat. Their statements do not reflect facts because no official report ever mentioned: China a threat for Romania, or instances of Chinese propaganda and influence in Romania. On the contrary: 1) a 2022 report of Expert Forum Romania concludes that there is no Chinese media outlet active and influent in Romania the political and economic bilateral relations are currently the lowest in 3 decades; 2) an article published in August 2022 in Free Europe website concludes that "the Chinese propaganda in Romania looks inefficient"; 3) the study entitled *China's Influence in South-eastern, Central, and Eastern Europe* by Erik Brattberg, Philippe Le Corre, Paul Stronski, Thomas de Waal, published by Carnegie Endowment for International Peace in October 2021 concludes that "Romania is not under Beijing's influence and Romania is an example of Beijing's failed attempt to create relations with the new leaders. The Romanian media does not cover China and very few academics and researchers study China"; 4) No reports of the two Commissions of Defense, National Security and Public Order or of the Romanian Intelligence Service have mentioned "clandestine sections of political police" or "suspicion of serious operations put in practice via the Chinese embassy", or any other threats of any kind posed by China to Romania.

The source of inspiration for the public anti-China discourse in Romania, rarely seen, and only with a limited number of young politicians, appears to be the American public discourse. As we speak, no country had declared China a threat to its national or security interests, except for the US and NATO.

References

Brattberg, E., Le Corre, P., Stronski, P., de Waal, T.(2021). China's influence in Southeastern, Central and Eastern Europe. vulnerabilities and resilience in four countries. *Carnegieendowment.org.* Retrieved from https://carnegieendowment.org/files/202110-Brattberg_et_al_EuropeChina_final.pdf

COVID origins hearing wrap up: facts, science, evidence point to a Wuhan lab leak. Committee on Oversight and Accountability. *White House. Press release.* March, 8, 2023. Retrieved from https://oversight.house.gov/release/covid-origins-hearing-wrap-up-facts-science-evidence-point-to-a-wuhan-lab-leak%EF%BF%BC/

Declaratie de presă. Dragoş Cătălin Teniţă. Camera Deputaților. Retrieved from https://www.cdep.ro/relatii_publice/site2015.text_presa?pid=24925

Florin Cîțu despre relațiile cu China. *Radio EuropaFM*. January, 20, 2021. Retrieved from https://www.facebook.com/watch/?v=859345288193304

NATO declares China a security challenge for the first time. *AlJazeera.com*. June, 30, 2022. Retrieved from https://www.aljazeera.com/news/2022/6/30/nato-names-china-a-strategic-priority-for-the-first-time

Parlamentul Romaniei. Senat. *Expunere de motive. Initiator Pavel Popescu.* (2022) Retrieved from https://senat.ro/legis/PDF/2022/22b761EM.PDF

Podul, R. (2020). "Deputatul Pavel Popescu declara razboi total comunistilor din China printr-un proiect de lege: Partidul Comunist Chinez nu poate cumpara Romania!Trebuie sa plateasca cu varf si indesat pentru tot raul facut"".*Podul.ro*. Apr, 1.

Dan Barna revine asupra declaraţiei privind relaţiile cu China şi Rusia: „Poziţia noastră nu poate fi alta decât cea a tratatelor din care facem parte". *B1TV*. August, 25, 2019. Retrieved from https://www.b1tv.ro/politica/barna-relatii-china-rusia-291767.html/amp

Prezenta Chinei in Romania. Raport. Expertforum.ro. Chinawatch, Oct, 7, 2022. retrieved from https://expertforum.ro/lansare-raport-prezenta-chinei-in-romania/

Radu, A.. "Florin Citu: Romania a facut foarte multe pentru parteneriatul strategic cu SUA, fiind singura tara din UE care a scos China din toate contractile cu statul". *Calea Europeana*, June, 28, 2022

Romania Economy Briefing: Romania-China trade and investment relations. Weekly briefing, Vol.56. No.2. (RO). November 2022. Retrieved from https://china-cee.eu/2022/11/29/romania-economy-briefing-romania-china-trade-and-investment-relations/

Rosca, M. "Romania reveals the limits of China's reach in Europe". *Politico*. March, 3, 2020

Faiclough, N., (1989). Language and Power, London: Longman

Speech by Deputy Secretary general Mircea Geoana at the GoTech World 2022 conference.

NATO.int. November, 4, 2022

The Administration's approach to the People's Republic of China. *US Department of State.* May 26, 2022. Retrieved from https://www.state.gov/the-administrations-approach-to-the-peoples-republic-of-china/

Albert Hayrapetyan - Susanna Aghajanyan - Diana Matevosyan[30]

The Assessment of the Impact of the Membership to the Eurasian Economic Union on the Trade Flows of Armenia

Abstract

In 2015 Armenia preferred accession to the Eurasian Economic Union to Deep and Comprehensive Free Trade Agreement with the European Union. The economic effects of that choice are understudied in the academic literature and this article will attempt to fill that lacuna. The purpose of the article is to study the impact of membership of Armenia in the Eurasian Economic Union on Armenian economy. For that sake, the tools of fundamental and technical analysis were combined. The correlation-regression analysis was applied as a fundamental analysis instrument. In technical analysis, the components of the time series immediately describe the series without naming them: trend - the influence of long-term factors, seasonality - short-term factors, dummy variables- the influence of watchdog factors, the cyclical component - the influence of the economic cycle, and the random component - random factors. The analysis is based on yearly data compiled from the reports of the National Statistical Committee of the Republic of Armenia and the Eurasian Economic Commission. We arrived at the conclusion the CIS format was more efficient for Armenia, but membership in the EAEU did not significantly impact its trade turnover, despite an increase in indicators. It is argued that the potential of the EAEU has not been fully realized yet, but the six-year time span may be too short to determine its integration potential.

Introduction

The Deep and Comprehensive Free Trade Agreement (DCFTA), which was eventually initialed, was the result of extensive negotiations between the Republic of Armenia and the European Union (EU). Serzh Sargsyan, the president of Armenia, however, stated on September 3, 2013, that Armenia will be joining the Customs Union of Russia, Belarus, and Kazakhstan (CU)

[30] Albert Hayrapetyan, Ph.D. in Economics, Senior Researcher in ‘’Amberd’’ Research Center of Armenian State University of Economics, ORCID iD: 0000-0003-1029-3620, E-mail: alberthayrapetyan@gmail.com

Susanna Aghajanyan, Ph.D. in Economics, Lecturer in the Chair of International Economic Relations of Armenian State University of Economics, ORCID iD: 0000-0002-5469-3995, E-mail: susy_agadjanyan@yahoo.com

Diana Matevosyan, Ph.D. student in the Chair of International Economic Relations of Armenian State University of Economics, ORCID iD: 0000-0002-1219-7176, E-mail: diana.matevosyan34@gmail.com

(Office of the President of Armenia 2013). On the other hand, Russia has always been eager to promote Eurasian integration in the Asian continent. This idea was strongly supported by the President of Kazakhstan Nursultan Nazarbayev (Bassin 2008). By signing the Treaty on the Eurasian Economic Union on March 29, 2014, Russia, Belarus, and Kazakhstan gave life to the concept and raised the level of economic integration from a customs union to a single market, which went into effect on January 1, 2015. (Ministry of Foreign Affairs of Armenia 2015). The first nation to join the EAEU is Armenia. On October 10, 2014, the Eurasian Economic Union Treaty was signed, and on January 2, 2015, it became effective (Ministry of Foreign Affairs of Armenia 2015).

Due to Armenia's unusual security and energy dependency on Russia, the EAEU's dominant power, and its lack of proximity to any other EAEU members, the country's membership opened the door for a variety of political hypotheses. Despite this, despite eight years of integration, there are few studies that evaluate the economic impact of Armenia's entrance to the EAEU in the literature on economic integration. In this article, we'll strive to address that gap. The trade figures between Armenia and the EAEU from 2009 to 2020 will be shown first. Second, using the indices Change in Trade Volume, Change in Trade Terms, Change in Trade Volume extrapolated, and Change in Trade Terms extrapolated, we will assess the effect of the EAEU on the volume of commerce between Armenia and the EAEU. Hence, an additive time series model will also be used to determine how the EAEU will affect the volume of commerce between Armenia and the EAEU. Lastly, a factor analysis will be performed using the Gravity model.

Literature Review

Economic integrations are a relatively new phenomenon that first attracted academic attention in the 1960s. The focus of the relatively recent papers was on its speculative theoretical ramifications. Viner's study was the first to propose specific standards for separating potential benefits and drawbacks of economic integration. Viner's so called "static analysis" of economic integration divided possible effects of economic integration into the well-known trade creation and trade diversion effects. Trade creation refers to the case when two or more countries enter into a trade agreement, and trade shifts from a high-cost supplier member country to a low-cost supplier member country in the union. Trade diversion can happen when imports are switched from a low-cost supplier of a third-country that is not a member of the union to a high-cost supplier that is a member of the union (Viner 1950). This may be the case if the union's common tariff protects the union's high-cost supplier member countries (Hosny 2013). The seminal works on the theory of economic integration by Viner and Balassa (Balassa 1961) constitute a significant addition to a complete knowledge of economic integration. Many analytical and empirical works are covered.

However, a number of factors behind economic integration are overlooked. While assessing the factors behind the economic integrations and thereof outcomes neither Viner nor Balassa considered demand elasticity of specific products or political factors.

The more recent publications, however, were more concerned with the practical rather than the theoretical effects of economic integrations. A detailed technique for both ex-ante and ex-post evaluation of free trade agreements was released by the Asian Development Bank (ADB) (Plummer et al 2011). It is worth noting that the ADB approach enables a pre-evaluation of whether it's wise to enter into a free trade agreement (FTA) using various indicators. These include the share and intensity of trade within the region, the degree of trade introversion, revealed competitive advantages, regional orientation, and export complementarity and similarity. To carry out this evaluation, different models can be used such as the Software for Market Analysis and Restrictions on Trade (SMART) model and General Equilibrium model. As Armenia's accession to the EAEU is a fait accompli, we focused mostly on the ex-post indices and models. The Gravity model applied in this article is anchored upon the ADB methodology. According to the ADB methodology, the ex-post indices are the Coverage Rate, the Utility Rate and the Utilization Rate (Plummer et al 2011).

To evaluate the ex-ante and ex-post effects of economic integrations in the Eurasian continent, several studies were carried out. For instance, Felbermayr and Gröschl (2017) used the General Equilibrium Model to ex-ante assess the effects of a potential FTA between Lisbon and Vladivostok. They came to the conclusion that there is a significant possibility for increased commerce between the EAEU and the European Union after studying several scenarios. The authors claim that the potential FTA could boost Armenia's exports by 80% and Russia's exports to the EU by 32% in comparison to 2011. It is possible that Belarus and Kazakhstan's exports may increase by twofold (Felbermayr and Gröschl 2017, 61). According to a similar study by Manchin (Manchin 2004), which was also based on the General Equilibrium Model, a potential FTA with the EU will result in an increase in all categories of Russian exports to the EU, with textiles (112%), apparel (148%), and groceries (99%) seeing the largest increases. Similar to that, the author's analysis indicates that it will enhance Russian production and imports from the EU to Russia in practically all fields (Manchin 2004, 30). Moreover, Knobel and Chokaev in 2014 came to the conclusion that the potential FTA would have a little influence on the EU and raise the Russian GDP by about 1% in the short term and 2-3% in the long term (Knobel and Chokaev 2014). In the literature review article by Erokhin, the majority of the studies on the subject, including the ones discussed in this article, were summarized (Erokhin 2019).

There is, however, a dearth of research on the ex-post evaluation of the impact of Eurasian integration because of the continent's relatively recent integration processes. Bayramov, Breban, and Mukhtarov as well as Adarov (Adarov 2018) evaluated the initial ex-post impact (Bayramov,

Breban and Mukhtarov 2019). Adarov discovered that the impact of the EAEU was massively good for Belarus, generally positive for Russia, and mixed for Kazakhstan through the use of the Gravity model. The exports of commodities (mineral products and metals), the agri-food industry, particularly the machinery and transportation industries, are responsible for the majority of gains (Adarov 2018). Meanwhile, Bayramov, Breban, and Mukhtarov concluded that the benefits of Azerbaijan joining the EAEU would be modest through the use of a linear regression model and sectoral analysis (Bayramov, Breban and Mukhtarov 2019, 12). They found that, with the exception of Russia and Belarus, joining the EAEU has not produced any particularly favorable outcomes, and in the case of Russia, gains have at best been limited. They discovered that, with the exception of Russia, every other member state had a trade deficit with the other EAEU members (Bayramov, Breban and Mukhtarov 2019, 12). However, a more recent study by Kot et al concluded the opposite (Kot et al 2022). Based on empirical data and analytical reports from international organizations, such as the Eurasian Economic Commission, the Federal Customs Service of the Russian Federation, the Ministry of Economic Development of the Russian Federation, Kot et al., it has been determined that Eurasian integration contributed to the development and diversification of mutual trade, with mutual trade between Russia and Belarus having the most diverse range of products. Trade and economic collaboration with APEC, ASEAN, and the Commonwealth of Independent States (CIS) have also been growing, as is cooperation with nations that are not EAEU members (Kot et al 2022).

Kemme et al. concluded that the factors that influence FDI flows for the Central Asian nations in their sample are similar to those for other regions that have been extensively researched in the literature. While GDP did expand, it was not due to the EAEU, and they found no evidence of the anticipated positive effects of the EAEU formation on FDI thus far (Kemme et al 2021). Another ex-post assessment was conducted by Cerqua et al with a special focus on Kazakhstan. They used the Mean Balancing method to compare the trade flows of the Eurasian Agreement's member nations with 754 exporter-importer pairs situated on the Eurasian continent that shared pre-treatment characteristics. Their findings indicated that Kazakhstan was negatively impacted by the EACU and that the EACU had no appreciable overall impact. They urged that the EAEU should be strengthened even more (Cerqua et al, 2021). Finally, Dragneva and Hartwell conclude that the EAEU was unable to achieve its stated goals of greater and freer intra-union trade due to the weak institutional capacities of the EAEU, trade policies within the integration, and protectionist policies applied by the member states, reiterating the notion that the Union is and will remain a geopolitical project rather than an economic one (Dragneva and Hartwell, 2021).

The evaluation of the repercussions of Armenia's accession to the EAEU on its trade flows represents a pivotal issue, given the country's economic interests in the region. Vinokurov's

(Vinokurov 2017, 54-70) article in the Russian Journal of Economics demonstrates a rigorous methodological approach, incorporating a comparative analysis of trade flows pre- and post-accession to the EAEU, as well as a critical literature review. Vinokurov's discourse situates itself as especially germane, considering the ongoing discourse concerning the net benefits of integration within the EAEU, and the conclusions thereof proffer essential insights for both policy and academia.

Finally, Tarr argued that the EAEU is facing a number of challenges, including the legacy of the failed Eurasian Economic Community (EurAsEC), from which it evolved. One of the main obstacles to the success of the EAEU is the divergent economic structures of its member countries, which may hinder the development of a common market and the realization of the full potential of the union. Other challenges include the lack of political will to implement the necessary reforms, the limited institutional capacity of the EAEU, and the negative external factors such as the fall in oil prices and Western sanctions (Tarr 2016). The author also argued that Armenia's membership in the EAEU provides opportunities for the country, such as access to a larger market, reduced trade barriers, and increased investment flows. However, Armenia also faced challenges such as the country's small size and limited resources, which could make it difficult for Armenia to compete with larger EAEU member states. The article also noted that Armenia's membership in the EAEU has been controversial, given its history of close relations with the EU and its involvement in the Nagorno-Karabakh conflict. Nonetheless, the author suggests that Armenia can benefit from the EAEU if the union is successful in addressing its challenges and creating a more integrated regional economy (Tarr 2016).

