

# Current Issues of Trade Cooperation Between the EAEU and China<sup>1</sup>

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**Abstract.** The EAEU, as a subject of international law, is engaged in a process of integration cooperation with states. Its interaction with countries is characterized by a variety of forms and, despite drawing on the legal experience of most international organizations, the EAEU chooses its own way. One example of a fruitful partnership, although not unambiguous on some issues, is the cooperation between the EAEU and China. The purpose of this article is to trace the realization of the economic potential of the EAEU and China to create the Silk Road Economic Belt as part of China's global Belt and Road Initiative. In addition, the article seeks to analyse the interplay of expectations and economic motivations of each of the EAEU member states.

The research uses various documents of an international legal nature, including international treaties, doctrinal sources and the national legislation of foreign countries. The research is carried out with the use of general and special scientific methods. Legal analysis and forecasting are performed using legal modelling methods.

The article provides a comprehensive analysis of the international legal framework of economic cooperation between the EAEU and China and formulates recommendations for improving this mechanism. The overland economic corridors and their correlation with the opportunities of EAEU member states within the framework of the Belt and Road initiative are analysed in detail, as are the results of the participation of each EAEU country in this project. Chinese initiatives, such as the so-called "Digital Silk Road," and the interests of EAEU member states in this area are also considered. In addition, the author conducts a legal examination of the basic agreements signed between the EAEU and China.

The study of the problems and prospects of cooperation between the EAEU and its member countries allows us to note the systematic nature of the EAEU's activities in the field of integration interaction with third countries. At the same time, the variety of forms of cooperation allows the EAEU to respond flexibly to the varying degrees to which the countries are ready to simplify trade procedures. The author concludes that, structurally, the process of coupling the EAEU and the Silk Road Economic Belt (SREB) is manifested both in the linkage between the development agendas of the integration initiatives and in cooperation with individual EAEU countries.

The article emphasizes the inefficiency of a bilateral format for the EAEU member states' accession to the SREB initiative. Considering the legal basis of cooperation between the EAEU and China, the author notes a consistent algorithm of joint actions at the current stage of integration. Nevertheless, for the future it is necessary to develop other

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<sup>1</sup> English translation from the Russian text: Vorontsova N. A. 2023. Sovremennyye pravovyye voprosy torgovo-ekonomicheskogo sotrudnichestva EAES. *Moskovskiy Zhurnal Mezhdunarodnogo Prava* [Moscow Journal of International Law]. No. 1. P. 6–28. DOI: <https://doi.org/10.24833/0869-0049-2023-1-6-28>

formats of international cooperation, which would not be geographically contingent and would ensure effective coordination between different economic blocs of states, including those at different stages (forms) of integration. We should note that the digital agenda of mutually beneficial cooperation is highly relevant for both China and the EAEU countries in the long term.

**Keywords:** Eurasian Economic Union; international economic cooperation; China; Silk Road Economic Belt; Belt and Road; Digital Silk Road; integration development; economic corridors

## Introduction

Especially in recent decades, international practice has shown that one of the most effective ways for states to achieve their goals is through regional economic integration.<sup>2</sup> The successful implementation of the Eurasian project serves Russia's strategic and geo-economic interests and improves its progress along national priorities. Eurasian integration is aimed not only at ensuring the efficient economic development and competitiveness of EAEU member states, but also at making the Eurasian part of the global trade and economic architecture as a competitive "centre of power" of the world economy (Meshkova 2019: 8–9).

The development of the EAEU's integration potential is closely scrutinized not only by the business communities of its member states, but also by international organizations and potential participants in various projects, such as network alliances (Vorontsova 2017: 136–143). Scholars have also given some consideration to this issue, including Sergey Glotov (Glotov 2017: 12–19), Evgeny Grachikov and Haiyan Xu (Grachikov, Xu 2022: 7–24), Dmitry Ivanov and Maria Levina (Ivanov, Levina 2020: 22–39), Anna Kashirkina (Kashirkina 2016: 160–171), Tatiana Neshataeva (Neshataeva 2017: 64–79), and others.

However, current cooperation between the EAEU and China has not been studied in terms of economic engagement and the utilization of the integration potential within the Belt and Road Initiative. Moreover, despite the relevance of the Digital Silk Road and its importance for China, this area has not been sufficiently studied either.

The relevance of this topic stems from the need to realize the foreign economic potential of the EAEU and shape its international image within the current system of international relations through the available mechanisms for cooperation with third countries and international organizations. Liberalization of regional trade clearly implies the creation of new rules for international trade. Such rules are often shaped by developed countries and reflect their interests and requirements. If such requirements eventually dominate the new order, then it "could lead to the emergence of new global political and economic development imbalances" (Cheng Guo et al. 2018: 81).

<sup>2</sup> Labin D. K. 2012. Regions of Economic Integration: International Legal Matters. In: A. Vylegzhanin, ed. *International Economic Law: A Study Guide*. Moscow: Knorus. P. 145–148.

The EAEU actively cooperates with third countries, international organizations and other regional integration entities. According to the Decision “On Strategic Directions for Developing the Eurasian Economic Integration until 2025” adopted by the Supreme Eurasian Economic Council in December 2020, strengthening the international legal personality of the EAEU and its authority in the world is one of the key goals of the Union.<sup>3</sup> It should be noted that the EAEU’s legal personality is expressly stipulated in its founding treaty, which, as noted by Prof. Evans (Evans 2006: 272) and Prof. Shaw (Shaw 2017: 991), only happens in a minority of cases.

### **Legal Aspects of the EAEU’s International Cooperation**

The procedure for the EAEU’s engagement in international cooperation is enshrined in the decision of the Supreme Eurasian Economic Council dated December 23, 2014.<sup>4</sup> International cooperation includes contacts between the Union’s officials with official representatives of third states, international organizations and associations, as well as their participation in international events (presentations, workshops, conferences). The powers of EAEU officials can be seen as limited. First, such powers are only executed in coordination with EAEU countries and require informing them of the results of such cooperation. Second, negotiating and signing draft international treaties with third parties is only possible based on a decision of the Supreme Eurasian Economic Council and after the participating countries complete the relevant procedures on the national level (Turlanov, Turlanova 2021: 72).

Expansion of the EAEU’s potential certainly relies on its international legal personality as enshrined in the EAEU Treaty. Not only did the EAEU Treaty legally establish the Union as a fully-fledged subject of international law, but it also laid the legal foundation for the EAEU’s relations with other subjects of international law (Ivanov, Levina 2020 :27).

The adoption of the Agreement on International Treaties of the Eurasian Economic Union played a major role in exercising this legal personality, as “contractual capacity is one of the main indicators of an international organization’s international legal personality and a direct characteristic of its power and potential on the international stage” (Kashirkina 2016: 170).

According to Article 6 of the EAEU Treaty, international treaties of the Union with third parties, as well as the Treaty itself, international agreements within the Union, and decisions and dispositions of the Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council and the Eurasian Economic Commission, constitute

<sup>3</sup> Eurasian Economic Union: Decision of the Supreme Economic Council No. 12 dated December 11, 2020. “On Strategic Directions for Developing the Eurasian Economic Integration until 2025.” URL: <https://docs.cntd.ru/document/573325884> (accessed: 01.03.2024).

<sup>4</sup> Eurasian Economic Union: Decision of the Supreme Economic Council No. 99 dated December 23, 2014. “On the Procedure for International Cooperation of the Eurasian Economic Union.” URL: <https://docs.cntd.ru/document/420242714/titles/13041B8> (accessed: 01.03.2024).

the law of the EAEU.<sup>5</sup> Without delving into details (as this article examines a different aspect of the EAEU's functioning), the author cannot but express support for certain opinions voiced in scholarly articles. Specifically, the author agrees with the statements that it is a "special legal system" regulating the relationships of the EAEU member states arising from the formation and functioning of the EAEU (Shulyatyev, Shkurchenko 2017: 4) and that there are perfectly rational reasons to justify the supremacy of Union law as an autonomous legal system (Savenkov et al. 2021: 74). Undoubtedly, it is worth supporting the position of Tatiana Neshataeva, who argues that "an oversimplified view of international law as a system consisting solely of statutory norms often leads to the denial of both the court's ability to create legal positions (rules), and the power of the court to influence the development of law. Replacing the concept of 'law' with 'norm' ultimately leads to the negation of the court's authoritative powers. In reality, the Court does not create a norm, but formulates a rule (position) which, through precedent practice, becomes a customary norm or, through regulatory practice, progressively evolves into a statutory norm" (Neshataeva 2017: 76).

