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Overview of EU Member States' attitude towards the Eurasian Economic Union

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The purpose of the paper is to give an overview of the European Union (EU) countries' attitude toward the Eurasian Economic Union (EAEU). The first part of the work presents the European politicians' views of the idea of Greater Europe, the official position of the EU regarding the EAEU, and expert assessments of the prospects for interaction between the EU and the EAEU. In the second part, the author analyzes the positions of the EU member states with regard to the EAEU by geographical groups. The concluding part of this paper is devoted to the evaluation of three possible scenarios for the development of EU-EAEU relations.

Overall position

The relations between the EU and the Eurasian Economic Union (EAEU) are inextricably linked with the idea of Greater Europe that implies creating a single space "from Lisbon to Vladivostok". To identify the dynamics of statements by European politicians, it makes sense to single out the period before and after 2014, a turning point in relations between Russia and the EU.

Until the aggravation of relations between Russia and the EU in 2014, a number of bilateral and multilateral negotiations on the Common European Economic Area were held, initiated by the then President of the European Commission, Romano Prodi, in 2001. In October 2010, French President Nicolas Sarkozy stated that the task for the next 10-15 years is to create a common EU-Russia economic space, to abolish visas and to introduce a common security concept. In June 2012, the next chairman of the European Commission, José Manuel Barroso, expressed

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support for the idea of creating a free trade area from Lisbon to Vladivostok and stated the common goal of forming a visa-free zone between Russia and the EU. In February 2014 (before the Crimea joined Russia), the EU High Representative for Foreign Affairs and Security Policy Catherine Ashton had announced that the common vision of the EU and Russia regarding the creation of a single economic space would strengthen the existing political and economic relationship of the parties.

From 2014 up to now, the frequency of such statements has decreased. Nevertheless, some of the European leaders continued to endorse the idea, even against the background of the changing international situation. For example, in his speech at the SZ Economic Summit in November 2014, the German Foreign Minister Frank-Walter Steinmeier said that “stable security” in Europe was unthinkable without Russia. He expressed his desire to improve relations between the EU and the EAEU representatives in the interview, published by Die Welt that month. During his visit to Kazakhstan at the end of 2014, French President Francois Hollande spoke in favor of establishing the dialogue between the EU and the EAEU countries. In February 2015, German Chancellor Angela Merkel supported the need for negotiations between the European Commission and the Eurasian Union, so that eventually a single economic zone from Lisbon to Vladivostok would appear. Later, in June 2016, she also stood for Russia's gradual rapprochement with the European economic space. Thus, before the beginning of the Ukrainian crisis, the idea of Greater Europe was repeatedly articulated by the highest level representatives of the European elite. It cannot be said that since 2014 this idea has evolved. There had been neither radically new nor more specific proposals. However, contrary to the expectations, this idea has not disappeared from the agenda but rather transformed into projects of interaction between the EU and the EAEU.

Today there is no consensus about the EAEU in the European Union. The official position of the EU was formulated in 2012 during the preparation for the next Russia-EU summit. Last time it was revised before the Russia-EU summit of 2013, after which meetings in this format were no longer held. This position was that technical contacts between the European Commission (the Directorate General for Enterprise and Industry and the Directorate General for Trade) and the EAEU are allowed when it is necessary for EU business. However, after the introduction of anti-Russian sanctions in connection with the Ukrainian crisis, the EU decided not to establish official contacts with the EAEU until Russia fulfills the conditions of the Minsk agreements. The official dialogue has not been established between the European Commission and the Eurasian Economic Commission (EEC) yet, although since 2014 the International Institute for Applied Systems Analysis (IIASA) and the Eurasian Development Bank (EDB) represented by the Center for Integration Research in collaboration with the EEC are implementing the project “Challenges and Opportunities of Economic Integration within a Wider European and Eurasian Space”. It allowed the creation of an independent platform for regular dialogue between the EC and the EEC, as well as between the expert and business communities of the EU and EAEU countries. The second phase of the project, which provides the applied research on the convergence of

the EU and the EAEU, was launched in 2017. The long-term goal of the project is to establish a dialogue between representatives of supranational bodies and experts of the two integration blocks.

Other representatives of the European expert community are also working on the issue of building relations between the EU and the EAEU. For example, the Netherlands Institute of International Relations formulated possible EU strategies toward the EAEU (Table 1). Among them, the second strategy seems to be the most advantageous for the EU, since it allows establishing closer trade and technical cooperation while maintaining the high role of the EU as a political actor.