Methodology and data collection

With the study's objective in mind, fundamental and technical analysis tools were combined. As a foundational analytical technique, correlation-regression analysis was used. Technical analysis uses the following time series components to identify the series without naming them: The terms "trend," "seasonality," "dummy variables," "cyclical," "random," and "trend" all relate to the effect of long-term factors, short-term factors, watchdog factors, long-term factors, and short-term factors, respectively. Random refers to the influence of random factors.

The chain base method analysis of the dynamic series (Eliseeva 2006) was applied to analyze the dynamics of the Armenia-EAEU foreign trade in relation to the time series of exports, imports, and trade turnover, and balance. Moreover, techniques for calculating and analyzing indices of volumes and terms of trade were used, along with comparisons between indices with stable composition and those with changing composition. The Gravity model of trade between Armenia and the EAEU was developed and assessed in order to determine the impact of Armenia's

participation in the EAEU (Plummer et al 2011).

The gravity model approach has been widely used in international trade studies to analyze the determinants of trade flows. This approach suggests that trade flows between countries are proportional to their economic size, measured by GDP or population, and inversely proportional to the distance between them. In recent years, this approach has been applied to examine the impact of trade agreements on trade flows. The article by Hayrapetyan and Hayrapetyan (2011) employed the gravity model approach to study the regional and international trade of Armenia. The authors conclude that the gravity model is a useful tool for analyzing the trade flows of a small, landlocked country like Armenia, as it allows for the identification of the most important factors affecting trade flows. In the context of the current study, the gravity model approach will be used to analyze the impact of Armenia's membership in the EAEU on its trade flows. This approach is particularly relevant as it accounts for the distance between Armenia and its trading partners, as well as the economic size of both Armenia and its trading partners.

We used annual data describing the dynamics of the Armenia-EAEU foreign trade to evaluate the effect of the EAEU on Armenia's international commerce. The information was gathered from reports by the Eurasian Economic Commission and the National Statistical Committee (National Statistical Committee 2022). Data from electronic databases on ceicdata.com and tradingeconomics.com were used to generate the indices of trading conditions and volume. Also, the creation and assessment of the gravitational model utilized information from the "usitc.gov" gravity database (USITC 2021). The analysis is based solely on annual data. The MS Excel software program was used to preprocess the data, and the R 3.6.0 software program was used to carry out the calculations.

Analysis

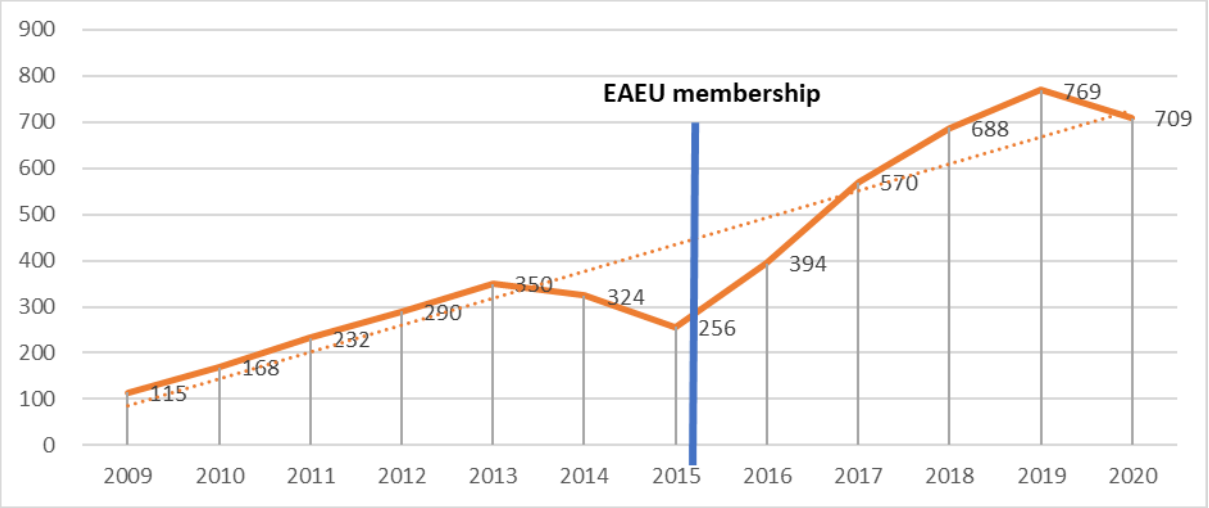
In order to assess the impact of the EAEU on the foreign trade of the Armenia, let us compare the levels of the indicators expressing the foreign trade turnover of the Armenia before the EAEU membership with the period of the EAEU membership.

First, a set of dynamic indicators that describe the Armenia's foreign trade turnover will be examined. Next, a number of indices that illustrate the price and volume composition difference between the base and actual periods will be calculated. Finally, the impact of joining the EAEU will be modeled using a time-series approach, and the gravitational models of foreign trade will be assessed for both the base and actual periods.

Analysis of the indicators of the foreign trade turnover of Armenia

Export. Below the annual dynamics of exports from Armenia to the EAEU for 2009-2020 time period is presented.

Figure 1. The export dynamics of Armenia to the EAEU (million USD)



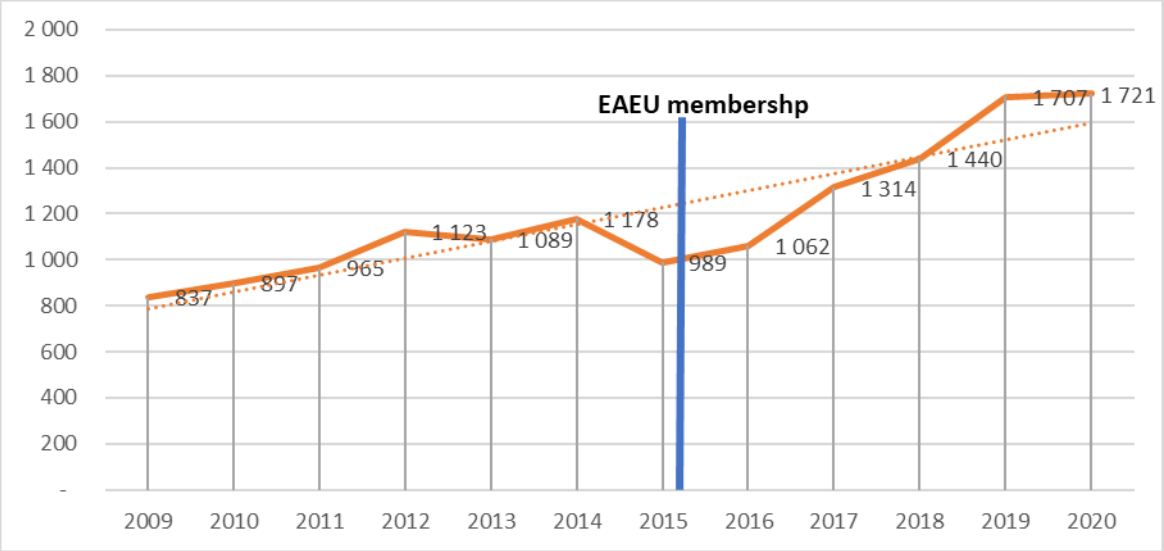
Source:https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c051%7c%7c%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c2%7c1%7c1%7c1 .

The largest value of exports from Armenia to the EAEU was recorded in 2019 at 769 million US dollars, and the minimum value was in 2009 at 115 million US dollars, as shown in Figure 1. The dynamics of exports from Armenia to the EAEU are increasing during the period under consideration. Throughout the study time, it averaged out to 406 million US dollars. Exports dropped by 59.2 million dollars or 7.8% in 2020 compared to 2019. The largest rise, of 177 million dollars, was seen in 2017, and the least increase, of 69 million dollars, was seen in 2015. On average, Armenia-EAEU exports grew in 54 million dollars per year.

Prior to joining the EAEU, the average base export was 247 million US dollars, whereas the average real export was 565 million. The average growth rates of the base and actual periods were calculated and compared in order to provide a rough estimate of the EAEU impact. It displayed an increase in export volume on an annual average both before and after the EAEU. In both the base period and the actual period, the average growth rate was 23%. It turned out that the speed of export growth is the same in the base and actual periods, that is, there is no EAEU effect from that perspective.

Import. Below the annual dynamics of import of Armenia form the EAEU for 2009-2020 time period is presented.

Figure 2. The import dynamics of Armenia from the EAEU (million USD)

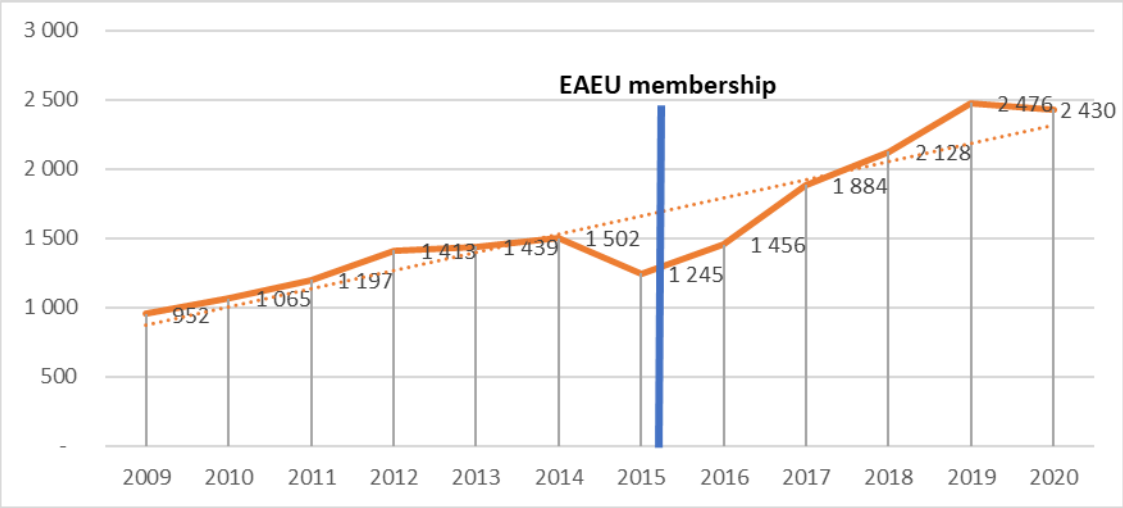


Source:https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c051%7c%7c%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c1%7c2%7c1%7c2%7c1%7c1%7c1.

In Figure 2, we can see that the highest amount of imports from the EAEU to Armenia was recorded in 2020 at $1,722 million, while the lowest was in 2009 at $837 million. Overall, there has been an upward trend in imports from the EAEU to Armenia during the period under review. The average amount of imports was $1,194 million over the study period, with a 0.9% increase in 2020 compared to 2019. The largest increase occurred in 2019 at $266 million, while the smallest increase was in 2015 at $190 million. Compared to 2009, imports increased by $885 million or 106% in 2020, with an average yearly increase of $80 million. To determine the impact of the EAEU, we compared the average base import of $1,015 million before joining the union to the average actual import of $1,373 million. The average growth rates of both periods were calculated and compared, revealing an increase in yearly imports both before and after joining the EAEU. The base period saw an average growth rate of 7%, while the actual period had a growth rate of 12%. This suggests that the EAEU had a positive effect on import growth, with a 5% higher growth rate in the actual period compared to the base period.

Trade turnover**.** Below the annual dynamics of the Armenia-EAEU trade turnover for 2009-2020 time period is presented.

Figure 3. Armenia-EAEU trade turnover dynamics (million USD)

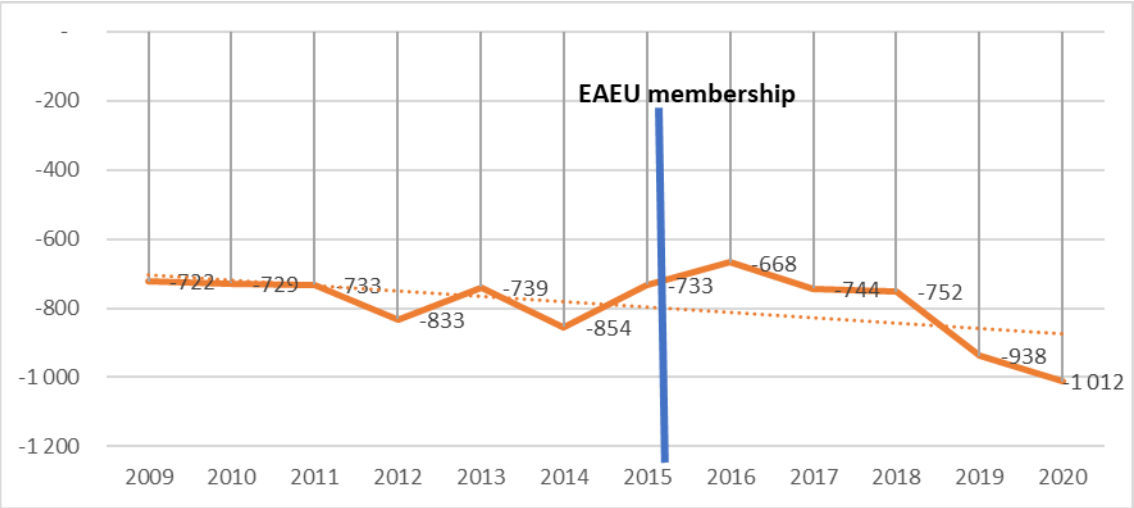


Source: authors' calculations based on UN COMTRADE statistics.

Figure 3 demonstrates the upward trend in the dynamics of trade between Armenia and the EAEU over the examined period; the highest value was recorded in 2019 at 2476 million US dollars, while the lowest value was in 2009 at 952 million US dollars. The average amount over the course of the study was around 1600 million US dollars. The dynamics of the series of trade turnovers repeat the patterns of the series of imports since the average net weight of imports is 76%. Nonetheless, the average net weight in trade turnover was 81% in the pre-EAEU era and 72% in the post-EAEU era. It turned out that the EAEU effect results in a +9% shift in the import-export ratio in favor of exports.

Balance**.** Below the annual dynamics of the Armenia-EAEU trade balance in 2009-2020 is presented.

Figure 4. Armenia-EAEU trade balance (million USD)



Source:https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c051%7c%7c%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c2%7c1%7c1%7c1.

Figure 4 demonstrates how the dynamics of the trade balance between Armenia and the EAEU grew throughout the course of the studied period. The largest deficit was 1012 million US dollars in 2020, while the minimum deficit was 723 million US dollars in 2009. Throughout the studied period, it averaged out to 788 million US dollars. In the base period, the average growth rate was 3%, while in the actual period, it was 7%. As it turned out, the EAEU effect caused the deficit growth to accelerate by 4 percentage points.

Analysis of trade turnover indices.

