



E-ISSN: 3108-4176

APSSHS

Academic Publications of Social Sciences and Humanities Studies

2024, Volume 5, Issue 1, Page No: 39-43

Available online at: <https://apsshs.com/>

## Annals of Organizational Culture, Leadership and External Engagement Journal

# The EAEU Potential and the Interests of Member-States in Cooperation to Ensure Sustainable Foreign Economic Strategies

Mikhail Komov<sup>1\*</sup>, Julia Panko<sup>1</sup>, Asia Spector<sup>1</sup>, Tamara Stepanyan<sup>1</sup>, Eldar Tumanov<sup>1</sup>

1. Department of Economic Theory and Management, Russian University of Transport, Moscow, Russian Federation.

### Abstract

The Eurasian Economic Union represents a rapid and ongoing transition to a new stage of integration in the post-Soviet region. Its formation reflects the ambition to harness the diverse regional economies by aligning regulatory frameworks, eliminating internal business barriers, and promoting broader supranational cooperation. The main goal is to create synergy—balancing the varying developmental speeds of member states, stimulating national economic growth, and enhancing overall competitiveness. This model emphasizes regional cooperation while diverging from traditional global standards and long-standing agreements that many major economies are moving away from. This article focuses on key areas such as transport, logistics, and project-based collaboration, assessing the potential of the Eurasian Economic Union and the interests of its members in fostering a stable foreign economic strategy. A particular emphasis is placed on the need for increased involvement of government bodies, the private sector, and Eurasian development institutions in these initiatives.

**Keywords:** Eurasian economic integration, EAEU, Organizational behavior, Supranational collaboration

**How to cite this article:** Komov M, Panko J, Spector A, Stepanyan T, Tumanov E. The EAEU Potential and the Interests of Member-States in Cooperation to Ensure Sustainable Foreign Economic Strategies. Ann Organ Cult Leadersh Extern Engagem J. 2024;5(1):39-43. <https://doi.org/10.51847/9yM4CBPS32>

**Received:** 04 December 2023; **Revised:** 25 February 2024; **Accepted:** 28 February 2024

**Corresponding author:** Mikhail Komov

**E-mail** ✉ [komovms@mail.ru](mailto:komovms@mail.ru)

### Introduction

This article aims to explore the potential of the Eurasian Economic Union (EAEU) and examine the interests of member countries in working together to develop sustainable foreign economic strategies. The study is focused on the following objectives: identifying organizational challenges within the framework of EAEU cooperation; and analyzing the prospects for collaboration in key areas such as transportation, project development, and regulatory coordination.

### Materials and Methods

The research was conducted using statistical data from EAEU member countries spanning the years 2015 to 2020. Publicly available sources, including published cooperation statistics from EAEU nations, were examined. Additionally, data from forums and conferences were reviewed, along with insights from the author's observations.

Various methodologies were employed in the study, such as the comparative-historical approach, visual data analysis, and regression, statistical evaluation of empirical data, expert-analytical techniques, and other relevant methods.

### Results and Discussion



© 2024 The Author(s).

Copyright CC BY-NC-SA 4.0

International trade has long been recognized as a key factor for the member countries of the Eurasian Economic Union (EAEU) [1]. The region continues to serve as a significant transit point for transportation routes and product flows, benefiting from its strategic geographic location, which provides a competitive edge to its member states. However, in recent years, ongoing geopolitical conflicts, common in today's global political landscape, have contributed to disunity within the Union. The continuous shift of influence zones has led to fragmentation in the region. This situation has resulted in a short-term focus on immediate benefits, hindering the development of long-term strategies for consolidation and growth.

Nevertheless, the EAEU has evolved into a platform for fostering economic cooperation among its members, particularly in the areas of economic initiatives and trade across the Union. Recognizing the necessity of adapting to new socio-economic realities, the leaders of the participating countries have outlined new guidelines for deeper integration. Notably, at the close of 2018, the heads of state signed the Declaration on further advancing integration processes within the Union. This Declaration laid the foundation for collaboration in diverse sectors, including renewable energy, nuclear energy, healthcare, environmental protection, sports, interregional and border cooperation, tourism, and industry.

These efforts have already yielded positive results. According to the Eurasian Economic Commission (EEC), industrial output across the EAEU grew by 12.2% from 2015 to 2020, with the production sector expanding by 13.8%. Notably, the pharmaceutical industry saw a 20.1% increase, while the manufacturing of electronic and optical goods grew by 12.7%. Of particular importance is the growth in knowledge-intensive sectors and emerging markets, such as container rail transportation within the Eurasian region in 2020 [2].