It should be noted that the EAEU's activities in the field of international cooperation are systematic. This includes negotiating and signing various acts and agreements on trade and economic cooperation. Priority areas for developing international cooperation are set forth every year. This is reflected in regulatory and legal documents that define the forms of international cooperation practiced by the EAEU, each representing different levels of mutual obligations. Such forms include observer state status; memorandums of understanding or cooperation; and trade agreements (preferential or non-preferential) (Mozolev 2021: 229).

A very important aspect is the development of the EAEU's integration potential, seen as "the set of opportunities that arise as a result of integration processes and that can be used by the member states for additional economic effects."<sup>6</sup>

It should be noted that international activities are a key element of the strategic development planning system of the EAEU. In terms of the geography of this cooperation, it encompasses the CIS, Europe, the SCO, ASEAN, China, India, Africa, and Latin America. The tools and mechanisms of multilateral international cooperation include: the implementation of memorandums of cooperation, including intensification of dialogue with the business communities of third countries; coordinated work on linkages between different Eurasian integration processes; ensuring the representation of the EAEU in regional economic commissions and United Nations organizations and their working bodies; the development of cooperation with key international organizations in the relevant fields; the acquisition of observer status at the United Nations General

<sup>5</sup> Treaty on the Eurasian Economic Union dated May 29, 2014. ConsultantPlus Legal Reference System. URL: [http://www.consultant.ru/document/cons\\_doc\\_LAW\\_163855/](http://www.consultant.ru/document/cons_doc_LAW_163855/) (accessed: 01.03.2024).

<sup>6</sup> Eurasian Economic Union: Main Directions of Economic Development of the EAEU. Approved by Decision of the Supreme Eurasian Economic Council No. 28 dated October 16, 2015. Available at: [https://eec.eaeunion.org/comission/departments/dep\\_makroec\\_pol/oner2030.php](https://eec.eaeunion.org/comission/departments/dep_makroec_pol/oner2030.php) (accessed March 1, 2024) (in Russian).

Assembly; membership at the World Trade Organization, etc. Access to external markets may be improved by implementing existing trade agreements with third countries (Vietnam, China, Singapore, Serbia, Iran); concluding new trade agreements with third countries and regional associations (Egypt, Israel, India, etc.); harmonizing trade regimes with third countries; and creating tools for joint export support. All of these activities will lay the foundation for the “Greater Eurasian Partnership.”

The Eurasian Economic Commission (EEC), the executive body of the EAEU, has signed many memorandums of cooperation with international organizations: CIS, UNECE, UNCTAD, etc. Despite the lack of standardization in the scope and content of such memorandums, it is worth noting the similarity of their structure. A memorandum usually specifies the goal, forms and areas of cooperation between the EEC and the international organization; defines implementation mechanisms; outlines information exchange procedures, financial arrangements and modes of coordination; and features concluding clauses on the applicability, termination, extension, amendment and legal status of the memorandum, as well as on dispute resolution.

Another apparent similarity concerns the legal status of the memorandums. A memorandum is not an international treaty, it does not create rights or obligations regulated by international law, and it does not impose financial obligations on its signatories.

This article examines one of the areas of strategic development of international economic cooperation, namely the linkage between EAEU and Chinese interests.

### **EAEU–Silk Road Economic Belt**

The concept of integrating the EAEU with China’s initiative to create a Silk Road Economic Belt (as part of the broader Belt and Road project) and the idea of a “Greater Eurasian Partnership” proposed by Russian President Vladimir Putin during the 2016 St. Petersburg International Economic Forum undoubtedly arouse special interest. As part of the Belt and Road programme, Beijing intends to create connections between the infrastructure of participating countries and encourages them to open their markets to China, facilitate trade, link their financial markets to China’s, and strengthen people-to-people ties.<sup>7</sup> According to Evgeny Grachikov and Xiu Haiyan, such initiatives fall under “innovative international institutions,” which include the SCO, the BRICS Bank, the China – Central and Eastern European Countries (CEEC) (16+1) Summit, the Asian Infrastructure Investment Bank (AIIB), the strategic Belt and Road Initiative, and others. They fundamentally differ from institutions of the old world order, as they are created by leading developing countries to protect their own interests in addressing global issues of peace and development. Based on principles of

<sup>7</sup> Mapping the Belt and Road Initiative: This Is Where We Stand. Mercator Institute for China Studies (MERICS). June 7, 2018. Available at: <https://merics.org/en/tracker/mapping-belt-and-road-initiative-where-we-stand> (accessed March 1, 2024).

equality and mutual benefit for all members, these institutions operate in areas that have been outside the scope of traditional international institutions. Essentially, “innovative” means that they are alternative or parallel structures within the international system (Grachikov, Xiu 2022: 16–17). According to another scholar, recent developments in international relations prove that the changes in the world order are not yet complete and that current processes are leading to the formation of new relationships in the world (Tsyk 2018: 262).

The Belt and Road Initiative, and some aspects of its integration with the EAEU, have been studied by Evgeny Avdokushin and Lyu Yi (Lyu, Avdokushin 2019: 62–71), Wu Bo (Wu Bo 2018: 134–142), and Daniil Turlanov and Irina Turlanova (Turlanov, Turlanova 2021: 63–77). The issue has also been taken up by a group of researchers: Chenxing Wang, Yuri Kulintsev, Alevtina Larionova, Vladimir Petrovsky, Chai Yu and Jiang Jing (Petrovsky et al. 2020), and also Darya Peratinskaya, Alexei Kharlanov and Andrei Boboshko (Peratinskaya, Kharlanov, Boboshko 2021: 34–37).

Some scholars have analyzed trade and economic cooperation agreements between the EAEU and China. These include Timur Aliev and Tatiana Flegontova (Aliev, Flegontova 2018: 16–19), Alexander Makarov and Elena Makarova (Makarov, Makarova 2021: 84–94), Ekaterina Mikhalevich (Mikhalevich 2022: 254–264), Oleg Renzin (Renzin 2019: 8–13), Natalya Yurova and Yao Jiahui (Yurova, Yao 2019: 5–16), and others. However, little attention has been accorded to the legal foundations for the envisaged cooperation mechanisms (Svetlicinii 2018: 9).

As of today, 146 countries have signed agreements with China to join the Belt and Road Initiative (Nedopil 2022: 29). EAEU member states have also responded positively to the idea of developing the Silk Road Economic Belt (SREB) on the Union's territory. Among the positive effects expected from the participation of the EAEU countries in the initiative are the strengthening of connectivity among landlocked states and regions (Central Asia, Siberia, the Urals, the Caucasus countries); the potential for the accelerated development of the logistics and transport infrastructure; and the transfer of part of cargo transit from sea to land routes, taking advantage of the transit potential of Union countries.<sup>8</sup> The main trans-Eurasian transport corridors pass through Russia, Kazakhstan, and Belarus, and these countries are the main beneficiaries of SREB membership.

The sectoral structure of projects with Chinese involvement within the Belt and Road Initiative is as follows: transportation (43%); electricity and water supply (22%); commercial real estate (21%); manufacturing (8%); oil and gas (4%); communications development (1%); and mining (1%) (Panteleev et al. 2020).

<sup>8</sup> Barriers to Eurasian Integration into the Silk Road Economic Belt. RZD-Partner.ru Information Agency. February 15, 2018. URL: <https://www.rzd-partner.ru/logistics/interview/barery-na-puti-evraziyskoy-integratsii-ekonomicheskii-poyas-shyielkovogo-puti/> (accessed: 01.03.2024).