Comparing the volumes and price indices of the Armenia-EAEU trade turnover before accepting the EAEU as base and post-EAEU as actual periods, the EAEU effect on the trade turnover will be evaluated. These indices are:

(1) Change in Trade Volume=$t^{0}_{mp} \times u^{0}_{mp} \times (m^{1}_{p} - m^{0}_{p})$

(2) Change in Terms of Trade=$x^{0}_{p} \times (u^{1}_{xp} - u^{0}_{xp}) - m^{0}_{p} \times (u^{1}_{mp} - u^{0}_{mp})$

(3) Change in Trade Volume extrapolated=$t^{0}_{mp} \times u^{e}_{mp}(m^{1}_{p} - m^{e}_{p})$

(4) Change in Terms of Trade extrapolated=$x^{0}_{p} \times (u^{1}_{xp} - u^{e}_{xp}) - m^{0}_{p} \times (u^{1}_{mp} - u^{e}_{mp})$

Where:

t^{0}_{mp} – is the import-weighted ad valorem tariff on imports from EAEU in the base period

u^{0}_{mp} – is the value of imports from EAEU in the base period

m^{1}_{p} – is the quantity of imports from EAEU in the new period

m^{0}_{p} – m p is the quantity of imports from EAEU in the base period

u^{e}_{mp} – is the extrapolated value of imports from EAEU

m^{e}_{p} – is the extrapolated quantity of imports from EAEU

$x\,{}^{0}_{p}$ – is the quantity of exports to EAEU in the base period

$\left(u\,{}^{1}_{xp}\right)$ is the value of exports to EAEU in the new period

$\left(u\,{}^{0}_{xp}\right)$ – is the value of exports to EAEU in the base period

$m\,{}^{0}_{p}$ – is the quantity of imports from EAEU in the base period

$u\,{}^{1}_{mp}$ – is the value of imports from EAEU in the new period

$u\,{}^{0}_{mp}$ – is the value of imports from EAEU in the base period

e – indicated the extrapolation

Calculating, respectively, the following results were obtained:

(5) Change in Trade Volume=$t\,{}^{0}_{mp} \times u\,{}^{0}_{mp} \times (m\,{}^{1}_{p} - m\,{}^{0}_{p})$=344

(6) Change in Terms of Trade=$x\,{}^{0}_{p} \times \left(u\,{}^{1}_{xp} - u\,{}^{0}_{xp}\right) - m\,{}^{0}_{p} \times (u\,{}^{1}_{mp} - u\,{}^{0}_{mp})$ =5381

(7) Change in Trade Volume extrapolated=$t\,{}^{0}_{mp} \times u\,{}^{e}_{mp}(m\,{}^{1}_{p} - m\,{}^{e}_{p})$= -233

(8) Change in Terms of Trade extrapolated=$x\,{}^{0}_{p} \times \left(u\,{}^{1}_{xp} - u\,{}^{e}_{xp}\right) - m\,{}^{0}_{p} \times (u\,{}^{1}_{mp} - u\,{}^{e}_{mp})$=8583

Let's have a look at the outcomes. EAEU membership appears to have a beneficial overall impact on Armenia's foreign trade turnover as evidenced by the positive values of the differential trade volume and terms of trade indices. The extrapolated indices, however, are negative, indicating that the volume and terms of trade indices would have been greater than the actual findings had the EAEU not joined. It came out that being a member of the EAEU had a detrimental effect. Such outcomes may be caused by the inability to restructure international trade flows in the immediate post-EAEU period.

Modelling of the EAEU effect

Firstly, let's try to assess the EAEU effect on the Armenia-EAEU trade turnover (export, import). To describe the effect of the EAEU on the RA, the authors propose an additive model describing the following time series:

(9) $Turnover = c_1 + c_2 \times d_{01} + c_3 \times t + \varepsilon$

Where:

d_{01} – 0 in the base and 1 for actual periods,

t – trend component

c_1, c_2, c_3 – *the parameters of the model*

ε*-model error*

The Armenia's trade turnover with the EAEU was used as a fundamental indicator in order to

predict and quantify the impact of participation in the EAEU on that country's trade. A time series modeling method known as additive approach was used to model the trade turnover. The TSE model states that every time series can be described as the sum of a trend, a seasonal or cyclical component, and a random (irregular) component:

$$(10)\ Y = T + S + E$$

Where:

Y – Time series value

T – trend

S- seasonal component

E- random component

The seasonal component is becoming apparent because the figures on the volume of commerce between the Armenia and the EAEU are annual. A dummy variable, which takes the value 0 in all non-member years and the value 1 in all membership years, was added to the model in addition to the trend and the random component. This variable displays the overall impact that entering the EAEU has had on the Armenia's trade turnover.

The results of the model evaluation are as follows:

Table 1. The Armenia-EAEU trade turnover model estimation results

Regression Statistics	
Multiple R	0.95
R Square	0.91
Adjusted R Square	0.89

	Coefficients	*Standard Error*	*t Stat*	*P value*
Intercept	-381,797,455.31	58,558,370.79	- 6.52	0.0001
d01	-467,454.63	200,990.73	- 2.33	0.0451
Trend			6.54	0.0001

190,434.81 29,111.77

The evaluation's findings demonstrate the model's high quality and the significance of the regressors. 91 percent of the entire variation can be explained by the linear trend and dummy variable together. It was discovered that, ceteris paribus, if the pattern continued for the allotted time, it would increase by $ 190 million yearly. According to the coefficient of the dummy variable, which is 467 million dollars, the trade turnover in 2020, for instance, would be 2.88 billion dollars as opposed to the current 2.43 billion dollars if the EAEU had not joined. The foreign trade turnover between Armenia and the EAEU declined by 77 million, or 3% annually, in the post-EAEU period. As imports made up the majority of trade turnover, import trends can be seen in trade turnover. In the example of the import model from the EAEU, it turned out that EAEU membership decreased Armenia's import by 343 million dollars between 2015 and 2020. The classic gravity model is predicated on the idea that trade flows between two nations are inversely correlated with their distance from one another and positively correlated with their economies' relative sizes. Let's disregard the distance variable for the sake of the study as it didn't vary between the base and actual periods. We used the trade turnover between Armenia and the EAEU as an explanatory variable. Our regressors were the GDP of Armenia, the GDP of the EAEU without Armenia, and the polity (which is weighed by trade flows between EAEU nations). Based on information from the Polity Project, polity is the variable used to describe political stability. According to an ordinal scale from -10 to 10, the Polity data assigns each country a score each year indicating how democratic or autocratic it is. A country with a score of -10 is considered to be strongly autocratic, one with a score of 10 is considered to be strongly democratic, and a score of 0 is considered to be neither strongly autocratic nor strongly democratic (i.e., lacking in government), with intermediate values describing circumstances that fall somewhere in between. 194 countries are included in the current dataset overall, albeit not all countries exist every year. For instance, nations like Germany, Japan, and East Germany are all left off the list at times, usually after conflicts or political transitions (e.g., the unification of West Germany and East Germany).

The study's thesis, which quantifies the effect of the Armenia's participation in the EAEU on trade flows of Armenia, guided the selection of the gravitational model. We are starting from the idea that, for instance, joining the EAEU made sensible since it had a good synergistic impact on the expansion of trade. The gravity model's underlying premise is that the GDP of the EAEU should have an impact on the Armenia's trade flows if, after joining, it has become your major trading and economic partner, you have a customs union with it, and your trade vector should be changed to it. This is because the Customs Union presupposes that trade conditions are better among Union members and worse with non-member nations.

The model based on theoretical arguments described above will look like the following:

(11) $Turnover_t = c_1 + c_2 \times GDP_{ot} + c_3 \times GDP_{dt} + c_4 \times Polity_t + \varepsilon_t$

where:

Turnover- Turnover between EAEU-RA,

GDP_{ot}- GDP of EAEU in period t,

GDP_{dt}- GDP of Armenia in period t,

$Polity_t$- Polity in period t,

c_1, c_2, c_3, c_4 – the parameters of the model,

ε_t-model error in period t

At first, turn to the calculation of descriptive statistics of the model variables (Table 2):

Table 2. Descriptive statistics of the model parameters (million USD)

Descriptive statistics	Turnover	GDP without AM	GDP AM	Weighted polity
Mean	1,599.74	1,945.64	11.07	3.61
Standard Error	148.32	116.73	0.41	0.02
Quartile 1	1,233.44	1,693.76	10.45	3.60
Median	1,448.08	1,854.21	10.87	3.62
Quartile 3	1,946.20	2,321.64	11.82	3.63
Mode	#N/A	#N/A	10.55	3.62
Standard Deviation	513.79	404.38	1.43	0.08
Sample Variance	263,977.29	163,522.14	2.04	0.01
Kurtosis	-0.74	-1.16	-0.18	0.14
Skewness	0.70	0.38	0.13	-0.53
Range	1,524.25	1,211.83	5.02	0.25
Minimum	951.94	1,393.51	8.65	3.48
Maximum	2,476.19	2,605.34	13.67	3.73

Only turnover was commented on to avoid repetition.

Quartile 1 is 1233, which means that 25% of the values of the series are less than 1233. We don't have mode. The median is 1448 is not equal to the average, so the series has an asymmetry, 50% of the values of the series are less than 1448. Quartile 3 is 1946, so 75% of the values of the series are

less than 1946. The range is 1524, which means the difference between the maximum and minimum values of the series is 1524. The average square deviation is 514, it means that each value of the series differs from the average value of 1600 by an average of 514. The coefficient of variation is 32%, between [30%-70%], we can say that the variation is significant. The oscillation is 95%, which means that the values of the end point of the series in relation to the average fluctuated by 95%. The asymmetry is 0.70, positive, hence the time series has a right-sided asymmetry. The kurtosis is -0.74, negative, so the series is smoother than the normal distribution. Before estimating the model, we will perform a correlation analysis. Let's calculate correlations between variables in the series up to 2014, in the series since 2015 and in the series for the entire period.

Table 3. Correlation matrix

Before membership	***turn***	***GDP without AM***	***GDP AM***	***Weighted polity***
turn	1.00			
GDP without AM	0.92	1.00		
GDP AM	0.98	0.90	1.00	
Weighted polity	0.79	0.51	0.74	1.00

Table 4. Correlation matrix

After membership	***turn***	***GDP without AM***	***GDP AM***	***Weighted polity***
turn	1.00			
GDP without AM	0.76	1.00		
GDP AM	0.96	0.85	1.00	
Weighted polity	-0.67	-0.36	-0.53	1.00

There appears to be a correlation and multicollinearity between the model's regressors at first glance. We employ Fischer's include-exclude regressor criterion to neutralize the multicollinearity. It turned out that the Armenia's GDP should be the only regressor included in the model. As a result, it came out that there is no impact prior to joining the EAEU. Even after membership, there was no impact.

Finally, we performed correlations for the entire period.

Table 5. Correlation matrix

all time	*turn*	*GDP without AM*	*GDP AM*	*Weighted polity*
turn	1.00			
GDP without AM	0.01	1.00		
GDP AM	0.95	0.21	1.00	
Weighted polity	0.32	0.07	0.47	1.00

The overall pattern is the same. The GDP of the EAEU nations has never had an impact on the Armenia's trade volume. Hence, we may conclude that the EAEU nations have never had a beneficial synergy effect on the Armenia's trade flows.

Conclusion

Upon examining the foreign trade turnover indicators, it was found that Armenia's trade with the EAEU has generally increased during the studied period, with 2015 being a notable turning point. While Armenia's exports grew consistently, imports from the EAEU were influenced by Armenia's membership. However, EAEU membership did help shift the proportion of exports to imports in favor of exports. Despite this, there was a trade deficit between Armenia and the EAEU during the period, with a tendency toward a negative trade balance emerging.

Analysis showed that macroeconomic trends did not significantly affect the structure of foreign trade flows between Armenia and the EAEU, with pre-EAEU trade flows being more influenced by the CIS. Extrapolation analysis indicated that the positive growth seen in the data was largely due to previously established trade relations within the CIS, and that EAEU membership had a relatively small effect on Armenia's trade turnover. The gravity model of foreign trade suggested that the structure of Armenia's trade relations with the EAEU was initially consistent with economic laws, but the short duration of the studied period made it difficult to draw conclusions about the model's accuracy.

Overall, the statistical study led to the following conclusions:

1. The CIS format was more effective for Armenia despite the fact that indicators rose in absolute terms.
2. Membership in the EAEU had a limited effect on Armenia's trade turnover, with the potential for further growth yet to be realized due to the short timeframe of the study.

In summary, while there was an overall upward trend in trade turnover between Armenia and the EAEU during the studied period, macroeconomic factors did not significantly affect the structure of foreign trade flows. EAEU membership had a relatively small impact on trade turnover, and the gravity model was not fully conclusive due to the short timeframe of the study.

References

Adarov, Amat. 2018. “Eurasian Economic integration: Impact Evaluation using the gravity model and the synthetic control methods”. No. 150. WIIW Working Paper.

Allen, Robert Loring. 1963 “Review of the theory of economic integration, by Bela Balassa”. *Economic Development and Cultural Change* 11, no. 4.

Balassa, Bela. 1961. The Theory of Economic Integration. Homewood, Illinois: Richard D. Irwin.

Bassin, Mark. 2008. “Eurasianism “Classical” and “Neo”: the lines of continuity”.

Bayramov, Vugar, Dan Breban, and Elmir Mukhtarov. 2019. "Economic effects estimation for the Eurasian Economic Union: Application of regional linear regression." *Communist and Post-Communist Studies* 52, no. 3. 209-225.

Cerqua, Augusto, Pierluigi Montalbano, and Zhansaya Temerbulatova. 2021. “A decade of Eurasian Integration: An ex-post non-parametric assessment of the Eurasian Economic Union”. DiSSE Working papers No. 1/21. Available at https://web.uniroma1.it/disse/sites/default/files/DiSSE_Cerquaetal_wp1_2021.pdf

Dragneva, Rilka, and Christopher A. Hartwell. 2021. "The Eurasian economic union: integration without liberalisation?." *Post-Communist Economies* 33, no. 2-3. 200-22, DOI: 10.1080/14631377.2020.1793586

Eliseyeva Irina, 2006. Statistics textbook (in Russian), Moscow, 552p.

Erokhin, Dmitry. 2019. "Greater Europe From Lisbon to Vladivostok: Challenges and perspectives of a Common Economic Space." *European Policy Review* 2, no. 2. 77-88:

Ezenwe, Uka. 1976. *Economic Integration: worldwide, regional, sectoral*. London, Macmillan.

Felbermayr, Gabriel, and Jasmin Gröschl. 2017. "Free Trade from Lisbon to Vladivostok: Who Gains, Who Loses from a Eurasian Trade Agreement?." CESifo Forum, vol. 18, no. 2. 52-62.

Hayrapetyan, Grigor, and Viktoriya Hayrapetyan. 2011. "Regional and international trade of Armenia: perspectives and potentials." Kiev, Ukraine: Economic Education and Research Consortium (EERC) Working Paper no. 11. 1-47.

Hosny, Amr Sadek. 2013. "Theories of Economic Integration: A Survey of the Economic and Political Literature." *International Journal of economy, management and social sciences* 2, no. 5. 133-155.

Kemme, David M., Yerkezhan Akhmetzaki, and Bulat M. Mukhamediyev. 2021. "The effects of the Eurasian Economic Union on regional foreign direct investment and implications for growth." *The Journal of International Trade & Economic Development* 30, no. 5. 643-660.

Knobel', Aleksandr, and Bekkhan Chokaev. 2014. "Possible economic consequences of a trade agreement between the customs union and the European Union." Problems of Economic Transition 57, no. 5. 58-86.