In May 2020, the leaders of the EAEU member states approved a strategy for expanding Eurasian Economic Integration through 2025. This strategy, formalized in the Supreme Eurasian Economic Council's Decision No. 12 in December 2020, outlines 330 measures grouped into 11 core areas. The strategy represents a continuation of the integration initiatives laid out in the Declaration, specifying actions across several domains. It focuses on completing the creation of common markets, removing barriers and restrictions, developing new areas for joint investments and innovation, and promoting the creation of highly competitive joint production. These initiatives aim to increase the EAEU's share in global trade. In light of the ongoing pandemic, the global economic slowdown, and emerging challenges, it has become increasingly crucial to act collectively and leverage all available opportunities for deeper integration.

The EAEU's experience thus far, especially in the context of an almost unparalleled crisis, highlights the critical importance of adopting relevant measures and deepening integration. The strategy encompasses all the economic domains outlined in the EAEU Treaty, each of which will be progressively developed, accounting for established law enforcement practices and evolving global trends. One notable objective is the creation of a unified exchange commodity market within the Union. Despite the Customs Union's active operations, a considerable number of exceptions still exist within the single customs tariff, an issue that the strategy addresses with significant attention. Furthermore, the implementation of the strategy is expected to stimulate the development of a unified system for goods transit across the EAEU, which would enhance the speed and transparency of customs operations.

To date, the EAEU has successfully established a robust single market for services. However, one of the Union's key goals is to extend its reach across additional sectors. By 2025, the intention is for the single services market to encompass at least 63 sectors. The strategy plans to further broaden the scope of sectors integrated into the single market following liberalization efforts and also to assess the feasibility of harmonizing the regulation of major service sectors among EAEU states. The smooth functioning of this single services market is poised to stimulate business activity, marking it as a central priority for the sustainable development of Union member countries.

The implementation of the strategy is also expected to significantly contribute to the creation of a unified financial market, the enhancement of the investment climate, and an increase in industrial sector financing. The most pressing issue in EAEU development—reflected in the strategy—is the establishment of common energy markets. This remains a complex challenge for the Union. The issue is especially pertinent given the reduced economic activity caused by the COVID-19 pandemic [3], further emphasizing the need for economic development within the EAEU countries. The strategy presents flexible development mechanisms and aims to foster industrial production. A dedicated chapter within the strategy emphasizes this aspect, focusing on the development of the scientific and technical foundation and the reduction of barriers to export growth. Another critical aspect of the strategy is institutional transformation. This block of the strategy prioritizes improving the effectiveness of the Eurasian Economic Commission, and the judicial system, and encouraging active involvement from citizens and public organizations. This focus is vital, as the success of the integration strategy heavily depends on citizens' trust and their understanding of the Union's functions and its impact on their lives. Citizens need to be aware of how the EAEU operates and how it influences ongoing processes.

This approach suggests that the strategy not only addresses economic and political priorities but also emphasizes social objectives. A significant portion of the strategy is dedicated to fostering the unity of citizens across EAEU member states and enhancing their quality of life. In light of current global challenges, the provisions aimed at ensuring EAEU citizens' access to modern advancements in healthcare, education, and sports have become even more crucial. Of particular significance is the

provision of free medical care for migrant workers, as well as joint research, innovative initiatives, and collaborative projects focused on treating, diagnosing, and preventing infectious diseases.

The achievement of the EAEU's key objectives and the sustained development of its member states depend on the comprehensive execution of strategic directions. This includes aligning with global trends, embracing innovative collaborative approaches, and advancing digitalization. Moreover, collaboration with the national governments, Eurasian Economic Commission, and financial regulators is crucial for the success of these efforts. The ultimate goal of the EAEU is to leverage its existing potential to achieve significant progress and elevate current metrics, with the ambitious aim of becoming one of the world's top five economies.

The process of improving integration mechanisms within the EAEU is complex and systemic, with foreign policy also playing a pivotal role. Coordinated efforts are being made to align Eurasian integration with initiatives such as the Great Eurasian Partnership (GEP) and the China Initiative (BRI). These partnerships present significant opportunities for mutual development, enhancing the position of EAEU member states both within Eurasia and globally. The Eurasian Economic Commission has addressed the need to engage as many participants as possible, utilizing all available centers of excellence and effective coordination tools [4, 5].

Given the vast distances and specific market conditions under which modern China, APEC countries, the European Union, and the EAEU are operating, it is essential to establish a strategic and well-planned transport and logistics policy. This is particularly relevant for cargo transportation via land routes, as China and other countries in Asia establish trade routes to Europe and the EAEU [6]. At present, nearly 50% of containers from Europe return to China empty. These factors are crucial for the development and expansion of transit capacities. The EAEU is well-positioned to achieve this goal, and the Union's member countries have significant opportunities to ensure stable profitability for domestic transport companies while utilizing the necessary infrastructure.