In October 2015, the Supreme Eurasian Economic Council issued Disposition No. 3 “On the Cooperation of the Eurasian Economic Union Member States Regarding the Convergence of the EAEU and the Silk Road Economic Belt,” which set out goals including: facilitating cooperation by signing bilateral memorandums with China and negotiating a trade and economic cooperation agreement between the EAEU and China (signed in 2018); organizing work to identify priority projects and areas for interaction as part of the EAEU–SREB linkage; preparing a roadmap for the convergence of the EAEU and SREB; and launching the corresponding dialogue mechanism.

Structurally, the joining of the EAEU and SREB is both an alignment of agendas for the development of integration initiatives and a collaboration with individual Union countries. Coordinated work is carried out at the level of the EEC. The Commission has formulated a list of priority projects to be implemented by the EAEU countries to support the SREB. A significant portion (39) of these projects is concerned with the construction of new and the modernization of existing roads, the creation of transport and logistics centres, and the development of key transport nodes.<sup>9</sup> In 2021, a new Action Plan for Implementation of the Main Directions and Stages of the Coordinated Transport Policy for 2021–2023 was approved.<sup>10</sup>

This idea was most fully developed in the Strategic Directions for Developing the Eurasian Economic Integration until 2025 (“Strategic Directions”),<sup>11</sup> which set out the key measures and mechanisms needed to achieve the goals and targets of the EAEU Treaty of May 29, 2014 (the “Treaty”) and which build on the implementation activities of the Declaration on Further Development of Integration Processes within the Eurasian Economic Union dated December 6, 2018.

The Strategic Directions are focused on fulfilling the potential of a number of key spheres of the Eurasian economic integration, including the following:

- creation and development of transport infrastructure in the territories of the member states in the East–West and North–South directions, including as part of coupling with the Chinese Belt and Road Initiative;
- coordinated work on coupling integration processes in the Eurasian space, including the liberalization of trade relations between participants, the joint development of transport and logistics infrastructure, and other issues related to economic cooperation as part of the idea of the Greater Eurasian Partnership; coupling of the Union with the Chinese Belt and Road Initiative with a focus on implementing joint projects.

<sup>9</sup> The EAEU–SREB Linkage Is Taking Real Shape: A List of Infrastructure Projects Has Been Agreed Upon. Official website of the Eurasian Economic Commission. March 1, 2017. URL: <http://www.eurasiancommission.org/ru/nae/news/Pages/2-03-2017-1.aspx> (accessed: 01.03.2024).

<sup>10</sup> Disposition No. 15 of the Eurasian Economic Commission dated August 20, 2021 “On the Action Plan (Roadmap) for the Implementation of the Main Directions and Stages of Implementation of Coordinated (Agreed) Transport Policy of the Member States of the Eurasian Economic Union for 2021–2023.” URL: [http://www.eurasiancommission.org/ru/act/energetikaiinfr/transport/transportnaya\\_politika/Documents/Распоряжение%2015.pdf](http://www.eurasiancommission.org/ru/act/energetikaiinfr/transport/transportnaya_politika/Documents/Распоряжение%2015.pdf) (accessed: 01.03.2024).

<sup>11</sup> Eurasian Economic Union: Strategic Directions for Developing the Eurasian Economic Integration until 2025. Approved by Decision No. 12 of the Supreme Eurasian Economic Council dated December 11, 2020. URL: [https://eec.eaeunion.org/en/comission/departement/dep\\_razv\\_integr/strategicheskie-napravleniya-razvitiya.php](https://eec.eaeunion.org/en/comission/departement/dep_razv_integr/strategicheskie-napravleniya-razvitiya.php) (accessed: 01.03.2024).

One of the directions identified in the “List of measures and mechanisms to implement the Strategic Directions” is “Establishing an efficient management and financing system for joint cooperative projects; creating and developing high-performance economic sectors, specifically export-oriented ones,” which includes the development and implementation of significant infrastructure projects. This covers the creation and development of transport infrastructure in the territories of the Member States in the East–West and North–South directions, including as part of coupling with the Chinese Belt and Road Initiative. And the direction “Shaping the Union as one of the most significant centers for today’s world development” includes further establishment of the contractual and legal framework of the Union and its Member States with third countries and their integration associations on the formation of preferential trade regimes, as well as the development and comprehensive deepening of trade and economic cooperation.

### **Economic Corridors of the Silk Road Economic Belt**

The creation of the SREB envisions developing a number of land economic corridors, including China–Mongolia–Russia, the New Eurasian Land Bridge, China–Central Asia–West Asia, China–Myanmar–Bangladesh–India, and China–Indochina Peninsula.

If we consider the interactions along individual economic corridors, there is a clear indication that this process will involve not only all the EAEU countries, but also the CIS countries.

For example, the corridor known as the New Eurasian Land Bridge includes two routes:

1. China (spanning the entirety of China to Ürümqi and the Alashankou–Dostyk (Druzhba) railway border crossing) – Kazakhstan (from the border crossing in Dostyk through Moiynly, Nur-Sultan and Petropavlovsk) – Russia (via Yekaterinburg and Moscow) – Belarus (Brest) – Poland (railway station Malaszewicze) – Germany (Duisburg) – other European countries. This is a railway transport route.

2. The Trans-Caspian Transport Corridor: China (across the territory of China to Ürümqi and the Khorgos–Altynkol border crossing) – Kazakhstan (via Altynkol, Almaty, Shu, Zharuk, Zhezkazgan, Saksaulskaya, Shalkar, Beyneu, Aktau) – Azerbaijan (through Baku, Ganja, Böyük Kəsik) – Georgia (via Gardabani, Tbilisi, Akhalkalaki) – Turkey (via Kars, Istanbul) – European countries. This is a railway transport corridor, except for the segment from Aktau to Baku, which crosses the waters of the Caspian Sea.<sup>12</sup>

<sup>12</sup> The World Bank. 2020. South Caucasus and Central Asia: The Belt and Road Initiative Kazakhstan Country Case Study, 5. URL: <https://openknowledge.worldbank.org/bitstream/handle/10986/34117/South-Caucasus-and-Central-Asia-The-Belt-and-Road-Initiative-Kazakhstan-Country-Case-Study.pdf?sequence=4&isAllowed=y> (accessed: 01.03.2024).



The China–Central Asia–West Asia economic corridor includes three routes:

1. China (across the territory of China to Ürümqi and the Khorgos-Altynkol border crossing) – Kazakhstan (via Altynkol, Almaty) – Uzbekistan (via Tashkent, Samarkand, Navoi) – Turkmenistan (via Farab, Mary, Sarahs) – Iran (via Sarahs, Mashhad) and on to West Asian countries (including India and the Iranian city of Bandar Abbas). This is a railway transport route.

2. China (across the territory of China to Kashgar) – Kyrgyzstan (via Irkeshtam and Osh) – Uzbekistan (via Andijan, Pap, Tashkent, Samarkand, Navoi) – Turkmenistan (via Farab, Mary, Sarahs) – Iran (via Sarahs, Mashhad) and on to West Asian countries (including India and the Iranian city of Bandar Abbas). This is a railway transport route, except for the road segment Kashgar – Irkeshtam – Osh.

3. China (across the territory of China to Kashgar) – Kyrgyzstan (via Irkeshtam, Sary-Tash) – Tajikistan (via Karamyk, Dushanbe, Vahdat, Yovon, Panji Poyon) – Afghanistan (via Sher Khan, Kunduz, Mazar-i-Sharif, Herat, Ghurian) – Iran (via Torbat-e Heydarieh and Tehran) and on to West Asian countries (including India and the Iranian city of Bandar Abbas). Part of the route is rail, with two significant road segments: Kashgar–Kyrgyzstan–Irkeshtam–Sary-Tash–Karamyk–Dushanbe; and Panj-Sher Khan–Bandar–Kunduz–Mazar-i-Sharif– Gerat.