Kot, Vera, Arina Barsukova, Wadim Strielkowski, Mikhail Krivko, and Luboš Smutka. 2022. "International Trade in the Post-Soviet Space: Trends, Threats, and Prospects for the Internal Trade within the Eurasian Economic Union." *Journal of Risk and Financial Management* 16, no. 1.

Langhammer, Rolf J., and Ulrich Hiemenz. 1990. Regional integration among developing countries: Opportunities, obstacles and options. Tübingen: Mohr.

Manchin, Miriam. 2004. "The economic effects of a Russia-EU FTA". Tinbergen Institute Discussion Paper Series No. TI 04-131/2. 2004.

Ministry of Foreign Affairs of the RA. 2015. International Organizations: Eurasian Economic Union. Available at https://www.mfa.am/en/international-organisations/6

Office of the President of the RA. 2013. "The RA President Serzh Sargsyan's Remarks at the Press Conference on the Results of the Negotiations with the RF President Vladimir Putin." Available at http://www.president.am/en/interviews-and-press-conferences/item/2013/09/03/President-Serzh-Sargsyan-press-conference-working-visit-to-Russian-Federation/

Plummer, Michael G., David Cheong, and Shintaro Hamanaka. 2011. Methodology for impact assessment of free trade agreements. Asian Development Bank.

Tarr, David G. 2016. "The Eurasian economic union of Russia, Belarus, Kazakhstan, Armenia, and the Kyrgyz Republic: Can it succeed where its predecessor failed?." Eastern European Economics 54, no. 1. 1-22.

Trade statistics for international business development; Monthly, quarterly and yearly trade data. Import & export values, volumes, growth rates, market shares, etc; available at https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c051%7c%7c%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c1%7c2%7c1%7c2%7c1%7c1%7c1

United States International Trade Commission, Gravity model, Dynamic gravity dataset https://www.usitc.gov/data/gravity/dgd.htm

Viner, Jacob. 1950. The Customs Union Issue. New York: Carnegie Endowment for International Peace.

Vinokurov, Evgeny. 2017. Eurasian Economic Union: Current state and preliminary results. Russian Journal of Economics, 3(1), 54-70.

Appendix 1. The data for Armenia- EAEU trade turnover used for developing time-series additive model

Turnover (000 USD)	Dummy variable	Year(t)
951,940	-	2009
1,065,984	-	2010
1,198,640	-	2011
1,413,244	-	2012
1,439,704	-	2013
1,503,459	-	2014
1,245,036	1	2015
1,456,458	1	2016
1,885,205	1	2017
2,129,192	1	2018
2,476,187	1	2019
2,431,817	1	2020

Appendix 2.

After membership

Regression Statistics	
Multiple R	0.98
R Square	0.97
Adjusted R Square	0.91
Standard Error	0.08

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	3.00	0.38	0.13	18.47	0.05
Residual	2.00	0.01	0.01		
Total	5.00	0.39			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*
Intercept	11.55	5.96	1.94	0.19	- 14.11
ln (GDP without AM)	- 0.08	0.69	- 0.12	0.92	- 3.03
ln (GDP AM)	2.21	0.78	2.84	0.10	- 1.13
ln (Weighted polity)	- 6.86	3.98	- 1.72	0.23	- 24.00

Total research period

Summary output

Regression Statistics	
Multiple R	0.98
R Square	0.96
Adjusted R Square	0.95
Standard Error	0.07

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	3.00	1.03	0.34	66.71	0.00
Residual	8.00	0.04	0.01		
Total	11.00	1.07			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*
Intercept	5.82	1.58	3.68	0.01	2.18
ln (GDP without AM)	-0.27	0.11	-2.48	0.04	-0.53
ln (GDP AM)	2.59	0.20	12.94	0.00	2.13
ln (Weighted polity)	-2.06	1.19	-1.73	0.12	-4.80

Anna Lazareva[31]

Shifting Dynamics: From Cooperation and Competition to Conflict. Exploring EU-Russia Relations in the Post-Soviet Era

Introduction

After the dissolution of the Union of Soviet Socialist Republics (USSR) in 1991, the decades-long system conflict between the Soviet Union and the United States of America (USA) seemed to have been resolved. The iron curtain that shielded the 15 Soviet republics fell, and the stage seemed set for the winner's system – that of liberal market democracy, promising to promote norms and international law in the region. The processes of nation-state formation and democratization that were thus set in motion seemed to fuel the shift from a bipolar world order to America-centered unipolarity, a momentum that was first believed to be the "end of history"[32].

In the light of the past excitement for change, the actual course of events that would follow the year 1989 could hardly be predicted. Russia, that lost the cold war (at least ideologically), has long been regarded as a mere "regional power"[33]. Consequently, the regime has not been taken seriously in its neo-imperial ambitions to re-integrate what it considered as its own "sphere of privileged interests" by many in the West. Since the early 2000s, Russia has persuasively tried to prove the international community wrong by seeking to restore its "historical greatness". To mitigate the humiliation of 1991, of what many in the country think of as "the worst geopolitical catastrophe of the 20th century"[34], Russia under the presidency of Vladimir Putin drew on a whole range of approaches. From exploiting post-socialist economic interdependencies, and pursuing regional projects, to supporting secessionist regimes in countries not in line with Russia's vision of the region's future. With its war in Georgia in 2008 and its annexation of Crimea in 2014 Russia did show explicit readiness for further escalation and flagrant abuse of legally stated boundaries drawn in 1991.

While the affected countries were punished for their attempts of disintegration, Moscow's display of power aimed at a wider audience - and at the West in particular. The West would be shown that

[31] Anna Lazareva, associate of the Competence Center for Black Sea Region Studies, University of Applied Sciences BFI Vienna

[32] Fukuyama's famous statement on the "end of history" which was first made in his essay titled "The End of History?" published in "The National Interest" in 1989. The author's statement was often quoted and criticized ever since.

[33] a press conference of the Nuclear Security Summit in March 2014 in The Hague, president Barack Obama referred to Russia as a "regional power" in response to the latter's annexation of Crimea.

[34] Putin stated that the breakdown of the Soviet Union has been the "greatest geopolitical catastrophe" of the 20th century on April 2005 during a speech delivered to the State Duma and the Federation Council.

Russia is not ready to accept US-led unipolarity and sees itself as one of the poles of a multipolar world. While the European Union (EU) saw the developments with suspicion, it hasn't taken its Eastern partners' outcries seriously enough. Despite sanctions and rhetorical rebuke, most EU members maintained business as usual relations with Moscow. It was only with the 2022 invasion of Ukraine that many in the West left aside their "Change Through Trade" worldview and started seeing Russia for what it is.

The main argument advanced within this article contends that Russia's assertiveness and aggression have loomed on the horizon for years, reaching beyond the full-scale war against Ukraine in 2022, or since the preceding 2014 aggression against Ukraine, and even the 2008 war against Georgia. To illustrate that, in chapter 2, the landscape of post-Soviet dynamics after the dissolution of the USSR will be traced. The EU's cautious engagement in the region in the 1990s, which prioritised relations with Russia over those with other post-Soviet countries, will be examined. The section also sheds light on Russia's early, yet inconsistent, attempts to prevent the disintegration of former Soviet republics. Chapter 3 looks at the dynamics between Russia and the EU/NATO shifting from cooperation to competition. This transition is discussed against the backdrop of emerging regional integration alternatives for the post-Soviet space offered by both sides. Chapter 4 delves into another shift in the relations between Russia and the West, now overshadowed by conflict. This chapter looks at the deepening of existing regionalisms, and Moscow's securitization of the integration decision of post-Soviet countries "in-between" both neighborhoods. Chapter 5 summarizes the previous sections, places them in the context of the overall argument and draws an analytical conclusion.

The 1990s Dynamics of Post-Soviet Regional Engagement

The EU's retention

The collapse of the USSR left the region in a state of limbo. At a time when the former Soviet republics, including Russia, went through a nebulous phase of nation-building, and turbulent transition in economic and political realms, the EU seemed to lack a vision and means toward the region (Wolczuk, 2009, p. 187). The EU's policies towards post-Soviet countries in the 1990s can be described as "fairly monolithic", defined by similar policy goals, means and funds (Casier, 2019, p. 77). Some post-Soviet countries became acquainted with EU templates through dialogue formats and EU assistance projects promoting political and economic dialogue, which indeed paved the ground for future cooperation in the 2000s (Delcour, 2017, p. 39). However, the cooperation has been quite selective, targeting only a small number of countries with Russia among them as a priority partner (Wolczuk, 2009, p. 187). At this stage, the EU's foreign policy seemed to have in mind a hierarchy, where "Russia would come first, Ukraine second, followed by other former

Soviet states" (Casier, 2019, p. 77; Wolczuk, 2009, p. 187). Accordingly, formats such as the Partnership and Cooperation Agreement (PCA)[35] were first offered to countries of a strategic value for the EU – Russia (signed in 1997), and then Moldova and Ukraine (both signed in 1998) (Delcour, 2017, p. 39). Russia was not only favored by the EU in terms of economic, political and social cooperation, but also became a strategic cooperation partner of the North Atlantic Treaty Organization (NATO). The Partnership for Peace (PfP) initiated by NATO facilitated military cooperation between its members and all former Soviet bloc countries that were willing to cooperate. Yet, building stronger ties with Russia was seen as a priority, as it offered the potential to ease historical tensions with NATO. To enhance the partnership between both entities, further formats such as the NATO-Russia Founding Act of 1997 were launched, which once again illustrates Russia's preferential treatment by the West in the 1990s.

Russia's "special role"

While the EU was rather reserved towards the region and focused almost exclusively on Russia, Russia did not lose sight of the space it considered to be its "own" for so long. In the early 1990s, the idea of the "near abroad" was articulated by the Russian Ministry of Foreign Affairs, inextricably linking its own security to the future of the former Soviet republics (Delcour, 2017, p. 63). While recognizing the sovereignty of newly independent states, Russia assumed it had a "special role" to play in the region it assessed as its "area of privileged interests" (ibid.). The year 1991, when most Soviet republics became independent states, also marked the inception of the first Eurasian regionalisms under Russia's leadership. Under the framework of the Commonwealth of Independent States (CIS)[36], members committed to "the development of cooperation in politics, economics, culture, education and the like, and the coordination of foreign policy" (Molchanov, 2015, p. 26). By 1994, the CIS framework united all former Soviet countries, apart from the three Baltic states. At this time, for many of the CIS member states this format was the only offer on the table. Therefore, the CIS indeed "offered an interstate community of belonging" to its members at a time when "the newly independent states were neither expected nor welcome in Europe" (Molchanov, 2015, p. 26).

Russia's main objective behind the launch of the CIS was the actual maintenance of existing economic relations beyond the disintegration of the USSR (Molchanov, 2016, p. 26). Since it could rely mainly on interdependencies stemming from the Soviet past (Delcour, 2017, p. 64), the CIS seemed to serve as a platform to maintain these rather asymmetric relations. In doing so, Russia

[35] The PCA offered access to the EU's market based on the fundamental principles of the General Agreement on Tariffs and Trade (GATT).

[36] During the 8 December 1991 the leaders of Ukraine, Belarus and Russia signed the agreement.

provided gas below market prices, among other things, to keep the post-Soviet economy relatively integrated (Wilson & Popescu, 2009, p. 322). Other contingencies Moscow was able to draw upon included visa-free travel and a relatively open labor market (p. 321).

However, even in this embryonic phase of Eurasian regionalism, regional cooperation was envisaged in both the political-economic and security fields (Sagramoso, 2020, p. 44). All CIS members indeed committed to "coordinate their foreign policies and to preserve, under joint command, a common military-strategic space" (ibid.). In the course of the 1991 civil war in Tajikistan revealing the region's struggle to maintain security, the "Protocol on the Temporary Procedure for the Formation and Use of Collective Peace-Keeping Forces in Zones of Conflict between or within Member States of the CIS" and the Collective Security Treaty (CST) came into being (Pop, 2009, p. 282). The CST framework[37] signed in 1992 aimed to foster cooperation, contain territorial and ethnic conflicts, and prevent the spill-over of regional instability arising from domestic conflicts (ibid.). At that point, the formation of a regional security framework for the CIS countries was seen as a response to internal security challenges arising from the dissolution of the USSR (ibid.).

While Russia successfully prevented a prolonged war in Tajikistan, its subsequent involvement in the region rather aimed at prolonging the state of conflict and instability. In this context, Moscow not only cultivated existing structural (socio-economic) dependencies of these countries, but also instrumentalized regional conflicts to sow "managed instability". In doing so, Moscow deployed so-called peace troops in the breakaway Georgian region of South Ossetia and in Moldovan Transnistria as well as in Nagorno-Karabakh where it supported the Armenian pro-Russian regime in the war with Azerbaijan. In all these conflicts, Russia positioned itself as "both judge and jury" (Delcour, 2017, p. 65). Moscow may have brought about the ceasefires, but at the same time, it was primarily supporting and fueling the conflicts (ibid.) that have remained unresolved to this day.

Although Russia assessed its special role in the region, it yet lacked the means and capacity to perform the role it claimed due to its own struggle with transition and domestic reforms that accompanied it (Trenin, 2011). Consequently, although the post-Soviet states have been at the top of Russia's agenda since the collapse of the USSR, the country yet has lacked a strategy toward the other successor states (ibid.). Not only were Russian elites divided over such a strategy (Lo, 2002, p. 75). Also, the Russian leadership was reluctant to take on new foreign policy tasks, anticipating additional financial burdens on its already depleted budget (Kubicek, 2009). Not surprisingly, the idea of a Eurasian Union with a single economic space and a common defence policy proposed in 1994 by Kazakh president Nursultan Nazarbayev received only little attention from Moscow.

[37] The CST was signed in 1992 by the governments of Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Russia, and later joined by Azerbaijan, Belarus, and Georgia (Pop, 2009, p. 282).

In this phase, Russia's foreign policy approach towards the post-Soviet region lacked actual substance (Trenin, 2011). The regional integration Moscow promoted had a rather "virtual" character, with a discrepancy between rhetoric and reality (ibid.). Therefore, Russia's approach in the 1990s could be described as rather "ad-hoc" (Wilson and Popescu, 2009; Ademmar et al., 2016), as it lacked a vision for integration and rather retained interdependencies stemming from the Soviet past. However, since most of the newly independent states had no alternatives for integration, Russia could position itself as the only game in town. This began to change at the turn of the millennium.

Russia and EU: from cooperation to competition

The awakening of the EU as a "global player"

While the EU rather focused on its own vertical integration right after the collapse of the Soviet Union, its strategy for the region began to take shape shortly before the turn of millennium. Already in the late 1990s, the EU opened accession negotiations with 10 former Soviet or Soviet-occupied countries[38]: Estonia, Poland, Slovenia, the Czech Republic, Hungary (1997) and Bulgaria, Latvia, Lithuania, Slovakia, and Romania (1999). The negotiation processes for eastward enlargement led to the admission of the aforementioned states to the European Union in its fifth and largest wave (2004 and 2007) of enlargement to date. In parallel, the Union laid the foundation for cooperation schemes with countries that were not offered an accession perspective (or did not consider the option themselves). In the late 1990s, with the adoption of the Treaty of Amsterdam and the resulting launch of the Common Foreign and Security Policy (CSFP), the EU decided to further develop its strategies towards some of the post-Soviet countries not included in the enlargement plans (Delcour, 2017, p. 42). At that time, the framework targeted Russia and Ukraine, emphasizing security issues related to both countries (ibid.).