Table 1. EU strategies toward the EAEU

	Full engagement	Tentative compatibility	Competing unions
Main Tenets	<ul style="list-style-type: none"> – Complex interdependence scenario – Russia as a primus inter pares in Eurasia 	<ul style="list-style-type: none"> – Technical cooperation – Deepening of bilateral ties with EAEU members 	<ul style="list-style-type: none"> – ‘Spheres of influence’ logic – Direct confrontation between the postmodern EU and the geopolitically ‘old’ EAEU
Main policies	Development of a comprehensive EU-EAEU strategic partnership	<ul style="list-style-type: none"> – AA-minus¹ – Enhanced PCAs – Free trade areas – Improved EU-SCO cooperation 	<ul style="list-style-type: none"> – Expansion of the CU – Association Agreements (AAs) and Deep and Comprehensive Free Trade Areas (DCFTAs)
Advantages	Makes up for EU’s lack of geopolitical clout	<ul style="list-style-type: none"> – Geopolitically viable – Best cost / benefit ratio – Improves EU’s ‘actorness’ 	Conveys a ‘strong’ image of the EU
Obstacles	<ul style="list-style-type: none"> – EAEU members are against – Damages the credibility of the EU as an actor 	Difficult to decouple the technical side from the political implications of the issues	<ul style="list-style-type: none"> – Dangerous for EAEU (and EU) members (Russian retaliation) – EU unlikely to win in a new Great Game

¹ Rating of investment category of the international rating agency Fitch Ratings. Very high credit standing. “AA” ratings denote very low credit risk expectations and a very high ability to meet financial obligations in a timely manner. This ability is negligibly exposed to the influence of predictable circumstances.

Effectiveness ratio (Achievement of EU goals / Feasibility)	Low / Low	Medium / Medium	Medium / Very low
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Source: From Competition to Compatibility. Striking a Eurasian balance in EU-Russia relations [Electronic resource] / T. van der Togt, F. S. Montesano, I. Kozak // Clingendael Report. Hague: Netherlands Institute of International Relations, 2015. P. 74. URL: http://greater-europe.org/wp-content/uploads/2017/10/Eurasian_Union_Report_FINAL.pdf

The Bertelsmann international Foundation, based in Gütersloh (Germany), summarized the results of the research, made by Gabriel Felbermayr, head of the Foreign Economic Center of the Institute for Economic Research in Germany (Institut für Wirtschaftsforschung, Ifo). Professor Felbermayr, together with two other German researchers, developed a static simulation model that describes the general equilibrium of international trade in 2014. According to this model, the EAEU project represents the greatest economic interest for EU members geographically related to Central and Eastern Europe (CEE). However, the conclusion of the free trade zone agreement would allow significantly increasing exports of Western and Northern European countries to the EAEU countries.

Table 2. Potential effects of FTA between the EU and the EAEU for EU member states

	Total exports (million EUR)	Share of ex- ports to former Soviet Union coun- tries	Potential ex- port growth in case of FTA, %
Lithuania	18 586	18%	+82%
Estonia	12 696	11%	+81%
Latvia	9 688	12%	+79%
Finland	70 053	10%	+78%
Netherlands	289 084	3%	+72%
Poland	140 875	9%	+69%
Italy	441 237	4%	+67%
Spain	297 450	2%	+65%
France	524 116	3%	+64%
Czech Republic	115 829	5%	+60%
Germany	1 120 817	5%	+59%

Great Britain	486 034	3%	+59%
Sweden	165 894	3%	+58%
Denmark	113 240	3%	+57%
Hungary	84 409	6%	+55%
Croatia	21 830	3%	+54%
Austria	149 937	3%	+49%

Source: Voices from Lisbon to Vladivostok [Electronic resource] // East Contact: The east forum Magazine. 2017. № 1. P. 14. URL: https://owc.de/wp-content/uploads/2018/01/EC2017_ePaper.pdf

The positions of EU member states

For a more structured understanding of the topic, we introduce two analytic dimensions: geographical and positional. Geographically, we consider four sub-regions of the EU: Western Europe (Austria, Belgium, Great Britain, Germany, Ireland, Luxembourg, Netherlands, France), Southern Europe (Greece, Spain, Italy, Cyprus, Malta, Portugal), Northern Europe (Denmark, Finland, Sweden), Central and Eastern Europe (Bulgaria, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Croatia, Czech Republic, Estonia). From the positional point of view, we will analyze four forms of interaction between the EU and the EAEU countries, namely with the EEC: official documents (1), official contacts (2), business contacts (3), lack of contacts or no information on contacts (4). For clarity, all positions can be represented in the following table.