Let us analyse how each of the EAEU states cooperates with China under these initiatives.

During the visit by President of the People's Republic of China Xi Jinping to Moscow in May 2015, Russia and China signed a joint statement on cooperation regarding the coupling of the EAEU and SREB. Bilateral and multilateral (primarily SCO-based) talks were chosen as the priority formats. The joint statement identified the main areas for regional cooperation. In particular, the parties agreed to “make steps to grow regional cooperation in the following priority areas: expansion of trade and investment cooperation, optimization of trade structure, cultivation of new factors of economic growth and employment; promotion of mutual investment facilitation and development of production cooperation, implementation of major joint investment projects, joint establishment of industrial parks and cross-border economic cooperation zones; strengthening of interconnectivity in the areas of logistics, transport infrastructure and intermodal transport; implementation of infrastructure development projects to expand and optimize regional production networks; creation of mechanisms for trade facilitation in those areas where conditions are ripe for it, development of joint steps to harmonize and ensure mutual compatibility of rules and regulations, trade, economic and other policies in areas of mutual interest; consideration of the long-term goal of moving towards a free trade zone between the EAEU and China [...] promotion of cooperation in multilateral regional and global formats for harmonious development, expansion of world trade, formation and dissemination of modern effective rules and

practices for regulating world trade and investment.”<sup>13</sup> As an institutional framework for cooperation, the leaders of the two states agreed to create a working group to coordinate their engagement in the above areas, led by the ministries of foreign affairs of Russia and China. In addition, the parties expressed interest in launching a dialogue on linking the Eurasian economic integration and development projects between the EAEU and China.

In a joint statement of the Russian Federation and the People’s Republic of China on the development of comprehensive partnership and strategic engagement entering a new era, signed as a result of a meeting between President Putin and President Xi in June 2019, it was noted that the Belt and Road Initiative and the concept of a Greater Eurasian Partnership can be developed in parallel and in coordination, and will promote the development of regional associations and bilateral and multilateral integration processes for the benefit of the peoples of the Eurasian continent.<sup>14</sup> This means that the Belt and Road Initiative and the Greater Eurasian Space will be implemented jointly and in parallel, aiming to build a new unified Eurasian economic framework (Petrovsky et al. 2020: 4).

This makes Russia’s approach different from that of other EAEU countries in that it wants to discuss the initiative in conjunction with Eurasian integration processes at the EAEU, and not just its own accession to the initiative, i.e. it considers the possibilities of an integration between two equal initiatives.<sup>15</sup> Armenia, Belarus, Kazakhstan and Kyrgyzstan prefer a bilateral approach to working with China and have all signed Belt and Road accession agreements (Nedopil 2022:25). A concentration of efforts at the EAEU could help achieve a better distribution of resources.

### **Economic Positioning of EAEU Member States with Regard to China’s Initiatives**

Trade turnover between the EAEU countries and China continues to grow rapidly. In FY 2021, it increased by 32.2% to \$166.2 billion compared to 2020, with exports accounting for \$79.2 billion (an increase of 32.8%) and imports accounting for \$87.3 billion (an increase of 31.6%).<sup>16</sup> Future trade dynamics will largely depend on the growth rate of the Chinese economy, the possible escalation of tensions in U.S.–Chinese trade, and energy price dynamics.

<sup>13</sup> Joint Statement of the Russian Federation and the People’s Republic of China on Cooperation in Linking the Development of the Eurasian Economic Union and the Silk Road Economic Belt dated May 8, 2015. URL: <http://www.kremlin.ru/supplement/4971> (accessed: 01.03.2024).

<sup>14</sup> Joint Statement of the Russian Federation and the People’s Republic of China on the Development of Comprehensive Partnership and Strategic Cooperation Entering a New Era dated June 5, 2019. URL: <http://www.kremlin.ru/supplement/5413> (accessed: 01.03.2024).

<sup>15</sup> Petrovsky V. Russia–China: Prospects for Cooperation within the Framework of the EEC. Foundation for Development and Support of the Valdai International Discussion Club. 06.02.2018. URL: <https://ru.valdaiclub.com/a/highlights/rossiya-kitay-eek/> (accessed: 01.03.2024).

<sup>16</sup> Eurasian Economic Union: EAEU Foreign Trade with China in 2021. URL: [https://eec.eaeunion.org/upload/medialibrary/718/EAES\\_Kitay.pdf](https://eec.eaeunion.org/upload/medialibrary/718/EAES_Kitay.pdf) (accessed: 01.03.2024).

More than half of the EAEU's exports to China are oil and oil products, which amounted to \$40.7 billion as of year-end 2021. Export has grown steadily since 2016, and the Chinese economy has grown at a rapid pace in that same time. However, Russia may increase its share in foreign supplies of oil and oil products to China due to the escalation of the trade conflict between the United States and China. As for imports of goods from China to the EAEU, the weakening of the yuan may lead to an increase in the volume of goods supplied from China to the EAEU countries. In addition, this will give an advantage to Chinese exporters of, for example, steel, over their Russian competitors.

**Kazakhstan** has a 1783km border with China, and also borders Mongolia, Russia, Kyrgyzstan, Uzbekistan and Iran. In the west, Kazakhstan has access to the Caspian Sea. Kazakhstan's favorable location makes it a key part of its Belt and Road Initiative. Joining the initiative provides Kazakhstan with many benefits, such as access to the sea ports of participating countries, reduced delivery times and costs for Kazakh goods, the development of trade relations with countries involved in the integration initiative and third countries, and the modernization of Kazakhstan's economy and infrastructure.

Kazakhstan's national development concept includes promoting the "Country of Great Transit Potential" idea and the development of the exports of Kazakhstan's goods and services to external markets. Projects for developing transit transport infrastructure are planned with consideration of regional integration initiatives that involve the Republic of Kazakhstan, including the Belt and Road Initiative.<sup>17</sup>

Trade with China is a priority consideration in the current concept for developing the network of international transport corridors that cross the territory of Kazakhstan. The latter is currently developing and implementing a number of projects in various areas jointly with China, and is also expanding its transport and logistics infrastructure. Launched in 2015, the "Nurly Zhol" the government infrastructure development programme aims to create effective infrastructure to enable integration between the country's macroregions. A relevant programme is currently in place for 2020–2025. In 2016, Kazakhstan and China signed a plan of cooperation to link the "Nurly Zhol" national programme with the Chinese Belt and Road Initiative.<sup>18</sup>

The implementation of this programme in 2015–2019 yielded significant results, such as the construction of high-quality roads, which led to an increase in transit cargo flows, the creation of new jobs, and the improvement of social infrastructure. In the sea transport sector, three new dry bulk terminals were built in the port of Aktau,

<sup>17</sup> State Programme of Infrastructural Development of the Republic of Kazakhstan "Nurly Zhol" for 2020–2025. P. 72. URL: <https://primeminister.kz/ru/gosprogrammy/gosudarstvennaya-programma-infrastrukturnogo-razvitiya-rk-nurly-zhol-na-2020-2025-gg-9115141> (accessed: 10.08.2022).

<sup>18</sup> Draft Cooperation Plan on the Interface between the New Economic Policy "Nurly Zhol" and the Creation of the Silk Road Economic Belt between the Government of the Republic of Kazakhstan and the Government of the People's Republic of China (Hangzhou, September 2, 2016). URL: [https://online.zakon.kz/Document/?doc\\_id=35015922](https://online.zakon.kz/Document/?doc_id=35015922) (accessed: 01.03.2024).

and a multipurpose ferry terminal was built in the port of Kuryk during this period. This state programme included two major projects: the Khorgos International Centre of Border Cooperation (ICBC); and the Khorgos – Eastern Gate ICBC. In 2015, a dry port was completed along with the related infrastructure at Khorgos – Eastern Gate ICBC. The dry port consists of a technological linkage with the road “Western Europe – Western China” route and two railway crossings on the Chinese border. Using this transport and logistics hub would ensure the distribution of cargo flows from China, Turkey, Gulf countries and Central Asia to Europe.