With the turn of the millennium, the previously loose understanding of security-related issues began to solidify. A security-driven approach to the region started to evolve. In 2002, when the idea of a European Neighborhood Policy (ENP) was officially introduced in the joint Solana/Patten letter[39], particular focus was placed on security concerns. The letter linked issues of "stability, prosperity, shared values and the rule of law" along the EU's borders to its own security, highlighting that "failure in any of these areas will lead to increased risks of negative spill-over on the Union". This realization was further deepened In the EU's 2003 Security Strategy[40]:

[38] Non-post-Soviet Malta and Cyprus were also part of the enlargement wave.

[39] Joint letter by EU Commissioner Chris Patten and the EU High Representative for the Common Foreign and Security Policy on Wider Europe. 7 August 2002. http://www.europa.eu.int/comm/world/enp/pdf/_0130163334_001_en.pdf

[40] European Council (2003), A Secure Europe in a Better World. European Security Strategy, Brussels, 12

> Even in an era of globalisation, geography is still important. It is in the European interest that countries on our borders are well-governed. Neighbors who are engaged in violent conflict, weak states where organized crime flourishes, dysfunctional societies or exploding population growth on its borders all pose problems for Europe.
>
> (Council of the EU 2003)

During the launch of the first ENP Action Plans in 2004, Commissioner Benita Ferrero-Waldner pointed that the EU would highly benefit from assisting neighboring countries "in their own economic and political reforms to spread the benefits of prosperity and democracy" (Ferrero-Waldner, 2004, cited in Cremona and Hillion, 2006, p. 4). The EU's support for neighboring countries could improve the security around its borders and enhance cooperation in various areas, from "migration to organised crime", "in the fight against terrorism, non-proliferation of WMD[41]", and contribute "to the peaceful resolution of regional conflicts" (ibid.).

Accordingly, from its outset, the ENP was tied to the security argument and associated security with a strong impetus for internal change in the southern Mediterranean and post-Soviet countries (Delcour, 2017, p. 43). To pursue this change, the ENP combined bilateral and multilateral dialogue, conditionality, and capacity-building within its framework (Börzel-Risse, 2009). Accordingly, the stimulation of political and economic reforms was hoped to foster peace, stability and prosperity in the EU's neighboring countries (Börzel and Langbein, 2012; Schimmelfenning, 2010). The launch of the ENP signaled a shift in the EU's ambitions to function as a role model (Haukkala, 2011) on the one hand and as a "global political player" or even as the "motor of European security" on the other (Bengtsson, 2008, p. 597-598). Although the ENP clearly embraced a comprehensive approach towards security by connecting it to stability and prosperity (Delcour, 2017, p. 43), still, it was based on "vague incentives and political commitments" (2016, p. 48).

While tying its security to political and economic developments in its neighborhood, the EU's framework has never included an actual security dimension in terms of defense mechanisms. Rather, the US-dominated NATO functioned as the complementary organization offering security to its members. Not surprisingly due to the experience with the Soviet regime, many of the post-Soviet countries considered NATO membership as a necessity to maintain their security and sovereignty. This is why Hungary, Poland, and the Czech Republic officially joined the NATO in 1999, and Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia and Slovenia followed suit, entering accession talks by 2002.

Russia's growing self-perception as a "great power"

December 2003, http://ue.eu.int/pressdata/EN/reports/78367.pdf

[41] Weapons of Mass Destruction

As in the case of the EU, the turn of the millennium marked a significant shift in Russian foreign policy, not only toward Eastern European and South Caucasian countries but also the EU itself. With Vladimir Putin coming to power, the previously inconsistent approach gained coherence (Delcour, 2017, p. 66). Moreover, economic growth due to higher oil prices has strengthened Russia's self-image on the international stage and its resulting assertiveness vis-à-vis its neighbors (ibid.). While Russia was the first post-Soviet country to join PCAs with the EU during the latter's "Russia first" approach to the region in the 1990s (Wolczuk, 2009), the Kremlin's attitude toward the EU changed with, among other things, the introduction of the ENP. Initially included in the ENP draft, and after participating in the respective negotiations, Russia at short notice declined the offer, in which it was considered “just one of the EU’s many neighbours” and thereby “put in the same basket with small countries such as Moldova and Tunisia” (Casier, 2016, p. 77). The launch of the ENP resulted in a decoupling of Russia from the EUs policy towards other post-Soviet states (Wolczuk, 2009), leading to a separate Russia policy with Moscow and Brussels as equal strategic partners (Casier, 2016, p. 177).

At the same time, the Russian authorities concluded that “great powers do not dissolve in some other integration project, but forge their own” (Bordaches & Skriba, 2014, p. 17). Against the backdrop of the Western oriented ‘colored revolutions’ in Georgia in 2003 and especially in Ukraine in 2004, Russia realized that the post-Soviet space would not remain ‘post-Soviet’ if Russia would not step in and proactively enforce its own influence (Wilson & Popescu, 2009, p. 318). The revolutions revealed to Putin that “his regime’s ambitions, and even its survival, were facing new challenges” (ibid.). Facing these would require “new approaches and tools” (Green, 2012, p. 9). For one thing, Russia learnt to deploy new soft power mechanisms in its neighborhood and elsewhere, launching a series of organizations and projects that formed its new "NGO front” (Wilson & Popescu, 2009, p. 320). For another, Moscow increasingly pursued the goal of preserving authoritarian regimes in the post-Soviet space. This was possible due to shared goals between the Russian ruling elite with authoritarian governments in the region, and their common roots in the former Soviet system.

In this context, Russia initially rarely promoted its own rules and rather tried to increase the costs for domestic change (Ademmer et al., 2016, p. 12), thus (dis)incentivizing integration with the West. Economic coercion was a crucial power instrument since 2000, mostly used as a means to influence political decisions or support authoritarian regimes. Here Moscow could instrumentalize structural dependencies for blackmailing. Occasionally, countries that had not diversified their economies or energy supplies and were therefore highly dependent on Russian supplies were punished by Russia with energy cut-offs and rising prices. While there is “nothing wrong with a desire to sell gas at market prices”, in Russia’s case however, the “timing and pace of gas price increases has been

clearly political" (Wilson & Popescu, 2009). This can be seen in the case of 'gas-wars' with Ukraine or Georgia, in the aftermath of the Color Revolutions in both countries. Similarly, Russia exploited Moldova's high energy dependence on Russia and pushed Chisinau into a huge debt with Gazprom to punish the government for its objection to the Russian-negotiated solution for the ongoing Transnistria conflict in 2004 (Delcour, 2017, p. 69). Other deterrents and instruments included trade embargoes or the expulsion of migrants. In 2006, for example, amid rising tensions with Georgia, Russia introduced stricter migration policies that led to the deportation of thousands of Georgian citizens who had previously worked in Russia (ibid.). In the case of Moldova's rejection of the Kozak Memorandum[42], which Russia considered a serious breach in Moldovan-Russian relations (Weiner, 2004), Russia not only refrained from withdrawing its troops from the region (Wolff, 2012) but also increased energy prices for Chişinău (p. 69). Moreover, Moscow further imposed punitive tariffs and trade bans on Moldovan products to further destabilize the country (ibid.).

Russia's first steps toward Eurasian regionalism

While economic cooperation remained loose, Moscow took its first steps toward a security related Eurasian regionalism. Russia's 2000 Foreign Policy Concept put renewed emphasis on security aspects of CIS integration (Greene, 2012, p. 9). While continuously fostering integration of single CIS countries into Russia's military framework on a bilateral basis (ibid.), during 2000 it further engaged in setting up several documents to improve the CST's functioning (Pop, 2009, p. 282). Eventually, in 2002, the CST was transformed into the Collective Security Treaty Organization (CSTO), consisting of former CST members – Armenia, Belarus, Tajikistan, Kazakhstan, Kyrgyzstan, and Russia. The CSTO's launch is to be seen against the backdrop of Russia's securitized perceptions of NATO's operations in the Balkans in the late 1990s, and the NATO Afghanistan intervention in 2001 (Guliyev and Gawrich, 20212, p. 290).

Moreover, the launch of the CSTO shortly before the NATO-Russia Summit in Rome "was meant to mark a new red line for Russia's vital interests and to counterbalance the second round of NATO enlargement" (Green, 2012, p. 9). When NATO went through the second wave of enlargement, taking in the former Central and Eastern European countries of the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia in 2004, in Kremlin's eyes, this red line seemed almost crossed. While these countries were also included in the EU's fifth enlargement wave that occurred nearly simultaneously to NATO's enlargement, at that point the former was clearly less of a threat in the Russian leadership's eyes.

[42] The negotiations, known as the "Kozak Memorandum," were led by Russian Deputy Prime Minister Dmitry Kozak and aimed to establish a federalized solution for Moldova, granting a high degree of autonomy to Transnistria. However, the Kozak Memorandum was ultimately rejected by Moldova's parliament in March 2004, leading to the collapse of the settlement mechanism.

Maybe due to the EU's missing security dimension, the Kremlin still considered the EU (unlike NATO) as a potential partner. On the eve of the Orange Revolution, the Kremlin emphasized the idea of Russia "creating the Single Economic Space in a large part of the former Soviet Union while at the same time building a common economic space with the European Union". The statement was published in December 2004 under the title "Russia takes a negative view of NATO expansion but has always seen the European Union's enlargements as a positive process". Furthermore, as stated by Putin, unlike the expansion of NATO, the inclusion of Ukraine within the EU would serve as a constructive catalyst, bolstering the very fabric of international relations.[43] However, it was against the backdrop of the EU's noncommittal stance at the time toward the accession aspirations of Ukraine (Green, 2012, p. 10) (and before the launch of the Eastern Partnership) that the Kremlin took such a seemingly liberal stance toward the EU orientation of both Ukraine and Georgia.

On the contrary, Ukraine following Georgia's suit and applying for NATO membership (p. 9) was perceived as an actual threat, because the former was a more realistic scenario than EU accession at that time. Since Ukraine under the Western-oriented Viktor Yushchenko who came to power in the aftermath of the Orange Revolution arduously started to lobby for Ukraine's NATO accession, Putin became more and more convinced that NATO enlargement undermines Russian security (Russia Matters, 2022). The regime's growing hostility towards Western influence in Russia's Near Abroad became increasingly apparent during Putin's visit at the Munich Security Conference in 2007. His speech marked a severe shift in Russia's foreign policy strategy towards the NATO and the West:

> I think it is obvious that NATO expansion does not have any relation with the modernization of the Alliance itself or with ensuring security in Europe. On the contrary, it represents a serious provocation that reduces the level of mutual trust. And we have the right to ask: against whom is this expansion intended? And what happened to the assurances our western partners made after the dissolution of the Warsaw Pact? Where are those declarations today? No one even remembers them. (Putin, 2007)

Accordingly, while the CST framework came into being as a reaction to internal conflicts of the region, this has changed with its absorption into the CSTO. The new framework was supposed to build on "foreign policy, opposition against threats and challenges, and the military dimension" (Pop, 2009, p. 282), and its focus appears to have shifted outward. Thus, threats and challenges that used to be related to the region itself seemingly took on an external dimension, in which the West – and NATO – was increasingly perceived as a menace to Russia's interest in its sphere of influence.

Reduced Cooperation, Increasing Competition, and Arising Conflicts

[43] "Russia takes a negative view of NATO expansion but has always seen the European Union's enlargement as a positive process" (December 2010). http://www.en.kremlin.ru/events/president/news/32366

Escalation in Georgia as First Critical Juncture

In a press statement following the Russia-NATO Summit in April 2008, Putin further escalated his rhetoric. He pointed to "the appearance of a powerful military bloc" at Russia's borders" and interpreted it as an immediate threat to its national security (Putin, 2008). The tone of this statement in April 2008 gave a foretaste of what was to follow just four months later in August. In response to Georgia's NATO membership endeavors, the Kremlin launched a military intervention – well aware that Georgia's NATO accession perspectives would vanish with a flamed-up secessionist conflict on its territory. In fact, "by all indications, the Russo-Georgian war was fully managed by Putin himself" (Wilson & Popescu, 2009, p. 321). The indications included the preceding dissemination of propaganda and the passportization of the Russian (speaking) so-called "compatriots" in Abkhazia, aiming at the legitimization of the subsequent military intervention. When the conflict escalated, the Russian peacekeepers in South Ossetia that have been deployed on Georgian territory since the 1990s "essentially took the side of the Ossetian separatist forces" (Molchanov, 2015, p. 30).

With this intervention Russia not only tried to dissuade Georgia from its Western orientation by sowing instability, but also set a deterrent example for other states, especially Ukraine. The latter suffered from a similarly hostile approach in terms of economic punishment by the Kremlin adapted in 2008 (Allison, 2014, p. 1270). Moscow's hostility was clearly noticeable during the above-mentioned 2008 NATO summit with Putin addressing the then US president, stating: "You don't understand, George, Ukraine is not even a state. What is Ukraine? Part of its territories is Eastern Europe, but the greater part is a gift from us" (Putin, 2008, quoted in Hill & Gaddy, 2015, p. 360). In fact, the relations of Kyiv under the Orange government with Russia "deteriorated so rapidly that some 48.5 per cent of Ukrainians believed in August that year that a conflict similar to that in Georgia could break out in Ukraine" (Allison, 2014, p. 1270).

While both military presence and controlled instability have been part of Russia's hard power strategy since 1990, this time proved the Kremlin's willingness to put itself above the law. Moreover, although Russia's hostility in that conflict was directed at NATO rather than the EU (which negotiated the ceasefire) (Allison, 2014, p. 1269), the escalation in Georgia did reflect Russia's growing hostility towards the West in general (Wilson & Popescu, 2009, p. 321). Ironically, while Russia has consistently expressed rhetorical animosity toward the West, the latter seemed rather disunited in its stance toward Russia. Within the EU it has been the Eastern partners – Poland, the Baltics and the Czech Republic – that bluntly saw Russia for what it was – a neo-imperial power that instrumentalized a frozen conflict for its purposes. Other (Western) European voices, however, haven't decisively sided with Georgia in this conflict (Veser, 2009). German Foreign Minister Frank-Walter Steinmeier, among others, spoke of an "irresponsible" action by the Georgian

leadership and an "overreaction" by Russia, claiming that the West should not isolate Russia in this conflict (ibid.). The EU's empathy for Russia, however, could not prevent the latter's growing hostility to increasingly target EU, alongside NATO, as shall be depicted below.

European and Russia-led Regionalisms in competition

The rather loose ENP framework for cooperation was tightened with the elaboration of the Eastern Partnership (EaP) in 2009, targeting the same six aforementioned partner countries. By developing an Eastern dimension to the general ENP framework, the EU pursued similar goals to the ENP, but focused more on promoting political association and deep economic integration. Although the Eastern Partnership, just like the ENP, offered integration without membership, the former can be seen as an actual "shift of paradigm" in the EU's policy towards its neighbors (Delcour, 2017, p. 46). On the one hand, the EU has leveled up its offer to its Eastern partners. With the launch of the EaP, greater rewards and more palpable incentives were provided in the form of visa-liberalization and market access through the Deep and Comprehensive Trade Areas (DCFTAs) (Delcour, 2016, p. 48). On the other hand, integration within the framework of the Eastern Partnership required more commitment from both sides. Unlike the predecessor framework of the ENP, the deepening of economic and political integration was supported by elaborated contractual frameworks in the form of Association Agreements (AAs). Although the EU does not expect legal uniformity/homogeneity from its partners, the EaP reflects the EUs demand for legal approximation (Delcour, 2017, p. 46). The expectation towards the partner countries under DCFTAs to converge with over 90 per cent of the EU's trade-related acquis (Duleba et al., 2010, p. 78), mirrors the ambition of the EU to "export" the acquis as template (Delcour, 2017, p. 47). Another aspect promising deeper integration is the circumstance that the provisions on legal harmonization under the AAs and DCFTAs are legally binding (Delcour & Wolczuk, 2013, p. 190, cited in Delcour, 2017, p. 47). Furthermore, the AAs include timelines and dispute resolution mechanisms, further enhancement compared to the previous PCAs (Delcour, 2017, p. 47).