Table 3. Positions of EU member states toward the EAEU

Forms of interaction	Western Europe	Southern Europe	Northern Europe	Central and Eastern Europe
Official documents (1)	-	Greece	-	Hungary
Official contacts (2)	Austria, Germany, Luxembourg, France	Greece, Spain, Italy, Portugal	Denmark, Finland	Bulgaria, Hungary, Slovakia, Czech Republic
Business contacts (3)			-	
Lack of contacts or no information on contacts (4)	Belgium, Great Britain, Ireland, Netherlands	Cyprus, Malta	Sweden	Latvia, Lithuania, Poland, Romania, Slovenia, Croatia, Estonia

Western Europe

Western European countries such as Austria, Germany, Luxembourg and France have both official (2) and business contacts (3) with the EAEU. Great Britain and Ireland have no links with the EEC (4), and the positions of Belgium and the Netherlands could not be clearly established (4) in this study.

A loyal Austria is one of the EU countries that most actively support the development of contacts within the Eurasian space. At the meeting of Austrian and EAEU representatives, held on December 4, 2017 in Vienna, Tatiana Valovaya, a member of the EEC Board in charge of Integration and Macroeconomics, and Bernadette Gerlinger, Vice Minister on Foreign Economic Policy and European Integration of the Federal Ministry of Science, Research and Economy of Austria, discussed enhancing trade and economic cooperation between the EAEU member States and Austria and promoting direct contacts between businesses. On April 23, 2018, Tatiana Valovaya held a working meeting with the Ambassador of the Republic of Austria to Russia Dr. Johannes Eigner. On December, 18 2018 in the framework of the conference "Connecting Europe and Asia" in Vienna, Tatiana Valovaya discussed the prospects of cooperation between the EU and the EAEU, in particular, she held the working meetings with OSCE representatives. Among other things, Austria is working with partners from the EAEU on implementing the Chinese "One Belt - One Road" initiative, put forward several years ago by China, as well as in the framework of the so-called Vienna process. It is an expert forum, started in 2009 and later frozen in 2014. Only at the end of 2017, it resumed its work at the initiative of the parties. The 7th meeting of the Vienna process took place from 1 to 5 December 2017 and was organized by the International Centre for Advanced Research and Comparative Analysis of the EU-Russia/CIS (ICEUR) together with the Raiffeisen Bank and the municipality of Vienna.

Along with Austria, Germany is one of the most active partners in the dialogue. The German business, closely connected with the Russian market, aims at developing contacts in the Eurasian space. Meetings between the representatives of the EEC and the German business are indicative. One of these meetings, held on October 6, 2016 in Berlin on the initiative of the German-Russian Economic Alliance, focused on the German business community and the search for answers to modern challenges connected with the EU sanctions policy and a general deterioration of the global economic situation. In 2016, during the German presidency in the OSCE, German politicians actively promoted economic cohesion on the continent as part of the OSCE's second economic "basket".

Luxembourg, despite its relatively small role against the background of other EU member states, shows economic interest in the Eurasian integration project. On April 20, 2017, Tatiana Valovaya and the Ambassador of the Grand Duchy of Luxembourg to the Russian Federation Mr. Jean-Claude Knebler discussed the functioning of the single market of the EAEU and the parallels in the development of the EU and the EAEU at their meeting in Moscow.

French officials are also in favour of dialogue with the EAEU. On April 23, 2018, during a working meeting between the assistant of the EEC Board Member in charge of Integration and Macroeconomics, Fedor Chernitsyn and the Deputy Director of the Directorate for Continental Europe of the French Foreign Affairs Ministry, Hugues Fantou the prospects of cooperation were discussed. On June 29, 2018 in Paris there was a meeting of the representatives of business community of France with Tatyana Valovaya.

Southern Europe

Mainly, the EU member states of this sub-region, like the above-mentioned Western European countries, are well-disposed to the prospects of cooperation with the EAEU and have official (2) and business contacts with it (3). Greece, Spain, Italy and Portugal are among the most loyal partners of Russia and the EAEU in the European Union. Cyprus and Malta are significantly inferior to other southern European countries both in terms of economy and political weight in the EU. They do not have a clear position on the EAEU (4) yet, but even if they voice their positions, two small countries will not be decisive at the European level.