The **Republic of Belarus** finds itself at the intersection of major transport routes connecting Western Europe, Russia, Central Asia and China, the Black Sea region, and the Baltic countries. The country is striving to make good use of its transit potential and is actively pursuing involvement in the Silk Road Economic Belt. In 2014, the Ministry of Economy of the Republic of Belarus and the Ministry of Commerce of the People’s Republic of China signed a protocol of cooperation on the joint implementation of the SREB, and in 2015, during President Xi Jinping’s visit to Minsk, the Minister of Transport and Communications of Belarus and China Railway signed a memorandum of cooperation on transport infrastructure. In May 2017, China and Belarus signed an agreement on the development of international cargo transport and cooperation in the implementation of the SREB concept at the Belt and Road Forum for International Cooperation in Beijing. The agreement included cooperation across all modes of transport, the harmonization of logistics regulations and technical standards, and the creation of favourable conditions for international cargo transport between Europe and Asia. Moreover, it required Belarus and China to promote the organization and implementation of international multimodal transport to both states, as well as from those states to third countries.<sup>19</sup>

The official forwarding company and logistics operator of Belarusian railways, Belintertrans, is developing a container service along the China–Belarus–Europe route. The company has established cooperation with more than ten Chinese provinces and is ensuring the transport of products from Belarus to railway stations, as well as to any point in China via road. This allows Belarusian companies to achieve minimum delivery times when supplying their products to China, while at the same time streamlining cargo operations. However, many barriers exist for container transport, as detailed in a report by the Eurasian Development Bank in 2018 (Vinokurov et al. 2018).

**Kyrgyzstan** is also engaged in facilitating transport across its territory. In 2019, a protocol was signed in Tashkent to develop the international multimodal route “Asia Pacific countries – China – Kyrgyzstan – Uzbekistan – Turkmenistan – Azerbaijan – Georgia – Europe,” namely the routes connecting China, Kyrgyzstan, Uzbekistan and Turkmenistan and extending onwards to Azerbaijan, Turkey and Europe or towards

<sup>19</sup> Belarus and China Sign Agreement on Development of International Cargo Transportation // BELTA. 17.05. 2017. URL: <https://www.belta.by/economics/view/belarus-i-kitaj-podpisali-soglashenie-o-razvitii-mezhdunarodnyh-perevozok-gruzov-247721-2017/> (accessed: 01.03.2024).

Iran and the Gulf countries, and vice versa. The plan includes utilizing railway connections through Chinese territory to the city of Kashgar, followed by road transport to Osh in Kyrgyzstan. In Osh, cargo will be transferred to trains for onward travel to the Qorasuv station in Uzbekistan and further into Uzbekistan.<sup>20</sup>

**Armenia.** Transportation between the Republic of Armenia and Kazakhstan is carried out by road, from any point in China to the nearest railway station, where the cargo is reloaded onto trains. Then the cargo can be delivered to any container terminal in the North Caucasus and transported by road to Armenia.

**Russia.** A project to build a pipeline from Russia to China through Mongolia is being actively pursued. In February 2022, Gazpromod Soyuz Vostok and Gazprom Proektirovanie signed a contract on survey and design works for the construction of a pipeline that will run from Russia to China through Mongolia, continuing the Power of Siberia 2 pipeline. Construction is expected to begin in 2024. The Mongolian section of the pipeline will be approximately 960km long with a diameter of 1400mm. The export capacity of Power of Siberia 2 is expected to exceed that of the first Power of Siberia by more than 1.3 times.<sup>21</sup>

In 2015, Russia and Mongolia signed an agreement on the modernization of the national energy, construction and power generation and distribution infrastructure. Cooperation in the electricity sector continued with the signing of a cooperation agreement between the governments of Russia and Mongolia in 2019, which confirmed the parties' readiness to develop mutually beneficial corporation.<sup>22</sup>

Key areas of the Programme that have seen some progress include the development of transport infrastructure and the construction of a Russian export pipeline to China through Mongolia. In the longer term, projects to export electricity from Russia and Mongolia to China and integrate the countries' national energy systems are possible (Makarov, Makarova 2021: 90).

In December 2016, Russia, China and Mongolia signed an intergovernmental agreement on international road transport using the Asian road network, which was a standard agreement without any progressive elements.<sup>23</sup> This agreement allows companies to transport goods in accordance with the legislation of the transit country. Carriers undertake to pay all the necessary tolls for using the country's highways (Peratinskaya, Kharlanov, Boboshko 2022: 35).

<sup>20</sup> Eurasian Economic Union. 2021. Draft Analytical Report "Analysis of Container Transport within the Union with a View to Producing Proposals for its Development." P. 36–37. URL: <https://eec.eaeunion.org/upload/iblock/5d9/6.1-Proekt-doklada-po-konteynernym-perevozkam.pdf> (accessed: 01.03.2024).

<sup>21</sup> Gazprom and Mongolia Move to Design Stage of Soyuz Vostok Gas Pipeline // Vedomosti. 28.02.2022. URL: <https://www.vedomosti.ru/business/news/2022/02/28/911280-gazprom-mongoliya-soyuz-vostok> (accessed: 01.03.2024).

<sup>22</sup> Agreement between the Government of the Russian Federation and the Government of Mongolia on Cooperation in the Field of Electric Power dated December 3, 2019. URL: <https://docs.cntd.ru/document/542657308> (accessed: 01.03.2024).

<sup>23</sup> Intergovernmental Agreement on International Road Transport on the Asian Highway Network dated November 18, 2003. URL: <https://docs.cntd.ru/document/902015701> (accessed: 01.03.2024).

In October 2021, Russia and China signed the Agreement on Road Transport of Dangerous Goods. The document was signed pursuant to a bilateral Russian–Chinese agreement on international road transport dated June 8, 2018, and is based on the Agreement concerning the International Carriage of Dangerous Goods by Road (ADR, concluded in Geneva in 1957). The signing of this document is expected to galvanize the transport services markets in the two countries and promote bilateral international transport because it will greatly facilitate the delivery of natural gas, liquefied petroleum gases, liquid oxygen, and other goods between the two countries.<sup>24</sup> As mentioned earlier, the agreement removed the conditions that had tied the transport to the bordering regions, in particular, allowing Russian vehicles to move deeper into China.

### **EAEU – Silk Road Economic Belt – Digital Silk Road**

In the context of the development of the Belt and Road Initiative and the linking of the EAEU and the SREB, it is important to mention the Digital Silk Road initiative proposed by the President of China in 2017. Although it is not an official part of the Belt and Road Initiative, the Chinese leadership considers it to be closely linked with the creation of a New Silk Road, which is to become a “road of innovation” and a “Digital Silk Road.” Areas that are key for the development of the Digital Silk Road have been addressed in a number of concepts and state programmes. The basis for the Digital Silk Road is seen to be e-commerce, as well as a number of new technologies that are used along the new Silk Road routes, such as the internet, artificial intelligence, big data, cloud computing and blockchain (Lyu, Avdokushin 2019: 62). In particular:

- Made in China 2025 (MIC 2025) is a national initiative to develop China’s manufacturing sectors. It includes three stages: the period until 2025; the period until 2035; and the period until 2049, when China is expected to become the global leader in the key industrial sectors.<sup>25</sup>
- The Internet Plus Initiative, which aims to integrate mobile and cloud technologies, the Internet of Things and big data in modern manufacturing.
- The Next Generation Artificial Intelligence Development Plan, which includes three strategic goals: to bring China’s artificial intelligence sector on par with developed countries by 2020; to achieve leadership in individual areas of AI by 2025; and to make China the key global AI innovation center by 2030.
- “Digitalization of the global economy and the rapid development of applied fields such as machine learning based on big data capabilities has enabled China to make a technological leap in the field of AI and lay claim to global leadership in this strategic area in the near future. 2017 was a milestone year in this respect, as China issued the Next Generation Artificial Intelligence Development

<sup>24</sup> Russia and China Sign Agreement on Dangerous Goods Transport. October 19, 2021. URL: <https://trans.ru/news/rossiya-i-kitai-podpisali-soglasenie-o-perevozke-opasnih-gruzov> (accessed: 01.03.2024).

