

# THE EASTERN PARTNERSHIP AND THE PROBLEM OF THE TRANSCONTINENTAL FREE TRADE ASSOCIATION FORMATION ON THE TERRITORY OF EURASIA

**D. P. Burdyka**

*The Belarusian State University, Minsk;  
burdukodasha@yandex.by;*

*V. V. Lyakhovsky, Candidate of Historical Sciences, associate professor*

This article analyzes the background of the Eastern Partnership and the prospects of cooperation between the European Union and the Eurasian Economic Union in the form of transcontinental free trade association. The paper studies the main stages and the current situation in relations between two integration blocks.

**Key words:** the European Neighborhood Policy, the Eastern Partnership, transcontinental free trade association, Europe from Lisbon to Vladivostok, cooperation

The sustainable economic development of Belarus is inseparable from the issues of strengthening the sovereignty of the country, maintaining internal political stability and unity of the Belarusian political elites regarding the fundamental issues of nation building. The economy of Belarus should be as open, competitive and multi-vector in its foreign economic relations as possible.

Belarus is doomed to remain a kind of civilizational bridge between the West and the East of Eurasia. Taking part in regional integration associations, the Republic of Belarus must skillfully balance between the global geopolitical giants (particularly the European Union, Russia and China) and at the moment maintain a certain geopolitical equal distance from one or another competing group that dominates Belarus economically, demographically, militarily. Too strong ties with one or another «world force» may lead to the loss of political sovereignty and the further subordination to foreign interests. Free trade agreements can be considered as the best form of integration for the Republic of Belarus.

The rapprochement of Belarus with the European Union (the EU) is predetermined by historical, cultural, economic and geopolitical factors. This cooperation will contribute to the modernization and transition to the innovative development of the Belarusian economy. At the same time Belarus is a member of the Eurasian Economic Union (the EAEU). Within this regional bloc, there are still many disintegration factors, including the asymmetry of the created association, but certain small post-Soviet countries are still seeking financial and economic assistance from Russia, as well as cheap raw materials for their industry and agriculture.

Until 2004 economic relations between the EU and the CIS countries were based mainly on the development of bilateral agreements. In evaluating this period of cooperation, it can be noted that it was not fully a two-way movement. The objects of the European Neighborhood Policy (ENP) are six CIS countries: Ukraine, Moldova, Belarus,

Armenia, Georgia and Azerbaijan. The main content of the European Neighborhood Policy is the dissemination of common European values, the stimulation of political and economic reforms in these countries that meet the needs of European business. Relations were built on the priority interests of the EU.

Year 2008 should be noted in the development of cooperation between the European Union, the Russian Federation and the countries of the former Soviet Union. The result of a critical analysis of the implementation of the neighborhood policy in the period 2005-2008 was the emergence of a new cooperation program called the Eastern Partnership. It involves all countries - members of the European Union (27 countries) and six post-Soviet countries, previously already involved in the neighborhood policy.

The joint Polish-Swedish initiative Eastern Partnership was first publicized in May 2008, and in December of the same year, the European Commission presented proposals for the development of this project. On May 7–8, 2009, the first Eastern Partnership Summit was held in Prague, which concerned the establishment of long-term cooperation between the EU and non-Russian post-Soviet states within the European continent: Azerbaijan, Armenia, Belarus, Georgia, Ukraine and Moldova. The main goal of the Eastern Partnership is to form a political association between the EU and the post-Soviet countries, as well as their gradual economic integration in the form of a free trade association without the formal membership of these states in the EU.

Of the four basic institutional pillars, we should single out the first one that affects the economic and political aspects of cooperation: «creating the necessary conditions for strengthening political association and economic integration between the EU and interested partner countries». The term «economic integration» here meant the creation of a global transnational free trade association called «Greater Europe».

The idea of creating a large free trade zone from the Atlantic to the Pacific was proposed in January 2014 by Russian President V. Putin. In 2014, this proposal was supported by the President of Kazakhstan N. Nazarbayev. In September 2014, European Commissioner for Enlargement and Neighborhood Policy Stefan Füle expressed official support for this project. German Chancellor A. Merkel also spoke about the possibility of creating a free trade zone within the «Greater Europe» (From Lisbon to Vladivostok).

However, due to the deterioration of the EU's relations with Russia at the end of 2014 (due to the annexation of the Crimea and the beginning of a «hybrid war» between Russia and Ukraine), the EU took the path of sanctions in relation to Russia. All negotiations on the creation of the All-European Free Trade Association in perspective were discarded. In February 2015, German Chancellor Angela Merkel announced that she supports cooperation in creating a common European free trade zone, but in the long term, and only after the Ukrainian issue is resolved. Thus, it was the political crisis that was the main reason for the deterioration of economic cooperation between the two unions: the European and the Eurasian.