As the EU's presence in the region increased over the years, so did Russia's fear of political alienation of the region. (Delcour &Wolczuk, 2016). In parallel with Moscow's show of force through economic and military means of coercion, Russia increasingly began to rely on regional integration projects as a foreign policy tool (Krickovic and Bratersky, 2016, p. 183). The launch of new integration projects went along with the loss of importance of the CIS, which from then on had only symbolic significance. Almost in parallel to the EU's inauguration of the Eastern Partnership in 2009, Russia launched its own regional project of economic integration as a countermodel to the EU – the Eurasian Customs Union (ECU). Although the Russian leadership rhetorically placed the ECU in the context of the continuity of nearly two decades of regional cooperation (Delcour, 2017, p. 72), this project was supposed to be a turning point. By filling the gap of an identifiable legal framework

for regional cooperation (Dragneva, 2013, p. 43), the ECU framework would achieve a much higher degree of integration than its predecessor (Delcour, 2017, p. 72). Unlike the CIS framework, the ECU did pursue the more precise objective of trade integration and was “based upon hard-law integration and delegation to supranational institutions” (ibid.).

Hereby, the EU model served as the "dominant paradigm for Eurasian regionalism" (Libman, 2019, p. 248) due to its exemplary character for successful “deep integration” (Delcour, 2017, p. 72). Moreover, the framework owes its attractiveness to its form of supranationalism that offered approaches to limit the sovereignty of individual member states to achieve the goals set (Dragneva, 2017, p. 51). According to that, the EU’s “institutional design and integration agenda” served as a source of inspiration for the post-Soviet regionalism’s integration script, even though the latter never achieved a comparable level of supranationalism and integration as the EU (Libman, 2019, p. 248). In 2012, the ECU was transformed from a “common external tariff and a common customs code into a Single Economic Space (SES)”, launching a supranational body, that of the Eurasian Economic Commission (EEC), presenting one of the ECU’s most obvious imitations of the EU structure (Libman, 2019, p. 249). With the 2012 launch of the SES, also the intention to create a Eurasian Economic Union in the future was announced (Dragneva, 2017, p. 52). The idea was realized in 2014 with the ratification of the New Treaty by the leaders of Russia, Kazakhstan and Belarus, who agreed on the establishment the Eurasian Economic Union (EAEU) in the subsequent year (p. 58). In 2015, when the EAEU officially came into being, two further countries joined the organization – Armenia and Kyrgyzstan.

Russia’s support for the EAEU just as previous regional cooperation schemes it pursued followed a geopolitical aim. While the EAEU was launched as an economic framework, its economic benefits for Russia remained puzzling – mainly because the states targeted by Russia are smaller and often economically weak (Libman &Obydenkova, 2018, p. 1041). In fact, other member states seek economic benefits and a share of influence through joining, while Russia gains fewer economic advantages (ibid.). What Russia actually gets in return is the other partners support in the formation of a geopolitical coalition (ibid.). Thus, the EAEU functions, in the eyes of the Kremlin, as an instrument for protecting Russia’s influence in post-Soviet Eurasia (Popescu, 2014, cited in Libman & Obydenkova, 2018, p. 1041). This is further underpinned by the institutional design of the Russia-led regionalisms.

With the launch of Russia-led Eurasian regionalisms, the choice of “in-between” countries between the EU’s EaP on the one side and the ECU/EAEU on the other became a matter of securitization. The competitiveness vis-à-vis the EU was not only of rhetorical nature, but rather deeply ingrained in the institutional frameworks of the ECU/EAEU. While Russia’s policies towards its sphere of influence have long been barely institutionalized (Ademmer 2015: 673), and rather ad-hoc, the

creation of the ECU/EAEU followed a hard-law approach, designed to consolidate regional bloc building. As the framework of the EAEU provides that its members do not enter FTAs with third countries, they subsequently may not sign DFTAs with the EU. On the one hand this regulation can be explained as technical due to the fact that EAEU members delegate their sovereignty on deciding over external tariffs to a supranational institution. On the other, it has practical implications for the countries stuck in-between Russia and the EU. While they were able to combine integration within both regionalisms to some extent (Delcour, 2016, p. 48), this "cherry-picking" was made impossible with the creation of the EAEU (ibid.), which to some extent forced post-Soviet states to take sides.

Though the EU with its 2009 launch of the EaP framework first initiated a shift towards hard-law integration, Russia's response however took it up a notch. The latter's own hard-law Eurasian integration project – particularly in the form of the EAEU – was specifically designed to make integration irreversible (Delcour & Wolczuk, 2016, p. 193).

Moreover, no secret has been made of the fact that Russia sees the EAEU as another cornerstone on the path towards a new multipolar world, in which Russia would become one of the poles, and henceforth on equal footing with the EU (Dragneva, 2017, p. 52). While emphasizing the Eurasian intra-bloc formation vis-à-vis the EU, since 2010 Russia also approached the latter proposing a "common humanitarian and economic space" from Lisbon to Vladivostok (Secrieru, 2014, p. 6). Despite Russia's prediction of a chance to multiply business opportunities across the continent, further details behind the offer revealed a vision of a Europe divided between the EAEU and the EU (ibid.). Thus, Russia signaled the vision of a "continent with a new grand agreement on 'spheres of privileged interests'" (ibid.). The EU, however, rather engaged in merely technical dialogue with the EAEU, that was placed within the framework of EU-Russia relations (ibid).

Annexation of Crimea as Second Critical Juncture

Since the launch of the EU's EaP and Russia's ECU, Moscow increasingly started to characterize the EU's goals in the region, including its normative agenda, which grew over the following years in geopolitical terms (Sergunin, 2014, cited in Delcour &Wolczuk, 2015). In other words, from 2012 onwards, Moscow started to securitize both frameworks – the EU and NATO – in a similar manner (Allison, 2014). This became apparent against the background of Ukraine's foreign policy decision toward integration with the EU. The Eastern Partnership Summit in Vilnius in November 2013, which saw the signing of AAs with some of the countries included in the Eastern Partnership in 2009, was preceded by a series of events. Out of six countries initially included in the EaP, Armenia, Ukraine, Moldova and Georgia underwent the according negotiations with the EU, hence expressed their will to enter deeper integration with the EU. A few months before the summit, in August 2013, one of Putin's advisors expressed that Ukraine's potential choice to "cede sovereignty

to the EU' instead of joining the Russia-led customs union" was puzzling to him (Glazyev, 2013, qouted in Allison, 2014, p. 1271). Moreover, he warned that Ukraine would lose Russia as its "strategic partner" when signing the AA (Glazyev, 2013, qouted in ibid.). Since Russia never overcame the logic of "with us or against us," losing the country as a partner meant gaining an enemy, as the unfolding events prove.

In November, a month after Armenia surprisingly announced its change of course (its decision to join the CU rather than the DCFTA), Ukraine's Russia-friendly government followed suit (Ter-Matevosyan et al., 2017, p. 341). The Ukrainian public, however, was not willing to take the decision. After the then-president Yanukovych announced that the ongoing preparations for signing the AA would be put on hold, countrywide protests flared up. After three months of escalation and violence, the Maidan protests (21 November 2013 – 26 February 2014), not only led to the flight of the president, but also to a gigantic shift in the geopolitical and political landscape in the region (ibid.). This was because, in parallel to the abating of Ukraine's domestic conflict, Russia had launched a destabilization campaign against Ukraine that appeared to punish the country's pro-European orientation. The termination of the protests by the late February was followed by Russia's annexation of Crimea by the end of March. The separatist spark leapt over to the Donetsk and Luhansk regions, where Russia financially and military supported separatist groups in their demands for autonomy from Ukraine.

As already indicated, Russia's attitude towards the EU worsened as it began to conflate the EU's role in Russia's sphere of privileged interests with NATO (Allison, 2014, p. 1270). Although the events that took place in spring 2014 were an immediate response to Ukraine's political developments and potential disintegration from Russia, Putin justified its aggression in security political terms. According to him, the rationale behind Crimea's annexation was a precautionary measure for Russia's own security: "If we don't do anything, Ukraine will be drawn into NATO sometime in the future. **(…)** If NATO troops walk in, they will immediately deploy these forces there" (Putin, 2014)[44].

Just like in the case of Georgia, Russia once again deployed a variety of coercive means to punish Ukraine for its path toward disintegration. The securitization of Ukraine's foreign policy followed not only a security rationale as became apparent with Putin's statement in early June 2014: "We believed it was indeed unreasonable to sign that agreement because it would have a rave impact on the economy, including the Russian economy" (Putin, 2014)[45]. However, it was not only Ukraine that was targeted by Moscow. The breach of international norms and the disregard for the

[44] Direct Line with Vladimir Putin (April 17, 2014). Source: http://www.en.kremlin.ru/events/president/news/20796
[45] Vladimir Putin's interview with Radio Europe 1 and TF1 TV channel (June 4, 2014). Source: http://en.kremlin.ru/events/president/news/45832

sovereignty of neighboring states revealed a larger pattern of behavior that had implications beyond Ukraine's borders. Putin once again underscored that he does not accept the status quo and is ready to take ruthless measures to accomplish deeds in his “sphere of privileged interests”. At the same time, he tested the ground for further action in the future. Although the international community imposed a comprehensive package of sanctions and relations with the EU and the West cooled drastically, Russia, all in all, got away with yet another violent conflict. Trade relations with individual EU countries have even deepened, making the latter dependent on cheap Russian energy, among other things.

Analysis and Conclusion

Apparently, “the reintegration of the former Soviet republic has started almost in parallel to the dissolution of the USSR itself” (Molchanov, 2015, p. 26) – though initially at a slow pace. Although Moscow was unable to fully live up to its claimed "special role" in the region in the 1990s, it was still able to rely on a set of instruments that consisted of path dependencies inherited from the Soviet past. In the aftermath of the USSR’s collapse, Moscow not only relied on political and economic dependencies of the former Soviet countries but also instrumentalized regional conflicts. This happened in Azerbaijan in the early 1990s, when Russia supported Armenia's pro-Russian regime in the Nagorno-Krabakh War. Within a similar time frame it also occurred in Georgia (South Ossetia and Abkhazia) and Moldova (Transnistria), where Russia fueled separatist movements. Accordingly, the creation and instrumentalization of frozen conflicts in the post-Soviet space became Moscow’s strategic instrument of power in the early 1990s already. This was done under the assumption that an unstable country with frozen conflicts would be unattractive to both NATO and the EU. While the Russian approach remained "ad hoc" in the 1990s (Wilson and Popescu, 2009), the perpetuation of structural dependencies and instability in the region paved the way for more coherent reintegration efforts after the turn of the millennium. Therefore, it can be noted Russia’s military escalation on Georgian territory in 2008 was a continuation and deepening of an approach developed in the 1990s. Here, a frozen conflict that had emerged with Russia’s support in the 1990s was activated and even extended.

However, Russia’s pursuit of the post-Soviet space as its “sphere of privileged interests” throughout the 2000s was not only navigated through military or economic coercion. In addition, regionalism emerged as a key strategy. Accordingly, the novelty of the 2000s was the simultaneous deepening of both economic and security regional integration through organizations such as the Customs Union or the Collective Security Treaty Organization. The fact that economic integration in the CU precluded its member states from joining other regional frameworks showcased Russia’s rising ambition to promote further consolidation of a Eurasian bloc under its leadership. Accordingly, the

ambition toward reintegration of the post-Soviet space was fueled by Moscow's aim at positioning itself as one of the poles in a multipolar world (Dragneva, 2017, p. 52).

Therefore, the Russo-Georgian war was nonetheless a critical juncture that demonstrated that the disintegration efforts of former Soviet states would not go unpunished. The aggression used against Georgia did not only address Tbilisi as a punishment and Kyiv as a warning, but also tried to demarcate Russia's "sphere of privileged interests" from the West. The latter should be deterred from further involvement in the region. Around 2008, Moscow's hostility was directed at NATO, as former Soviet states (including Ukraine and Georgia) sought membership that was realistic in contrast to any prospects of EU membership. Therefore, around 2008, NATO was the "bad guy" from the Kremlin's perspective, while the EU was the one negotiating a ceasefire between Moscow and Tbilisi. This began to change against the backdrop of the EU's growing involvement in the region – the launch of the Eastern Partnership in particular. Thus, Moscow increasingly began to conflate the two organizations and to apply to the EU the rhetoric of securitization that it had previously applied to NATO (Allison, 2014). After Ukraine seemed to have irrevocably turned its back on Eurasian regionalism and the Russian world in general, Moscow saw fit to annex Crimea. Just as in the case of Georgia's NATO accession aspiration in 2008, Ukraine in 2014 was punished for its endeavors to follow the path toward integration with the EU. The annexation of Crimea, however, marked another turning point, as Russia revealed its readiness to disregard international law and change borders drawn in 1991. At the same time Moscow still relied on its old strategy of "managed instability" with its support for separatism in Eastern Ukraine starting in 2014. Although the annexation of Crimea was jointly condemned and sanctioned by the West, the latter's cooperation with Moscow largely continued unfolding in further deepening of trade relations and asymmetric (inter)dependencies playing out in Russia's favor.

Over time, this tendency intensified due to the normalization of the situation in Ukraine as another seemingly frozen conflict haunting the region. The illegally redrawn borders seemed to become a new status quo. Just like in the case of the Russo-Georgian war in 2008, persistent Eastern warnings about Moscow not getting its mouth full if the West continues to accommodate it instead of setting limits to its neo-imperialism were viewed as paranoia by the Western partners. The Central and Eastern (European) perspectives were more attentive towards the signs Russia was bluntly sending since the USSR fell apart. Their assessments of Moscow as a potential threat were based on the realization that the seeds of Russia's aggression had already been sown in the 1990s and became increasingly evident since the events of 2008 and 2014. Due to this path-bound and gradual evolution of Russia's engagement in the region, some Central and Eastern (European) as well as Ukrainian voices were able to predict how events might sooner or later unfold. While one could argue that *hindsight* is *always 20-20,* it should be noted that the signs of Russia's growing ambitions

were unmistakable and clear to many prior to the full-scale war against Ukraine in 2022.

References

Ademmer, E., Delcour, L., & Wolczuk, K. (2016). Beyond geopolitics: exploring the impact of the EU and Russia in the "contested neighborhood". Economics, Eurasian Geography and Economics, 57:1, 1-18. doi:https://doi.org/10.1080/15387216.2016.1183221

Allison, R. (2014). Russian 'deniable' intervention in Ukraine: how and why Russia broke the rules. International Affairs, 90:6, 1255–1297.

Bengtsson, R. (2008). Constructing Interfaces: The Neighbourhood Discourse in EU Policy. *European Integration, 30* (5), 595–616.