<sup>25</sup> Made in China 2025. URL: <https://www.mta.org.uk/system/files/resource/downloads/Made%20in%20China%202025%20Booklet%20One.pdf> (accessed: 10.08.2022).



Plan for the period until 2030. The ultimate goal of the programme is to make China a global leader in AI foundations and related fields. The Chinese government's strategies lay out a very specific vision for the achievement of these goals. For example, the Chinese State Council has identified four main factors of AI: hardware, data, algorithm development and implementation, and a commercial ecosystem for AI and related sectors."<sup>26</sup>

- A government strategy for big data, which views big data as a strategic resource that may be developed to improve public governance, increase the quality of the government's work and strengthen the economy. The strategy promotes open access and the sharing of data resources.
- The idea of cyber sovereignty: according to the Chinese state, the government has the prerogative to choose an internet development model for the state, and no other states may interfere with that model (Mikhalevich 2022: 259).

The Digital Silk Road is not just a technological vector encompassing the digitalization of routes included in the New Silk Road, but a modernization strategy and tactic for the Chinese economy based on the innovative premises of the Fourth Industrial Revolution. The digital modernization of the Chinese economy is essentially what constitutes the Digital Silk Road, a new stage in the overall national process of modernization (Lyu, Avdokushin 2019: 70).

In this context, the Agreement between the Government of the Russian Federation and the Government of the People's Republic of China on International Road Transport signed during President Putin's 2018 visit to China should be mentioned. The agreement provides that passenger and cargo transport vehicles should be equipped with onboard navigation devices that are part of the Russian GLONASS system and the Chinese BeiDou Navigation Satellite System, allowing the parties to track vehicles as they move across their territory. There are also plans to use the Russian Platon toll system. In order to test the feasibility of these technologies, the parties agreed to establish a pilot navigation and information support zone for Russian–Chinese transport, covering road routes that pass through the Kraskino-Hunchun and Poltavka-Dongning border crossing points in Primorsky Territory. The signing of the abovementioned agreement in 2018 set new rules for Russian–Chinese road transport, allowing door-to-door deliveries from any Russian city to any Chinese port and vice versa. The new system obviates the previous routing principle, when deliveries could only be made between pre-agreed points and only in the border zone. Experts say that the full rollout of the new rules with the use of Russian and Chinese navigation systems will increase cargo turnover manyfold and significantly reduce shipping times.<sup>27</sup>

<sup>26</sup> Kovachich L. Chinese Experience in the Development of the Artificial Intelligence Industry: A Strategic Approach // Carnegie Endowment for International Peace. 07.07.2020. URL: <https://carnegieendowment.org/2020/07/07/ru-pub-82172> (accessed: 01.03.2024). According to the Russian Ministry of Justice, the organization was declared as undesirable in Russia in July 2024.

<sup>27</sup> Trials Begin on Project to Monitor Transport between Russia and China Using Platon System Infrastructure. Virtual Customs, April 29, 2019. URL: [http://vch.ru/event/view.html?alias=nachalis\\_ispytaniya\\_proekta\\_monitoringa\\_perevozok\\_meghdu\\_rossiei\\_i\\_kitaem\\_s\\_ispolzovaniem\\_infrastruktury\\_sistemy\\_platon](http://vch.ru/event/view.html?alias=nachalis_ispytaniya_proekta_monitoringa_perevozok_meghdu_rossiei_i_kitaem_s_ispolzovaniem_infrastruktury_sistemy_platon) (accessed: 01.03.2024).

Chinese–Russian cooperation is being expanded through work on Digital Silk Road routes. In November 2018, the Memorandum on the Improvement of E-Commerce Customs Regulation was signed. This enabled consistent sharing of more information about specific categories of high-risk goods (goods with false declarations, potential contraband goods, etc.), as well as goods which may violate intellectual property rights. E-commerce volumes between China and Russia are growing considerably each year. According to data from Russian Post, 95% of all incoming postage originates from China, and its volume grew by 24% in the first ten months of 2018 compared to the same period of 2017.<sup>28</sup> This makes the agreement on the regulation of the growing flow of Chinese goods through e-commerce very important. It envisages concrete steps for coordinating efforts to create a favourable and civilized atmosphere in the e-commerce sector.

Successful engagement in the Digital Silk Road will only be possible once the EAEU countries have developed a digital economy. Steps in this direction include both multilateral initiatives and individual actions by states. At the EAEU level, in 2017, the Supreme Eurasian Economic Council adopted the decision “On the Main Directions for the Implementation of the EAEU Digital Agenda until 2025,” which identified priority development tasks in this area.<sup>29</sup> To complement this document, in 2018, the Board of the EEC adopted the recommendation “On the Concept for Enabling Digital Transformation of Industrial Cooperation within the Framework of the Eurasian Economic Union and Digital Transformation of the Member States’ Industries.”<sup>30</sup> In February 2019, the ministers of digital development of the EAEU countries who took part in the “Digital Agenda in the Era of Globalization 2.0. Innovation Ecosystem of Eurasia” forum announced the transition to a project-based implementation format that will ensure the transparency of integration between EAEU member states in the field of digital economy [Meshkova ... 2019: 83]. Thus, aiming to keep abreast of the global economy’s demands, the EAEU has been preparing a legal framework to address digital economy issues for years.

As the digital agenda is highly relevant for both China and the EAEU countries, common goals and the desire to combine efforts on the path towards a digital economy create opportunities for long-term, mutually beneficial cooperation. There are some differences in implementation speeds across national digital projects in China and the EAEU countries, but this cannot be an insurmountable barrier for cooperation.

<sup>28</sup> Russian Customs to Receive Information About Parcels // *Vedomosti*. 24.12.2018. URL: <https://www.vedomosti.ru/business/articles/2018/12/24/790076-rossiiskaya-tamozhnya> (accessed: 01.03.2024).

<sup>29</sup> Eurasian Economic Union. Decision No. 12 of the Supreme Eurasian Economic Council dated December 11, 2017. “On the Main Directions for the Implementation of the EAEU Digital Agenda until 2025.” URL: <https://docs.cntd.ru/document/555625953> (accessed: 01.03.2024).

<sup>30</sup> Eurasian Economic Union. Recommendation No. 1 of the Council of the Eurasian Economic Commission dated January 5, 2018. “On the Concept for Enabling Digital Transformation of Industrial Cooperation within the Framework of the Eurasian Economic Union and Digital Transformation of the Member States’ Industries.” URL: <https://docs.cntd.ru/document/551911031> (accessed: 01.03.2024).

Cooperation in the field of digital economy is primarily aimed at realizing the national interests of each country and building a trans-Eurasian ecosystem of digital transport routes within the framework of the Belt and Road Initiative [Yurova, Yao 2019: 13].

Unlike Russia, which wants the EAEU countries to connect with the SREB collectively as part of the EAEU, other EAEU countries prefer to make agreements on linking their strategic initiatives with China on a bilateral basis. However, some researchers (whom the author supports), posit that the bilateral engagement format is ineffective. For example, J. A. P. Lorenzo notes that the conclusion of bilateral agreements, such as memorandums of understanding about the initiative, are unacceptable as a mode of cooperation because they usually fail to ensure the level of international cooperation needed to achieve multilateral environmental and human rights goals (Lorenzo 2021: 601). A similar conclusion was made by a group of Russian and Chinese researchers in their joint policy brief for the Russian International Affairs Council entitled “Linking the EAEU and Belt and Road: Problems and Perspectives.” The experts argue that linking the EAEU and SREB requires a roadmap that would take the specific interests of each participating country, as well as the Union's long-term development goals, into account (Petrovsky et al. 2020: 4). A roadmap, i.e. a specific programme of action, would define the main goals and stages of the process of linking the two projects and remove some uncertainties. This document can be based on the priority cooperation areas set out in the joint statement by Russia and China on cooperation regarding the coupling of the EAEU and SREB.