For the EAEU, economic integration with the EU is extremely important. The EU is the largest trading partner of the EAEU, which, in turn, ranks fourth in European foreign trade. The EU has traditionally been an important source of capital and investment in the Russian economy. European investors are also still interested in cooperation with the EAEU. The ongoing crisis increases the risk of losing markets in the post-Soviet countries and may lead to the replacement of the European partners of Russia and Belarus by Chinese or Japanese. There is also a serious dependence of the EU on the EAEU on the supply of oil and gas. In general, the modern period of European-Eurasian economic cooperation can be characterized as the most difficult and tense since the Cold War.

The principles developed by the EU for an expanded free trade association are in many respects unacceptable primarily for Russia and Kazakhstan, since these countries export mainly raw materials and the reduction of customs duties or their cancellation (as happens in the framework of the classic FTA) will not bring them benefits, since in the EU these fees are minimal. Also, the classic form of a free trade zone carries certain economic risks for many sectors of the economy of the post-Soviet states that are not prepared for competition with EU business entities. The most vulnerable sectors will be the automotive industry, electronic equipment, textiles, clothing and footwear. Among the winning industries in the EAEU countries, in most cases, there are industries with products of low degree of processing (minerals, mineral processing products, metallurgy).

This means that now it is necessary to prepare the future package of the agreement, to formulate the main directions of the negotiation process on cooperation between the EU and the EAEU. Many experts agree that this agreement should cover a wide range of issues and affect many areas of cooperation: from trade in goods and services to freedom of capital, labor movement, visa-free travel, development of cross-border and transit infrastructure, technical regulation, protection of intellectual property rights. The priorities of the Eastern Partnership for the coming time should be the harmonization of the legislation in the sphere of foreign trade regulation, maximum adaptation to the EU legal norms.

Until Donald Trump was elected president of the United States, the trend of further development of world integration processes in the form of so-called alternative models of global (transcontinental) foreign trade cooperation was actively promoted. Examples of such projects were the Transatlantic Trade and Investment Partnership (TTIP), which was initiated by the United States and was intended to strengthen the US leadership in the world. However, from an economic point of view, according to experts, the implementation of this project was fraught with more threats than benefits for the EU countries. In this context, for the EU countries, the restoration of cooperation with the EAEU countries can become an alternative to the American project and a kind of tool to contain US political pressure on the EU. However, to achieve this it is important to

overcome the existing political differences between the parties, which arose as a result of the Ukrainian crisis of 2014.

We see today that the geopolitical situation in Eurasia is changing dramatically. Serious contradictions arose between the Euro-Atlantic integration association and Russia, which hopes that a rapprochement with China will be able to largely compensate for the negative policy of sanctions for the Russian economy.

Here it is appropriate to mention another global project in the Eurasian economic space - the initiative «One Belt, One Road» initiated by China in September 2013. This is a mega-project, which includes various investment programs in various fields (from economic, technological, to cultural and tourist). The final result of the project should be the formation of a huge economic association «Big Eurasia»: from the shores of the Pacific Ocean to the shores of the Baltic and Mediterranean Seas. China is extremely interested in involving EU countries in this project. The official action plan noted that «One belt, one road» should unite China, Central Asia, Russia and Europe.

The initial idea of the Eastern Partnership is the creation of a free trade zone between the EAEU and the EU as a «united Greater Europe from Lisbon to Vladivostok». With all the relevance of this project today it is clear that after the Ukrainian crisis and subsequent European sanctions against Russia, which led the Russian-European dialogue to a deep crisis, cooperation on the same basis will be difficult for a long time. Nevertheless, in the long term, relations between the EU and the EAEU will most likely be normalized, but this will happen in completely different conditions – as a part of a more global geo-economic project aimed at creating not the «Greater Europe from Lisbon to Vladivostok», but most likely «Greater Eurasia from Lisbon to Shanghai».

#### References

1. Bayldinov, E. T. Problems of the Eurasian integration law and order // *Modern Law*. - 2014. - № 5. - p. 119-129.
2. Boykov, P. History and features of the development of Western European economic integration / P. Boykov // *Problems of management*. - 2009. - №1 (30). - pp. 127–132.
3. Vinokurov, E. A quantitative analysis of the economic integration of the European Union and the Eurasian Economic Union: methodological approaches. / E. Vinokurov // *Report of the EDI Center*. 2014 - .№ 23 (27). - p. 21-25.
4. Golovnin, V. APEC: integration processes in the region are really being implemented so far only on a bilateral basis / VasilyGolovnin // *Compass*. - 2010. - №50. - p. 24 - 29.
5. Lezgintsev, Yu.M. Free Trade Agreements in the Context of Globalization / Yu.M. Lezghintsev // *Latin America*. - 2009. - №2. - p. 25–38.