Greece supports the development of contacts with the EAEU. Thus, the possibilities of expanding the interaction between the EAEU countries and Greece were discussed during the XIth session of the Joint Russian-Greek Commission on economic, industrial, scientific and technical cooperation in Moscow on December 6, 2018. Previously, the Commission's leadership and officials of the Hellenic Republic were in contact. Among them are the working meeting between the Chairman of the EEC Board Tigran Sargsyan and the Prime Minister of Greece Alexis Tsipras, the dialogue with the Ministry of Economic Development and Ministry of Foreign Affairs of Greece, the forum "Greece - Eurasian Economic Union" in Thessaloniki in 2017. The results of this work were reflected in the Joint Declaration on Cooperation signed between the EEC and the Government of Greece in 2017.

Spain seeks to develop economic contacts with the Eurasian Union. Basically, the EAEU and Spain are interesting to each other in the field of trade in goods and services, in the fields of IT, agriculture, energy and a number of others. In May 2018, the meeting of the working group on economic cooperation and investment of the Intergovernmental Joint Spanish-Russian Commission on Economic and Industrial Cooperation was held. The EAEU and Spain were respectively represented by the Director of the EEC Integration Development Department, Sergey Shukhno, and the Deputy Director General for Trade Policy with the Countries of Europe, Asia and Oceania of the Ministry of Economy and Competitiveness of Spain, María Aparici González. During the meeting, the parties discussed the prospects of building a dialogue on the issues of mutual interest.

Italy sees itself as a mediator between the EU and the EAEU. Proof of this is its role as a platform for events involving representatives of both sides. On July 10-11, 2016, Tatyana Valovaya

spoke at the conference " Along the Silk Roads " in Venice, where she informed the audience about the EAEU development trends. Another Italian city, Verona, was the venue of 11 Eurasian Economic Forum. Among the participants of the last forum were such prominent persons as Vice-President of the Council of Ministers of the Italian Republic, Italian Minister of the Interior, Matteo Salvini; President of the international Foundation for Cooperation, Romano Prodi; Secretary of State for Public Administration of Italy, Mattia Fantinati, etc.

Generally, Portugal is positive about the development of relations with the EAEU. On December 11, 2018, during the 7th meeting of the Joint Commission on Economic and Technical Cooperation between the Russian Federation and the Portuguese Republic in Lisbon where the EEC representatives participated, the prospects of building relations between the EAEU and the state bodies and the business community of Portugal were discussed.

Northern Europe

The countries of Northern Europe have different opinions about the EAEU. Sweden, due to its historically difficult relations with Russia, the core of the Eurasian Union, does not seek rapprochement (4). Denmark and Finland are more neutral. Even at the time of deteriorating EU-Russia relations, they periodically hold official meetings (2) with representatives of the EAEU. For example, on October 30, 2017, at the initiative of the Danish side, a working meeting between Sergei Shukhno and Counselor of the Embassy of the Kingdom of Denmark Henrik Winther took place, where the EEC representative informed his counterpart of the plans for the development of integration in the EAEU. On April 6, 2017, Tatiana Valovaya and Ambassador of the Republic of Finland to Russia Mikko Hautala discussed the current state and opportunities for the development of trade and economic relations between the EAEU and Finland. No information was found about Sweden (4).

Central and Eastern Europe (CEE)

Geographical proximity to the EAEU countries, close bilateral relations with the leading economies of the Union, as well as the intensive development of Eurasian integration require the CEE countries to formulate a position on the possibilities of cooperation. In 2017 Fabienne Bossuyt, a researcher at the University of Ghent in Belgium, published a paper on this topic (Central and Eastern European perceptions of the Eurasian Economic Union: Between economic opportunities and fear of renewed Russian hegemony. <http://uaces.org/documents/papers/1701/bossuyt.pdf>). The paper describes the position of the EU member states from Central and Eastern Europe vis-a-vis the EAEU and tries to estimate the degree of their influence at the European level on this issue. While preparing the paper, the author interviewed CEE officials to identify the positions of these countries. The analysis of

news resources for 2017-2018 confirms the author's conclusions. The positions of Slovenia and Croatia are not clear due to the lack of information (4).

Latvia, Lithuania, Poland, Romania and Estonia do not recognize the EAEU and refuse any proposals to establish formal relations with the EAEU (4), as they do not want to contribute to the "establishment of Russian domination" in the Eurasian space. For them, formal recognition depends mainly on Russia's compliance with the Minsk agreements. Even in a positive scenario, their position on the possibility of starting negotiations on a free trade zone between the EU and the EAEU will remain skeptical. However, despite this, they maintain close bilateral economic ties with the majority of the EEC members and support export-oriented measures, including the exports to Russia. They often participate in bilateral business meeting aimed at stimulating trade.