Summing up the above, we should note that EAEU–China engagement concerning the coupling of the EAEU and SREB is multifaceted and includes trade, economic, investment, and currency issues, as well as transport, logistics, and the digital sector. Russia is actively promoting the link between the EAEU and Belt and Road, while Armenia, Belarus, Kazakhstan and Kyrgyzstan prefer to make bilateral agreements on linking strategic initiatives with China. The parties are taking active steps to link the Union and SREB. Agreements have been signed on trade, economic cooperation, and the exchange of information about goods and vehicles crossing the customs borders of the EAEU and China. However, there is a need for comprehensive strategic planning in this area. Coordinating a roadmap for linking the EAEU and SREB, which would be based on priority cooperation areas outlined in the trade and economic cooperation agreement, appears to be the most relevant objective at this stage.

### **The Legal Framework of EAEU–China cooperation**

An analysis of international agreements between EAEU countries and China allows us to assess the effectiveness of the existing cooperation mechanism and the potential for developing partnerships.

Many documents have been signed at the international level which are not agreements, although they are quite important for understanding current processes and the goal of integration cooperation between an individual country (China) and an

international organization (the EAEU). These documents include the Memorandum on Cooperation in the Use of Anti-Dumping, Compensatory and Special Protective Measures between the EEC and the Ministry of Commerce of China dated December 6, 2012; the Memorandum on Trade Cooperation between the EEC and the Ministry of Commerce of China dated December 6, 2015; the Memorandum of Understanding on Cooperation in Anti-Monopoly Policy and Anti-monopoly Regulation between the EEC and the National Development and Reform Commission of China dated June 16, 2016; and the Joint Statement on the Entry into Force of Agreement between the EAEU and China dated October 25, 2019.

When analyzing the international legal framework concerning the linkage between the EAEU and SREB, it should be noted that the signing of the Agreement on Trade and Economic Cooperation between the EAEU and China dated May 17, 2018 (hereinafter, the Agreement) was certainly an important step in implementing this idea. It was the Agreement that shaped the practical transition to the coupling between regional cooperation initiatives – the Eurasian integration project and the SREB. A successful implementation of this megaproject will, of course, provide a stable and safe environment for the development of the Eurasian continent and unleash the economic potential of the region to the full extent.

This Agreement was ratified, and it entered into force on October 25, 2019, as announced in the joint statement of the heads of state of EAEU countries, who are members of the Eurasian Intergovernmental Council, and the head of the Chinese government.

However, this agreement cannot be called “standard,” even though it represents a format that has become best suited for interaction with China at the current stage. The Agreement brings into order the trade and economic cooperation between member states and China, covering many spheres related to trade, such as technical regulation, sanitary and phytosanitary measures, trade protection, customs formalities, and competition. A strong emphasis is placed on the protection of intellectual property rights and the creation of non-discriminatory conditions for mutual trade and market competition (Shilina 2018: 24). In e-commerce, the protection of the rights and interests of consumers and their personal data will be improved, and a framework for the promotion of paperless trade will be developed. The Agreement is essentially a basis for the creation of a set of substantive agreements on the development of trade and economic cooperation between the EAEU and China. It is assumed that the establishment of industrial cooperation between the EAEU and China may not only facilitate mutual trade in finished products, but also become a major source of economic growth in the Eurasian space. The creation of a modern treaty framework for the engagement between the EAEU and China is a serious step in linking the development of the EAEU with the implementation of the Belt and Road Initiative. The linkage project creates a fundamentally new basis for multilateral cooperation and opens up avenues for dynamic development on the entire Eurasian continent.

At the same time, this agreement format is explained by the following considerations.

Despite all the positive assessments of cooperation outlined above, it is essential to weigh the potential benefits and risks of the new partnership format, to consider whether infrastructure investments are synchronized with investments in real value-added projects, and whether reasonable, mutually beneficial, and effective rules of cooperation are adopted from the outset. In trade negotiations, parties usually “trade concessions” in a given area of cooperation (Knobel et al. 2019). This was not the case with the EAEU–China agreement. It is not preferential, that is, it does not reduce tariffs on mutual trade, which is usually the key issue in such agreements. The agreement is aimed at increasing the transparency of regulatory systems and frameworks, simplifying trade procedures and developing cooperation ties. And there is an explanation for this. Assessments of the mutual impact of the creation of a free trade zone between the EAEU and China indicate that the large economies of Russia, Kazakhstan, and China stand to gain, while the economies of Belarus, Kyrgyzstan, and Armenia may lose if trade with China is liberalized. In terms of industrial sectors, transport engineering, textiles, and clothing manufacturing in Kazakhstan, and machine engineering in Belarus, are most at risk (Aliev, Flegontova 2018: 16).

In customs procedures, the parties have agreed to ensure the release of goods without undue delays, including expedited customs processing for perishable items. The Agreement also offers significant intellectual property protection for EAEU exporters.

Furthermore, a specific arrangement between the EAEU, the Republic of Belarus (which is not a member of the World Trade Organization), and China establishes legal safeguards for implementing key WTO principles, such as the most-favoured-nation treatment and the national treatment obligation.

For the first time in the history of the EAEU, the agreement incorporates a new set of provisions designed to foster industry-specific cooperation with China across all major economic sectors. The plan includes industrial dialogues and the formulation of detailed action plans to identify and execute joint investment projects.

A comparative legal analysis reveals that the EAEU primarily engages in analytical and consultative activities at this stage of its relations with international partners, and memorandums of understanding and cooperation serve as the foundation for such engagement. Despite the global diversity of international organizations and integration efforts, the EEC primarily partners with regional entities. This suggests a need for diversifying the range of international partners, particularly among integration groups. The traditional bilateral interaction mode is becoming less effective due to the vast number of organizations and their interconnectivity. Hence the need to develop alternative, promising international cooperation formats that are not limited by geography and are capable of ensuring effective coordination among different economic blocs at various stages or forms of integration.



The 2019 Agreement on the Exchange of Information regarding Goods and International Transport Vehicles Crossing the Customs Borders of EAEU and China, which became effective in 2020, marks another significant step in enhancing trade and economic relations. This agreement lays the groundwork for the phased implementation of information exchange to streamline customs procedures, improve the efficiency of customs control, and bolster security. The specifics of this cooperation will be outlined in subsequent protocols made available to the participants of the information exchange.

Excluding the European Union as a single foreign trade entity, China is currently the EAEU's largest foreign trade partner. China's share in the EAEU's total foreign trade volume increased from 2015 to 2020. In 2021, despite a notable rise in overall trade, China's share decreased slightly, from 20.17% to 19.73%.

Let us start by examining Russian–Chinese trade. In 2021, Russia accounted for 85.8% of the EAEU's exports to China and received 83.2% of China's exports to the EAEU. China is also Russia's top trade partner, accounting for 18.3% of Russian foreign trade in 2021.

Between 2017 and 2021, trade turnover between Russia and China saw a notable increase, rising from \$87 billion to \$146.9 billion annually. Additionally, over the first seven months of 2022, trade between Russia and China surged by 29% year-on-year, reaching \$97.7 billion. During this period, Chinese exports to Russia increased by 5.2% to \$36.3 billion, while Russian exports to China jumped by 48.8% to \$61.45 billion.

Experts believe this rapid expansion in mutual trade can be attributed to a rebound in demand following the 2020 downturn in supply, transportation, and consumption caused by the COVID-19 pandemic. Official spokesperson for the Chinese Ministry of Commerce Shu Jueting stated that China aimed to enhance economic cooperation with Russia by promoting e-commerce. She also mentioned that both governments planned to increase their mutual trade turnover to \$200 billion in the future, supported by existing favourable trends.<sup>31</sup>

As of 2021, Russia's exports to China were predominantly mineral resources, accounting for 67.5% of the total, with crude oil and oil products making up 50.8%. Other significant exports included non-ferrous metals (7.22%), processed wood (7.17%), ores, slag and ash (5.4%), agricultural and food products (5.39%), gems and precious metals (1.94%), chemicals and related products (1.66%), ferrous metals (1.54%), and machinery and equipment (0.74%).