Direct transportation between Europe and China holds substantial potential, offering significant benefits for each country, as evidenced by data from 2020. It is important to note that the global crisis linked to the pandemic has accelerated the development of this sector. As the world economy recovers from restrictions and enters a period of recession, actions must be taken to preserve and enhance these developments. However, Europe has yet to establish a strategic plan for developing transport and logistics corridors. Despite considerable efforts to create a vision for Europe-Asia interaction in response to the China Initiative, European plans remain fragmented, with no coherent action plan in place. This lack of coordination is reflected in the inefficiency of transport links along the Europe-China route. For instance, proposed efforts by China to integrate Eurasian economic hubs into a unified transport chain, especially utilizing the railway network, have not been realized. Barriers, such as slow border crossings for freight trains in Europe due to rigid control mechanisms, continue to impede progress [7, 8]. At the same time, China is focusing on enhancing investment in related projects to improve conditions for national producers.

Given the current conditions, the Eurasian Economic Union must adopt a constructive and active stance on advancing infrastructure development and the related processes. Notably, Belarusian Railway and the Russian Railways have already taken steps in this direction. In recent years, Belarusian Railways has been focused on upgrading its station and track facilities, alongside improving unloading and loading operations, particularly at the Belarusian-Polish border where both broad-gauge and European standard-gauge railways intersect. The European Railway Alliance UTLC ERA, which acts as a unified Eurasian railway operator, is owned equally by the railways of Belarus, Kazakhstan, and Russia.

UTLC ERA facilitates container rail transportation across Europe and China and vice versa, covering the territories of three countries. To enhance customer service and provide detailed shipment information, the alliance has developed a transit rail transportation index. Furthermore, it has been suggested that the pace of operations could be expedited through more efficient collaboration between government and business leaders [9].

Special focus should be given to the mechanisms outlined in the Strategic Directions for the Development of Eurasian Economic Integration until 2025. Prioritizing infrastructure projects will highlight the transport and transit capabilities of the EAEU. The development of world-class transport hubs will reduce integrated international freight standards, and logistics costs, and foster the growth of smart transport systems. Equally important is ensuring the coordinated efforts of all EAEU member countries, working in partnership with key foreign stakeholders, particularly China. Additionally, diversifying financial flows will enable a balanced integration approach that combines national priorities with the development advantages of the EAEU.

However, the success of integrated transport and logistics collaboration throughout the Eurasian region should not solely be linked to administrative and infrastructure processes. It must also align with a broader strategic objective: the creation of interregional and trans-regional value chains that are interconnected through innovative technological frameworks. Over recent decades, key economic centers have become geographically closer, effectively reducing the distance between Europe and Asia for suppliers, consumers, and production hubs. This has been driven by intentional strategic actions, which, despite their geopolitical nature, have not yet led to the full integration of regional manufacturing chains and transit routes into trans-

regional supply networks. Due to the lack of substantial progress and limited support from Western nations, the positive outcomes have remained minimal [10].

It is essential to recognize that, to date, there are no long-term trade and economic agreements within the Eurasian region that are comprehensive and coordinated. Existing agreements are fragmented and non-universal, exacerbated by the crisis in the multilateral business system. If the EAEU aims to expand economic cooperation and stimulate growth, a more effective approach must be taken to eliminate all types of barriers. However, addressing these issues within a single state is akin to attempting to eliminate traffic jams at only one intersection in a large city, a limited approach to a larger systemic challenge [11].

In May 2018, China and the EAEU signed a pivotal convention aimed at establishing a legal and institutional framework for enhancing cooperation. The goal of this agreement is to improve market access and support the execution of joint projects. It also outlines a vision of aligning Eurasian integration with the BRIC initiative. A key aspect of the agreement is fostering dialogue between China and the EAEU, which will be facilitated through the Joint Commission platform defined by the convention. The initial meeting took place in late October 2020, where coordination points were established in areas such as sanitary and phytosanitary measures, government procurement, antitrust regulation, customs cooperation, and trade facilitation. Moving forward, the next step is to expand this cooperation into a shared pool of integration projects, transitioning towards collaborative investment efforts [12].

China has placed significant emphasis on investments and project development within the framework of the Belt and Road Initiative (BRI). To fund these endeavors, entities like the Silk Road Fund and the Asian Infrastructure Investment Bank have been created, with sub-funds supporting regional projects involving both local stakeholders and private sector participation. However, the EAEU must rely on its strengths, particularly in strengthening its investment capabilities, which remains a primary focus.