Slovakia and the Czech Republic are also skeptical about Russia's aspirations within the EAEU and have doubts about the viability of the Customs Union and the single market but are more focused on dialogue with the EAEU. Unlike the above-mentioned group of countries, Slovakia and the Czech Republic do not exclude closer cooperation with the EAEU. The official positions of the Czech and Slovak governments is to "wait and see". As long as the EU does not lift sanctions against Russia and the situation in Ukraine does not improve, they do not intend to establish official relations with the EAEU. However, in case of a favorable resolution of these factors, they could consider closer cooperation with the EAEU. Ministries of trade (2) and business communities (3) of these countries are most interested in close cooperation with the EAEU. Like the countries of the first group, Slovakia and the Czech Republic maintain strong economic relations with the majority of the EAEU member states and seek to expand trade contacts.

On June 8, 2017 in Ostrava, within the framework of the business day of the Eurasian Economic Union in the Czech Republic where representatives of the Ministries of Foreign Affairs and of industry of the Czech Republic participated, the Czech party called for raising awareness about the peculiarities of regulation in the Union and holding such meetings in the future. During other meeting, held in Prague on 16 April 2018 with the participation of the EEC representative Sergei Shukhno and Acting Deputy Minister of Industry and Trade of the Czech Republic Jiří Koliba, the advantages of the EAEU single market were presented to the Czech business community. On November, 29, 2018 the Slovak city of Kosice hosted a meeting of the EEC delegation with Slovak officials and businessmen, including the representatives of regional business associations and other structures, aimed at the development of trade and economic cooperation with the EAEU countries. The business conference in Kosice was organized with the support of the Slovak authorities and business.

Among other CEE countries, Bulgaria and Hungary are the most loyal to the EAEU project. They regularly hold technical (2) and business meetings (3) with EEC representatives. In particular, Hungary openly expressed its support for the EAEU and actively sought to establish official relations with it. In 2016, the Eurasian Economic Commission and the Hungarian Ministry of Agri-

culture even signed the Memorandum of Understanding on cooperation in the field of agriculture (1).

Bulgaria's position is more ambiguous: although the government supports the EAEU, it does not seek to build official relations. Despite bilateral contacts with the EAEU, as well as the Russian proposal for closer cooperation with the Eurasian Union, Bulgaria is not in a hurry to have closer cooperation. It believes that the EAEU is a young organization, seeks to wait and see how the organization will develop. Interestingly, the country has quite strong public opinion in support of relations with the EAEU. Thus, according to the 2014 survey, conducted by the analytical company Alpha Re-search, 22% of respondents said that they would like to see Bulgaria a member of the EAEU.

Conclusions

Summing up, it should be noted that the idea of strengthening relations between the EU and the EAEU is not new. European politicians were interested in establishing such contacts. Despite some interest in the EAEU displayed by business communities there are a number of obstacles to establishing such relations. Firstly, the EU does not have a single strategy for the EAEU countries. At the moment, both the EU and individual member states prefer to build relations with the EAEU members on a bilateral basis. Secondly, at the official level most countries are not ready to conclude full-fledged cooperation agreements with the Eurasian Union. There are two main reasons for this: the lack of information about the EAEU and the opinion that the EAEU is a very young association that might be unviable. Time is needed to form a clearer position on it that will mainly depend on the relations between Russia and the EU and the success of the EAEU. Thirdly, some EU countries are concerned about the asymmetric nature of the Eurasian Union where the first violin is played by Russia seeking to regain its influence on the EAEU members and the role of the global power lost after the collapse of the Soviet Union. Other EAEU countries, according to skeptics, occupy a secondary position having agreed to join the Eurasian integration project under the pressure of Russia.

Taking into account all the above-mentioned problems, three scenarios of development of relations between the integration blocks are possible. For the first scenario to materialize, significant progress in the settlement of the Ukrainian conflict is needed. In this case, the locomotives of the EU (Germany and France) will easily "break" the attitude of skeptics, especially after a possible British exit from the EU in March 2019. Therefore, it will be possible to sign a comprehensive agreement on free trade zone between the EU and the Eurasian Economic Union and to deepen relations in other spheres. The second scenario builds on the assumption of the maintenance of EU-Russia relations in the current condition and of their inertial development. Under this scenario the countries with a neutral or wait-and-see position will doubt the prospects of cooperation with the Eurasian Economic Union while the countries traditionally loyal

to Russia and to the EAEU are unlikely to change their position and will probably continue cooperation at the business level. The third scenario is less likely and implies the escalation of tensions in the EU-Russia relations. This may lead to most EU countries going to the camp of the opponents of the rapprochement between the two integration structures. Such a course of events is possible only as a consequence of Russia's direct participation in an armed conflict or as a result of a serious provocation on the part of Western countries.