Börzel, T., & Risse, T. (2011). When Europeanisation Mets Diffusion. West European Politics, 35:1, 192-207. doi:http://dx.doi.org/10.1080/01402382.2012.634543

Casier, T. (2019). The Unintended Consequences of a European Neighbourhood Policy without Russia. *The International Spectator, 54*(1), 76-88. doi:https://doi.org/10.1080/03932729.2019.1555224

Delcour, L. (2016). Multiple external influences and domestic change in the contested neighborhood: the case of food safety. *Eurasian Geography and Economics, 57* (1), 42-65. https://doi.org/10.1080/15387216.2016.1183220

Delcour, L. (2017). *The EU and Russia in Their 'Contested Neighbourhood': Multiple External Influences, Policy Transfer and Domestic Change* (1st ed.). Routledge. https://doi.org/10.4324/9781315644370

Delcour, L.,& Wolczuk, K. (2016). Between the Eastern Partnership and the Eurasian Economic Union: Competing region-building projects in the 'common neighbourhood'. *Theorizing the European Neighbourhood Policy*, 187-206.

Delcour, L., & Wolczuk, K. (2021). Mind the gap: role expectations and perceived performance of the EU in the South Caucasus. *Eurasian Geography and Economics, 62* (2) , 156-177. doi:https://doi.org/10.1080/15387216.2020.1779103

Dragneva, R. (2017). The Eurasian Economic Union. Balancing sovereignty and integration. In R. Petrov & P. Van Elsuwege (Ed.), *Post Soviet Constitutions and Challenges of Regional Integration. Adapting to European and Eurasian integration projects* (pp. 48-70). Routledge. https://doi.org/10.4324/9781315656847

Dragneva-Lewers, R. (2019). Pork, Peace and Principles: the Relations between the EU and the Eurasian.

Green, J. (2012). Russian responses to NATO and EU. Enlargement and outreach, *Russia and Eurasia Programme*.

Guliyev, F., & Gawrich, A. (2021). NATO vs. the CSTO: security threat perceptions and responses

to secessionist conflicts in Eurasia, *Post-Communist Economies*, 33 (2), 283-304. https://doi.org/10.1080/14631377.2020.1800316

Haukkala, H. (2011). The European Union as a regional normative hegemon: the case of European Neighbourhood Policy. In R. G. Whitman (Ed.), *Empirical and Theoretical Perspectives* (pp. 45-64). Palgrave.

Krickovic, A., & Bratersky, M. (2016). Benevolent hegemon, neighborhood bully, or regional security provider? Russia's efforts to promote regional integration after the 2013–2014 Ukraine crisis, *Eurasian Geography and Economics, 57* (2). https://doi.org/10.1080/15387216.2016.1211026

Kubicek, P. (2009). The Commonwealth of Independent States: An Example of Failed Regionalism?" *Review of International Studies 35*, 237–256.

Lo, B. (2002). Russian Foreign Policy in the Post-Soviet Era. Reality, Illusion and Mythmaking. Palgrave.Molchanov, M.A. (2015). *Eurasian Regionalisms and Russian Foreign Policy* (1st ed.). Routledge. https://doi.org/10.4324/9781315580760

Libman, A.M. (2019). Learning from the European Union? Eurasian regionalism and the "global script". *Outlines of Global Transformations: Politics, Economics, Law, 12* (2), 248-268. https://doi.org/10.23932/2542-0240-2019-12-2-247-268

Libman, A.M, & Obydenkova, A. (2018). Regional international organizations as a strategy of autocracy: the Eurasian Economic Union and Russian foreign policy, *International Affairs 94*: (5), 1037–1058. https://doi.org/10.1093/ia/iiy147

Pop, I. I. (2009). Russia, EU, NATO, and the strengthening of the CSTO in Central Asia. *Caucasian Review of International Affairs*, 3 (3), 278-290.

Sagramoso, D. (2020). Russian Imperialism Revisited: From Disengagement to Hegemony (Bd. 1). Routledge.

Secrieru, S. (2014). Bumps on Russia's road to the Eurasian Economic Union: postponed integration, costly enlargement and delayed international recognition. The Polish Institute of International Affairs 10 (93). https://www.ceeol.com/search/gray-literature-detail?id=511765

Sasse, G. (2007). 'Conditionality-lite': The European Neighbourhood Policy and the EU's Eastern Neighbours. In N. Casarini, & C. Musu, European Foreign Policy in an Evolving International System. Palgrave Studies in European Union Politics. Palgrave. doi:https://doi.org/10.1057/9780230593145_11

Ter-Matevosyan, V., Drnoian, A., Mkrtchyan, N., & Yepremyan, T. (2017). Armenia in the Eurasian Economic Union: reasons for joining and its consequences. *Eurasian Geography and Economics.*

Trenin (2011). *Post-Imperium: A Eurasian Story*.

Veser, R. (2009). Georgien hat den Krieg begonnen. *Frankfurter Allgemeine Zeitung*.

https://www.faz.net/aktuell/politik/ausland/untersuchungskommission-georgien-hat-den-krieg-begonnen-1854145.html

Weiner, R. (2004). The foreign policy of the Voronin administration. *Demokratizatsiya*; 12 (4), 541-556.

Wolczuk, K. (2009). Implementation without coordination: The impact of EU Conditionality on Ukraine under the European Neighbourhood Policy, *Europe-Asia-Studies, 61* (2), 187-211. https://doi.org/10.1080/09668130802630839

Wilson, A., & Popescu, N. (2009). Russian and European neighbourhood policies compared, *Southeast European and Black Sea Studies, 9* (3), 317-331. https://doi.org/10.1080/14683850902934317

Radu Sava[46]

Global Gateway and the Belt and Road Initiative: Conceptual Approaches and Comparisons in Eurasia

Abstract

This paper assesses several key aspects related, on the one hand, to the European Union's Global Gateway, an ambitious initiative dedicated to developing and implementing investment programs outside the European Union launched in 2021, and China's Belt and Road Initiative, on the other hand, an initiative dedicated to connectivity and global investment projects launched in 2013. Highlighting similarities and differences between the two initiatives in order to generate a discussion regarding their complementarity and their different approaches to connectivity, the main issue addressed is chiefly to determine the position of the European Union's Global Gateway with regard to China's Belt and Road Initiative from two geopolitical scenarios.

Key words: Global Gateway; Belt and Road Initiative; European Union; China; Eurasia.

Introduction

Global interconnectedness is one of the vanguard topics addressed nowadays, especially in Eurasia. For this reason, some of the most discussed issues stem from the core elements that global interconnectedness involves, including (and definitely not limited to) cross-border or trans-border circulation of services and goods, capital, people, ideas, and data. In assessing the dimension of global interconnectedness, most approaches seek to naturally surmount those general debates and discussions to specific cases, therefore shifting the focus on particular phenomena. The complexity of global interconnectedness in Eurasia, notably after the fall of the Iron Curtain, the dissolution of the Soviet Union, and the integration of Central and Eastern Europe into the European Union (EU), as well as the North Atlantic Treaty Organization (NATO), has determined a histrionic transformation in world affairs as well as a diversification in convergence and cooperation, thus acknowledging the fact that problems and issues themselves have become interconnected – in other words, "problems in one part of the world are likely to affect others, perhaps the entire planet"

[46] Radu Sava, PhD candidate in Romanian-Chinese relations, University of Bucharest. E-mail: ionut-radu.sava@drd.unibuc.ro

(Ritzer, 2011: p. 207).

Bearing in mind the fact that global interconnectedness has determined, *inter alia*, a correlational relationship between global problems and issues, "the need and demand for global governance has increased". Similar to issues dealt with in the past, global interconnectedness today "has given rise" to new challenges, some of which "the world had never faced before", paving the way for state actors to "become aware of the fact that these crises [pandemics, global terrorism, nuclear weapons proliferation, financial crises, refugee crises, climate change, to mention a few] cannot be tackled by individual states alone, but by cooperation among them and other relevant actors" (see Clinci, 2022). As a consequence, focusing on particular features of global interconnectedness, several specific cases have materialized, introducing global initiatives established by major International Relations actors, including the Belt and Road Initiative (launched by China in 2013), Build Back a Better World (an initiative launched by the Group of Seven in 2021), the Clean Green Initiative (launched by the United Kingdom at the 2021 United Nations Conference on Climate Change), or Global Gateway (an initiative launched by the European Union in 2021).

Global initiatives established by major actors represent, beyond doubt, a reflection of what the same Clinci (2022) asserts to embody "the need and demand for global governance". In light of this, it is important to point out the fact that interconnectedness itself is synonymous with the core ability of comprehending the transnational implications of convergence and cooperation, specifically when discussing particular issues related to the developing world, such as infrastructure projects or investments in the energy sector. Hence, this paper addresses the issue of convergence between two of the above-mentioned global initiatives, namely the European Union's Global Gateway (GG) and China's Belt and Road Initiative (BRI).

By addressing the issue of convergence between GG and BRI, this paper intends to generate an assessment centered, on the one hand, around several key aspects between GG and BRI and to explore, on the other hand, two sets of geopolitical implications within Eurasia as a result of GG's and BRI's co-habituation. This approach is significant due to the fact that it systematically transfers knowledge through compilation and data sourcing, taking into consideration the abundant existence of studies, articles, or books on the topic. Nonetheless, this paper is structured into three parts and advances (1) a generic assessment of GG and BRI, aligned with (2) several key aspects surrounding the two initiatives, while (3) exploring two geopolitical scenarios as a result of the narrative.

Finally, this paper employs grounded theory in order to elaborate, gradually and chiefly, on the conceptual assessment of GG and BRI. In particular, methods pertaining to grounded theory seek to assemble several aspects constructed around a series of key similarities and differences, suggesting inductive reasoning. In this respect, grounded theory has the potential to systematize the

transfer of knowledge and advance some perspectives on the addressed issue as a result of the selection and transfer of data. Additionally, while determining an ontological limitation, grounded theory contributes to the delineation of the process of analyzing various perspectives on the issue of convergence as indicated in the selection of sources, tailored for and applied to both GG and BRI.

Theoretical considerations

To begin with, it is significant to ascertain the fact that scholarship is most able to advance an abundancy of vectors pertaining to BRI rather than GG, given that BRI had been launched nearly a decade before GG. However, the ever-changing landscape of transnational scholarship and the core dynamical focus on global interconnectedness in today's global settings purposefully forwarded quick reactions to the launch of GG. In fact, most experts, policymakers, and analysts promptly reacted to the launch of GG and sought to come forward with various assessments focusing either on GG itself (for example, see Furness & Keijzer, 2022) or GG and the China-led BRI (see, for example, Clinci, 2022). In either way, as Sintusingha and Wu suggest, the BRI "has been arguably the most significant global-scale infrastructure investment since the post-Second World War reconstruction…" (2021), while the EU's newly launched initiative aims to create alternative opportunities for the developing world "on a geostrategic level," as Furness and Keijzer claim (2022).

Indeed, an attempt to conceptualize EU's GG and China's BRI indicates that "crucially" the China-led initiative "has historic and institution roots linking back to world economic development and connectivity, documented in vast literature on globalization", therefore most scholarship reaching the conclusion that the BRI is nowadays interchangeable with globalization itself (see Sintusingha & Wu, 2021). Hence, China's BRI, through "intensive and friendly face-to-face dialogues", became able "to reach concrete actions", and through various mechanisms, BRI-related cooperation had been "promoted based on the existing global network" (Qin, Liu, & Zhang, 2021: p. 52).

In contrast to China's BRI, the EU's GG is rather in a naturally circumscribed form, given its formation in December 2021 and taking into consideration details surrounding the concept or the objectives. According to some observers, the EU seeks to reduce global fragmentation in its action across the world, GG representing "a real effort to develop a more coordinated approach across Team Europe – the EU institutions, member states and development banks" with the purpose of "changing the long-term approach of the EU and member states to how they approach external investment and how they bring private sector actors on board" (Teevan, 2023). Consequently, GG has been a highly anticipated initiative, managing to mirror previous global-scale projects, such as the European 2016 Global Strategy (see Clinci, 2022), albeit "apart from the general motivations

and process-oriented objectives, it is not easy to identify what the GG ultimately seeks to achieve…" (Furness & Keijzer, 2022).

Furthermore, similar to the Chinese BRI , EU's GG has been criticized. For example, Tagliapietra (2022) points out that "critics quickly attacked the initiative, claiming it represents a repackaging of existing instruments…" or others, in the words of Teevan (2023), complained that GG "appears to be a recycling of existing development funds and that many projects were already in the works". In spite of this, the majority of experts, policymakers, and analysts agree that these critics have missed "the point", predominantly because it "limit[s] the potential for the GG to be a truly strategic external investment strategy rather than just a short-term development cooperation program" (Teevan, 2023). Moreover, it has been noted that "China understood the strategic importance of global infrastructure development when it launched the Belt and Road Initiative in 2013" (Tagliapietra, 2022), thus state actors have advanced similar global-scale initiatives, targeting infrastructure investment projects as part of various global connectivity strategies, in similar ways.

After Ursula von der Leyen's announcement that put GG forward, "Chinese officials… have welcomed the initiative with Wenbin Wang [for example], the spokesman of the Chinese Ministry of Foreign Affairs, acknowledging the existing consensus between the EU and China related to interconnectivity and joint efforts to promote global sustainable development" (Clinci, 2022). This being said in a different form, both GG and BRI had been projected to become an integrative part of global governance and promote unequivocally global interconnectedness, including from the perspective of maintaining the EU and China as global normative actors. Therefore, one very important convergent point when comparing GG and BRI is that experts, policymakers, and analysts "forget that the BRI did not emerge fully formed, and indeed that even today China does not necessarily have one perfect all-encompassing strategy" (Teevan, 2023), similar to GG, and rightly, "believing that if the only purpose of the two initiatives was to include the developing world in the system of global economy and to help them develop, cooperation would not only be desirable but even a necessity" (Clinci, 2022).

Ontological convergence: Key aspects of the European Global Gateway and the Chinese Belt and Road Initative

First of all, one of the key aspects related to the EU's GG and China's BRI is the effective employment of preexisting instruments, tools, and mechanisms that both initiatives seek to employ, or already employ, in their subsequent investment projects. The essence of what is seen as global connectivity indicates that the European GG is similar in conception to the Chinese BRI, given that "China benefited substantially from the extant global economic system… by fully utilizing extant multilateral collaborative mechanisms, including international institutions such as the Group of

Twenty (G20), Asia-Pacific Economic Cooperation (APEC), Shanghai Cooperation Organization (SCO), Asia-Europe Meeting, Asia Cooperation Dialogue… China-ASEAN (10+1) Cooperation Mechanism, Lancang-Mekong Cooperation Mechanism… Forum on China-Africa Cooperation, China-Arab States Cooperation Forum, China-CELAC Forum, China-Central and Eastern European Countries (CEEC) Cooperation, China-Pacific Island Countries Economic Development and Cooperation Forum…" (Qin, Liu, & Zhang, 2021: p. 53).

In a similar manner, GG plans to "mobilize… existing programs such as Pre-Accession Assistance (IPA) III, Interreg, InvestEU, and Horizon Europe…" (Tagliapietra, 2022: p. 4). Thus, "Global Gateway… does not bring any additional funding to the table, instead drawing on resources already allocated by individual member states or by the 2021-2027 EU budget, and [that] many projects currently being developed under its banner would likely have happened anyway" (Barbero, 2023). Therefore, this first key aspect resides in the utilization of existing instruments, tools, and mechanisms, which de facto are recognized as institutionalized resources available for both the EU and China. Also, current trends demonstrate an observable inclination – or, for that matter, the existence of a particular inclination – towards integrating these instruments, tools, and mechanisms into their respective initiatives rather than establishing new ones, an approach that is desirable and viable not only at the level of economic interconnectedness but also at the level of normative interconnectedness. Under these circumstances, it is evident that the EU (through GG) and China (through BRI) have managed to put forward eclectic initiatives that ensure a continuity in normative *co-operation* by region and to merge aspects of interconnectedness with geopolitical objectives and incentives in terms of functional problems.