For the Union to realize its goals, it is critical to fortify its development institutions. These institutions must serve as a driving force for integration and a mechanism to propel Union-led initiatives across the region. Additionally, attracting prominent public and private enterprises, alongside investment funds, will be vital. Collaborative funding of projects by BRIC and EAEU financial institutions is expected to positively contribute to the realization of this integration strategy.

## Conclusion

To conclude, the findings of the study suggest that while the Eurasian Economic Union (EAEU) has managed to identify promising avenues for future collaboration in the East, the partnership within Europe remains uncertain. From its inception, the EAEU has underscored the importance of dialogue, which is expected to fortify various agreements in the form of a framework document. This is anticipated to address the legal and organizational gaps on the Western front and complement the agreements already in place with Asian counterparts. However, most of the Union's activities are heavily influenced by political circumstances and tend to be limited to generalized consultations on specific regulatory matters, which may not align with the interests of economic stakeholders. The European Union remains a key trading partner for the EAEU and leads investment cooperation, accounting for approximately 70% of foreign direct investment. Both unions share several similarities, with the Eurasian Economic Commission serving a role akin to that of the European Commission. Additionally, the EAEU draws inspiration not only from European experience but also from other regional organizations like ASEAN and MERCOSUR. In 2020, the Union's experts conducted a study to assess the level of integration within leading global associations, aiming to shape the future development of the EAEU by leveraging the best practices. The primary takeaway is that Eurasian integration has made significant progress, which paves the way for focused and effective collaboration.

For example, the alignment of EAEU integration with the Shanghai Cooperation Organization (SCO) and China's initiatives in transportation infrastructure development should proceed with a sense of intergovernmental responsibility, especially considering Russia's strategic interests. For Russia, maximizing its transit capabilities and enhancing land transport routes is of paramount importance.

The formation of the Great Eurasian Partnership will necessitate a reorganization and development of its institutional framework. Furthermore, some aspects of cooperation within this partnership can be advanced through trade agreement negotiations between the EAEU and individual countries.

**Acknowledgments:** None

**Conflict of interest:** None

**Financial support:** None

**Ethics statement:** None

## References

1. Zakharchukina ER, Garankina RY, Bekhorashvili NU, Lisovskaya SB, Lavrenteva LI, Chukreeva NV. The common pharmaceutical market of the Eurasian economic union: regulatory analysis. *J Adv Pharm Educ Res.* 2020;10(2):188-94.
2. Information and analytical review. Container rail transportation in the Eurasian space in 2020; January 2021. Eurasian Rail Alliance Index.
3. Al Badaly NI, El Mekebbaty MM, Saleh M. The relationship between brand experience and brand trust: the moderating role of brand awareness in Saudi mobile banking services. *J Adv Pharm Educ Res.* 2020;10(3):173-81.
4. Dadar S, Alamatian E. Investigating the Impact of reservoir volume change on reduction of electricity consumption cost in gonabad pumping stations. *World J Environ Bio.* 2020;9(1-2020):21-32.
5. Pepe JM. Value chains transformation and transport reconnection in Eurasia: geo-economic and geopolitical implications. 15.01.2020 Retrieved April 30, from <https://doc-research.org>
6. Vartanova ML. Key trends in economic development and prospects for economic integration of the EAEU member states. *EconRelations.* 2018;8(3):315-22. doi:10.18334/eo.8.3.39234
7. Nikraves I, Boroomandnasab S, Naseri AA, Mohammadi AS. Wheat straw biochar application to loam-sand soil: impact on yield components of summer maize and some soil properties. *World J Environ Bio.* 2019;8(1-2019):54-60.
8. Hilmola OP, Li W, Panova Y. Development status and future trends for eurasian container land bridge transport. *Logistics.* 2021;5:18. doi:10.3390/logistics5010018
9. Speech by President of the Republic of Belarus F.G. Lukashenko at the II Forum of International Cooperation «Belt and Road». 29.04. 2019. Retrieved April 30, from <http://www.president.gov> (30.04.2021)
10. Roldán A, Pérez C. The importance of intra-industry trade between ASEAN-7 and the pacific alliance: a mechanism to strengthen economic integration and expanding trade across the Pacific. Asia Pacific Studies Centre – Universidad EAFIT; 2011.
11. Drobot EV, Ivko ES. Specific functioning of the Eurasian Economic Union member states in the context of sanctions. *Econ Relations.* 2018;8(4):605-16. doi:10.18334/eo.8.4.39170
12. Migranyan AA, Maimina EV. Eurasian integration economic impact. *Labor Soc Relations.* 2017;3:3-18.