<sup>31</sup> China's imports and exports. TAdviser Technology and Supplier Selection Portal. URL: [https://www.tadviser.ru/index.php/%D0%A1%D1%82%D0%B0%D1%82%D1%8C%D1%8F:%D0%A2%D0%BE%D1%80%D0%B3%D0%BE%D0%B2%D0%BB%D1%8F\\_%D0%A0%D0%BE%D1%81%D1%81%D0%B8%D0%B8\\_%D0%B8\\_%D0%9A%D0%B8%D1%82%D0%B0%D1%8F](https://www.tadviser.ru/index.php/%D0%A1%D1%82%D0%B0%D1%82%D1%8C%D1%8F:%D0%A2%D0%BE%D1%80%D0%B3%D0%BE%D0%B2%D0%BB%D1%8F_%D0%A0%D0%BE%D1%81%D1%81%D0%B8%D0%B8_%D0%B8_%D0%9A%D0%B8%D1%82%D0%B0%D1%8F) (accessed: 01.03.2024).



Meanwhile, the structure of goods imported to Russia from China in 2021 consisted mainly of machinery and equipment (52.89%), chemicals and related products (10.66%), textile materials and products (7%), various industrial goods (6.16%), ferrous metals and their products (4.99%), items such as footwear, headwear, umbrellas and canes (3.92%), unprocessed hides, leather, natural fur and their products (3.06%), other non-precious metals, ceramic metals and their products (2.46%), agricultural products and food items (2.32%) and products made from stone, gypsum, cement, asbestos, mica, ceramics and glass (1.61%). This demonstrates that Russia's exports are predominantly composed of energy-rich primary goods, whereas imports from China to Russia primarily consist of labour-intensive, high-technology products.

"There has been a significant shift in the development and implementation of special institutional regimes in Russia's Far East. Preferential spaces, such as 'advanced development territories' and free trade zones, have been established, creating new momentum for cooperation between Russia's Far East and China in the bordering areas. It makes sense that Chinese investors account for a significant share of the investment [...] The forward-looking Programme for the Development of Russian–Chinese Cooperation in the Trade, Economic, and Investment spheres in Russia's Far East for 2018–2024 aims to resolve many of the accumulated problems, promising to become an effective tool for interregional cooperation" (Renzin 2019: 11–12).

For Belarus, China is the second-largest importer after Russia, making up 23.1% of Belarusian imports in 2021,<sup>32</sup> which is 9.8% more than in 2020. In 2021, mutual trade turnover between Belarus and China reached an all-time high of \$5.115 billion.

Belarus exports mainly low-added-value goods produced from raw materials and almost no energy products. Importantly, Belarus is China's main supplier of products that are key Belarusian exports. At the same time, China is an important supplier of machinery products to Belarus, despite the fact that Belarus has a well-developed machine engineering sector.

In 2021, China became Kazakhstan's second-largest trade partner after Russia, with mutual trade growing each year. Kazakhstan is the only EAEU country with a consistently positive and stable trade balance.

Kyrgyzstan's trade with China was strongly affected by the COVID-19 crisis, with a tangible reduction in mutual trade turnover in 2020. However, it rebounded in January to February 2022, reaching \$452.779 million, which represents a 448.2% growth compared to 2021.

Armenia considers China its second-largest trade partner after Russia, with imports from China dominating the trade balance. In 2021, Armenia exported \$393.2 million and imported \$551.5 million, resulting in a trade turnover of \$448.7 million.

<sup>32</sup> National Statistical Committee of the Republic of Belarus: Distribution of Imports of Goods by Major Trading Partner Countries in 2021. URL: <https://www.belstat.gov.by/ofitsialnaya-statistika/realny-sektorekonomiki/vneshnyaya-torgovlya/vneshnyaya-torgovlya-tovarami/graficheskiy-material-grafiki-diagrammy/raspredelenieimporta-tovarov-po-stranam-osnovnym-torgovym-partneram-v-2020-godu/> (accessed: 01.03.2024).

The EAEU has been exploring ways to realize the potential of its trade with China, particularly in terms of increasing its exports. A report by the EEC suggested two approaches. First, the Union should focus on trading goods that are consistently exported to third countries and which China actively sources from third countries. These include high-value-added products like some passenger cars, bicycles, tractors and their component parts; some pharmaceuticals, contact lenses, orthopaedic devices; dishwashers; rectification and distillation machines; turbines; grain elevators; and carpets and polyurethane-soaked materials. Medium-value-added products include iron goods (wire, sheets, rolled products); certain kinds of meat, by-products, animal fats, smoking tobacco; and natural fibre fabrics and yarn. Low-value-added products that can be exported to China include organic chemicals, fruit and vegetables and some kinds of fertilizer.

There are also some goods that are supplied to China in small quantities but account for a very large and consistent volume of exports to third countries. Export of such goods to China could be increased. These include high-value-added products: cheese, pharmaceuticals, textiles, some agricultural machinery and equipment; engines and parts of reciprocating engines. Medium value-added products in this category include cement, milk and cream, some iron and steel products, and chemicals. There are virtually no low-value-added products that could help boost trade (Petrovsky et al. 2020).

Active political efforts are being made to facilitate this process. An institutional environment to promote the SREB is being created within the framework of EAEU–China agreements. It can be said that the EAEU is creating an institutional sphere to strengthen trade and economic relations in the greater Eurasian space, while China is filling it with real investments and projects. Politically, the EAEU countries maintain excellent relations with China, which supports further cooperation.

## Conclusions

The following conclusions can be drawn. Cooperation between the EAEU and China aimed at linking the EAEU and the SREB is multidimensional and includes trade, economic, investment, monetary and financial aspects, as well as transport and logistics and digital activities. While Russia promotes the linkage between the EAEU and the Belt and Road Initiative, Armenia, Belarus and Kazakhstan prefer to integrate their strategic initiatives with Chinese ones on a bilateral basis. The parties are taking active steps to link the EAEU and the SREB: agreements on trade and economic cooperation and the Agreement on the Exchange of Information regarding Goods and International Transport Vehicles Crossing the Customs Borders of the EAEU and China are in place, but comprehensive strategic planning is still needed. Coordinating a roadmap for the EAEU–SREB linkage, which could be based on the priority areas of cooperation identified in the Agreement on Trade and Economic Cooperation, seems to be the most important task at this stage.

China is the EAEU's largest trading partner, with Russia accounting for the largest share of trade turnover, followed by Kazakhstan and Belarus. The competitive advantage of the EAEU in the Chinese market lies in goods that do not require significant processing, such as raw materials, mineral resources and agricultural products.

Despite the growing volume of mutual trade, the full potential for trade cooperation has yet to be realized. Increasing exports to China could involve focusing on goods that the EAEU consistently exports in large quantities to third countries and that China actively purchases from third countries. It could also involve increasing exports of goods that are already exported to China in limited quantities, but that are consistently exported to third countries in significant quantities.

The competitive advantages currently enjoyed by the Union make the economies of its member states highly attractive to foreign and domestic investors in view of the potential integration projects.

The EAEU is keen to improve the flow of Chinese goods through its territory, and its member states are actively developing their transport and logistics infrastructures. However, logistics efficiency is still insufficient. Investment from China, which could increase its transit through the EAEU to diversify its supply routes to the EU, could significantly accelerate infrastructure upgrades.

Although still at an early stage, the digital transformation of the economies of the EAEU countries has great potential. Cooperation with China, a global leader in digitalization, including through the development of the SREB, could accelerate this process. Moreover, realizing the full potential of EAEU–China trade and economic cooperation depends on the ability of the Union's members to achieve a similar level of digitalization as China.

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#### **Conflict of interest:**

The author declares the absence of any conflicts of interest.

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