Second of all, another important aspect in relation to the European GG and the Chinese BRI is connected to normativity. As Kavalski debates the issue of "social norms through the habit of regularized relations" (2020), it is important to highlight that by employing the notions of re-institutionalized mechanisms and resources, both GG and the BRI have the potential, through regular interactions and various practices by region and in terms of functional problems, to impose "prevalent" and "implicitly normative" practices (Kavalski, 2020). In the course of time, both the EU and China understood the importance of normativity within Eurasia, in general, and in the space situated at the confluence of Central Asia and the Caucasus, in particular, given the geographical proximity and the strategic importance. However, since "regionalization is not conditional", there is a need for "an outlook that favors contextual sensitivity to the subtleties of specific interactions…" (Kavalski, 2020) which is a crucial convergent point – something that both the EU and China have long paid attention to and is nowadays overlapping with the vacuum created by the diminishing of Russian influence.

This being said differently, a brief assessment would indeed indicate that normativity or

regionalization are not "about good or bad practices, but about what actors happen to do together" (Kavalski, 2020: p. 22) due to the fact that "regions, thereby, are always emergent, embedded in contingent spatio-temporal contexts, and shaped by interrelations with others (and the multitude of meanings that such interactions engender as their iterations are themselves inseparable from the multiple webs of relations through which such communication gets refracted)" (Kavalski, 2020: pp. 22-23). As a result, both initiatives have in common the aspect of seeking to maintain their normative interactions within Eurasia and emulate particular norms and practices on behalf of the EU, on the one hand, and China, on the other hand, through GG-led and BRI-led projects. After all, the expansion of normative features in the case of GG and BRI, exemplified through known practices in Eurasia, as is the case of China-CEEC Cooperation – or "the driving force", as the same Kavalski asserts – "the practice of doing things together… affords ongoing opportunities for interpretative articulation and re-articulation of international exchanges that can engender, enhance, and reaffirm the reputational profile of participating actors" (2020).

Third of all, an aspect of particular importance, as Lenker claims, revolves around the fact that "there are no reasons to believe that these two initiatives are directly mutually harmful. Although there are valid concerns over the low quality of some projects or the lack of sustainability, China has a decade of experience in building global infrastructure and has increasingly improved the quality of the BRI […] this could in turn become an opportunity for the EU to raise the bar in the global connectivity field and perhaps synergize efforts with China…" (2022), especially since there "is still a gap between rhetoric and realization" (2022) when it comes to [the] EU's GG. In fact, there had been no obvious signs that would indicate a disagreement between the EU and China when it comes to the need for reforming the international system (Clinci, 2022), despite observing a differentiation on how such reforms should take shape.

Regardless of differences in approaching the reform of the current international system, global interconnectedness is now experiencing a new phase and has the potential to create healthy competition among major state actors and non-state actors in Eurasia and beyond. However, some scholars argue that this could lead to global fragmentation or to the "phenomenon of fragmentation of global governance" (Clinci, 2022) if competition becomes unreasonable per se. On the contrary, others believe that GG, for example, represents a balancing act between the EU's "strategic priorities and core development principles" (Furness & Keijzer, 2022). Whether the EU or China choose to cooperate with each other under the auspices of these initiatives is a matter of the future, yet what remains certain are the following elements: While most experts, policymakers, and analysts agree that the China-led BRI "has been arguably the most significant global-scale infrastructure investment since the post-Second World War reconstruction…" (Sintusingha & Wu, 2021), the EU and its member states, between 2014 and 2018, provided more grants to third parties

than the BRI, thus the EU holding a much more significant role overall than that of China in global interconnectedness (Tagliapietra, 2022).

Last of all, as debates regarding China's engagement with other countries and blocs continue to evolve, especially those in Eurasia, simultaneously with those associated to EU's engagement with the same countries and blocs, it is worth mentioning that China's relations are often perceived as imbalanced and unequal. What can be inferred from this pattern of behavior in terms of projecting the core dimensions related to China's BRI? It is noteworthy that "China does not avoid utilizing its financial power, either through loans or other financial instruments, with no emphasis, for example, on the rule of law, fiscal health, or any requirements that could normally be considered essential in the case of Western lenders" (see Himmer & Rod, 2023). This perception of imbalanced and unequal relationships is daunting, if not harmful, to third parties that ought to benefit from such investment projects, considering that GG, compared to BRI, "is thought to be more appealing to the people of the developing world than their leaders as it focuses on transparency and human rights, rule of law, and higher standards" (Clinci, 2022).

Alternatively, it is believed that "competition among projects with shared values and interests will only" benefit the BRI, being "difficult to engage the private sector in infrastructure projects that bring very little profit" while "higher costs" and standards are at stake in countries where the demand is solely related to "basic infrastructure [in order] to make their economies grow" – let alone implement investment projects that exhaustively emphasize "sustainability, high standards, green technology" (see Clinci, 2022). For this reason, the same Clinci puts forward perhaps the most all-encompassing axion related to the issue of one having to choose between the EU's GG and China's BRI, as follows:

> "Developing countries will choose the initiative that best fits their needs echoing Deng Xiaoping's famous dictum *buguan heimao baimao, zhuodao laoshu jiu shi haomao* (it does not matter whether a cat is black or white; as long as it catches mice, is a good cat)" (2022).

Geopolitical scenarios in Eurasia: *Quo vadis?*

Having assessed several key aspects related to the EU's GG and China's BRI, this third section is dedicated to two different geopolitical scenarios relevant for the debate related to global interconnectedness and Eurasia. In brief, these two scenarios have been considered, taking into account certain vectors selected from the review of the specialized literature and the analyses consulted. As a result, it is imperative to scrutinize (1) if GG is part of EU's greater efforts or attempts to reduce its "dependence on the United States" and (2) if BRI is a tool for China to upkeep its well-coordinated image-building strategy, thus advancing its conceptual dimension of inclusive globalization (see Clinci, 2022).

The first scenario revolves around the conceptual dimension associated with European strategic autonomy. Along these lines, in its quest for greater independence and strategic autonomy, mostly in relation to the United States, GG could potentially serve as a tool to diminish overall American dependence and increase the EU's resilience in overall global affairs. Also, GG could geopolitically propel self-sufficiency in vital areas while fostering enhanced cooperation among Eurasian subregions based on subsequent mechanisms of cooperation, such as the Eastern Partnership. Being at the core of EU's new "offer for connecting the world with investments and partnerships" (European Commission, n.d.), GG might address, in this scenario, the need for improved decision-making capabilities.

One significant implication of GG is that the EU could achieve self-sufficiency in resolving functional problems that are currently being faced, both internal and external. By developing more robust intergovernmental mechanisms, the EU could reduce its reliance on other partners and ensure greater control over its affairs while reducing its vulnerability in relation to external factors. Another important implication of GG is that it could regulate European independence in key areas such as defense and technology. In turn, this could shape policies in order to pursue more comprehensively strategic objectives and navigate the complex geopolitical environments in Eurasia with more confidence. Nonetheless, GG could have a compelling impact on the expansion of systematic cooperation by subregions. This could maximize the diversity of perspectives, align interests, and work with a variety of actors towards common goals, thereby transforming the EU into a more geopolitical actor in international affairs and amplifying its own impact and influence in the world. However, as demonstrated in the table below, despite serving as a catalyst for EU's strategy towards enhanced autonomy in this first scenario, GG could become a tool for coercion and control over – through the exertion of influence or enforced compliance – other actors, be they state or non-state actors, therefore highlighting vulnerabilities associated with global interconnectedness and the developing world.

The second scenario relevant for this paper refers to China's BRI. In other words, emerging as a power tool for China to uphold its own well-coordinated image-building strategy in international affairs, BRI would aim to further inclusive globalization by connecting countries without any particular obligations or a clear set of transparency-related standards through large-scale infrastructure development projects. In spite of this, it could be noted, in this scenario, that the BRI has the ability to balance domestic market needs with international demand, particularly from the perspective of new technologies, with China recognizing the importance of market expansion and technological advancements. Therefore, China would continue to access foreign markets to secure its domestic demand for raw materials and export its own technological expertise. Also, by aligning its domestic economic agenda with global economic proprieties, China would further seek

to fill in the gap created, on the one hand, by the United States (in the Middle East, for example) and by Russia (for instance, in Central Asia), on the other hand. Beyond doubt, this could place China at the forefront of addressing issues in reducing regional disparities and security concerns, with BRI continuing to provide the ideal framework for China to advance these foreign policy objectives and maintain a certain degree of strategic control over its interests.

GEOPOLITICAL SCENARIOS IN EURASIA		
Initiative	Global Gateway (European Union)	Belt and Road Initiative (China)
Purpose	Tool for the European Union to reduce its dependence on the United States	Tool for China to upkeep its well-coordinated image-building strategy
Conceptual dimension	Strategic autonomy	Inclusive globalization
Implications	1. Attaining self-reliance and resilience in resolving functional problems or operational challenges 2. Securing independence in vital areas (defense, technology, trade) 3. Expanding enhanced cooperation by regions or increased collaboration within regional contexts	1. Balancing domestic market needs with international demand (incl. from the perspective of new technologies) 2. Ensuring enhanced internal security and in its proximity (external) 3. Advancing a comprehensive governance framework
Risks/ concerns	Coercive global interconnectedness/ the "coercive logic of connectivity"	Unregulated BRI-related projects in nature/ lack of transparency

Source: Compiled by the author. For further reference, see Clinci (2022), Karjalainen (2023).

Despite these ascertainment, this second scenario in Eurasia points out the fact that, similar to the risks associated with the EU's GG, BRI puts forward projects that have become unregulated in their nature. This nature of BRI-related projects has led to concerns about debt transparency, for example, environmental implications or labor rights. Questions regarding their long-term viability are being raised. Be that as it may, in order to address these concerns, China ought to address the issue of strengthening transparency, for example, and ensure not only the inclusion of local stakeholders in BRI-processed transactions but also adopt fairer conduct in awarding contracts or a more responsible conduct in lending practices.

Conclusions

This paper analyzes the issue of convergence between the EU's GG and China's BRI and provides an assessment that focuses on several key aspects related to both initiatives. Having said that, in a comparable manner, it is important to highlight the fact that this paper explores two scenarios associated with the geopolitical implications arising from the congruent existence of GG and BRI in Eurasia. Accordingly, the two approaches in this paper are particularly significant as both systematically incorporate existing knowledge on the subject while attempting, within certain ontological limitations, to geopolitically scrutinize those relevant vectors selected as a result of reviewing the specialized literature and several other existing analyses.

Some of the main findings of this paper include the fact that both GG and BRI have several points in common, thus being in a position of non-confrontation unless expanding and diversifying interests in Eurasia would overlap in the future and create tensions. This is imperative to assess as it portrays an approach that is in contrast to critics who claimed that the EU is repackaging or recycling existing programs without observing the nature and evolution of the China-led BRI itself. For this reason, as demonstrated throughout the narrative, cooperation between the EU's GG and China's BRI is a necessity not only for Eurasian countries but also for the rest of the developing world.

In brief, it has been noted that GG could become part of EU's greater efforts or attempts to consolidate its strategic autonomy in world affairs, with GG having the potential to develop as a tool for the EU to reduce its dependence on the United States. Similarly, in contrast to GG, China's BRI could transform into a tool that eventually would maintain and even solidify China's well-coordinated image-building strategy, relying on inclusive globalization. Yet, both scenarios imply risks and raise concerns over the two global initiatives. In this regard, intended for further assessment and discussion, several questions arise:

a) Is the European Union's Global Gateway conceived with the purpose to create geopolitical competition for China's Belt and Road Initiative? If so, why?
b) What could be some of the means of exploring the nature of a *geopolitical competition* ri in this equation?
c) How can regional integration and global interconnectedness be defined in Eurasia?
d) Is the European Union's strategic autonomy incompatible with China's desire for inclusive globalization?

References

Barbero, M. (2023, January 10). Europe is Trying (and Failing) to Beat China at the Development Game. Retrieved April 2023, from Foreign Policy: https://foreignpolicy.com/2023/01/10/europe-china-eu-global-gateway-bri-economic-development/

Clinci, C. (2022). Global Gateway vs. Belt and Road Initative: towards Stronger or Weaker Global Governance? Working Paper No. 19, Korea University, Jean Monnet EU Centre of Excellence. Retrieved May 28, 2023

European Commission. (n.d.). Global Gateway projects by region. Retrieved May 26, 2023, from European Commission: International Partnerships: https://international-partnerships.ec.europa.eu/policies/global-gateway/initiatives-region_en

Furness, M., & Keijzer, N. (2022). Europe's Global Gateway: A New Geostrategic Framework for Development Policy? Bonn: German Development Institute.

Himmer, M., & Rod, Z. (2023). Chinese debt trap diplomacy: reality or myth? Journal of the Indian Ocean Region. doi:10.1080/19480881.2023.2195280

Karjalainen, T. (2023). European Norms Trap? EU Connectivity Policies and the Case of the Global Gateway. East Asia. doi:https://doi.org/10.1007/s12140-023-09403-x

Kavalski, E. (2020). Localizing China's Global Silk Roads through the "17+1". In J. Fulton, Regions in the Belt and Road Initiative (pp. 16-35). London, New York: Routledge.

Lenker, E. (2022). EU Global Gateway: A Challenge To The Chinese Belt And Road Initiative? Retrieved April 2023, from stearthinktank.com: https://www.stearthinktank.com/post/eu-global-gateway-challenge-to-belt-road-initiative

Qin, B., Liu, W., & Zhang, Y. (2021). The BRI from within China: Mechanisms, institutions and media representations. In S. Sintusingha, H. Wu, W. Lin, S. S. Han, & Q. Bo, International Perspectives on the Belt and Road Initiative. A Bottom-Up Approach (pp. 52-78). London, New York: Routledge.

Ritzer, G. (2011). Globalization: the essentials. New York: Wiley-Blackwell.

Sintusingha, S., & Wu, H. (2021). Re-imagining the Silk Road for the 21st century. In S. Sintusingha, H. Wu, W. Lin, S. S. Han, & Q. Bo, International Perspectives on the Belt and Road Initiative. A Bottom-Up Approach (pp. 3-22). London, New York: Routledge.

Tagliapietra, S. (2022, August). The Global Gateway: An Overview. Retrieved April 2023, from Wilson Center:

https://www.wilsoncenter.org/sites/default/files/media/uploads/documents/Global%20Gateway%208-1-22.pdf

Teevan, C. (2023, April 03). Global Gateway as new approach, not simple funding pot. Retrieved

from Euractiv: https://www.euractiv.com/section/development-policy/opinion/global-gateway-as-new-approach-not-simple-funding-pot/

Acknowledgement

Project title: “The EU and the EEU: Between Conflict and Competition, Convergence and Cooperation” (EUCON)
Project number: 620085-EPP-1-2020-1-AT-EPPJMO-NETWORK

Disclaimer: *"The European Commission's support for the production of this publication does not constitute an endorsement of the contents, which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein."*