



OESTERREICHISCHE NATIONALBANK
EUROSYSTEM

The development of the EAEU and the EU, and effective multilateralism

wiiw and FES-Workshop:
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1. Introduction – Multilateralism and history of European integration

Multilateralism (lat. Multus „many“; latus „side“) means „**multisided**“.

- According to international law:
 - If **three or more states** (or any other international legal personality)
 - **act** together **cooperatively** (pursue diplomacy, esp. conclude treaties) and
 - have **equal rights**.
- Birth of multilateralism: Vienna Congress 1814/15 – rearrangement of Europe (before unilateralism and bilateralism)
- Led to existence of international organizations (e.g. United Nations)

1. Introduction – Multilateralism and history of European integration



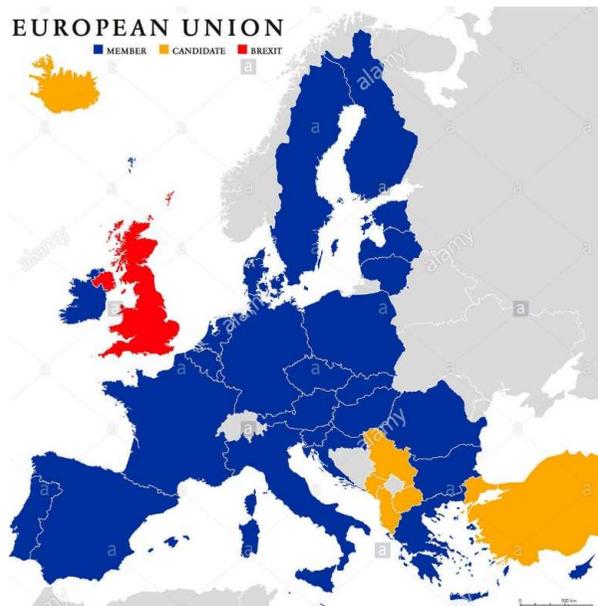
History of European integration:

After traumatic Second World War - preserving **peace** was the overriding goal, but different strategies:

1. Abolishing capitalism – regime change to socialism
2. Shift away from nationalism - European integration and cooperation

The result was **three strands of integration** in Europe:

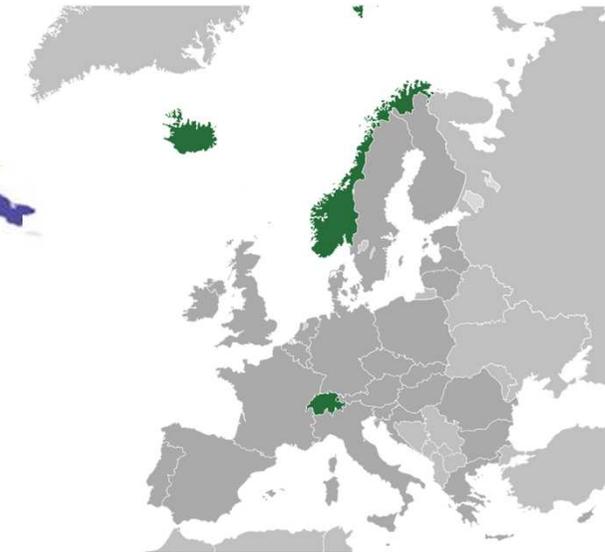
1. EUROPEAN UNION (EU)



2. EURASIAN ECONOMIC UNION

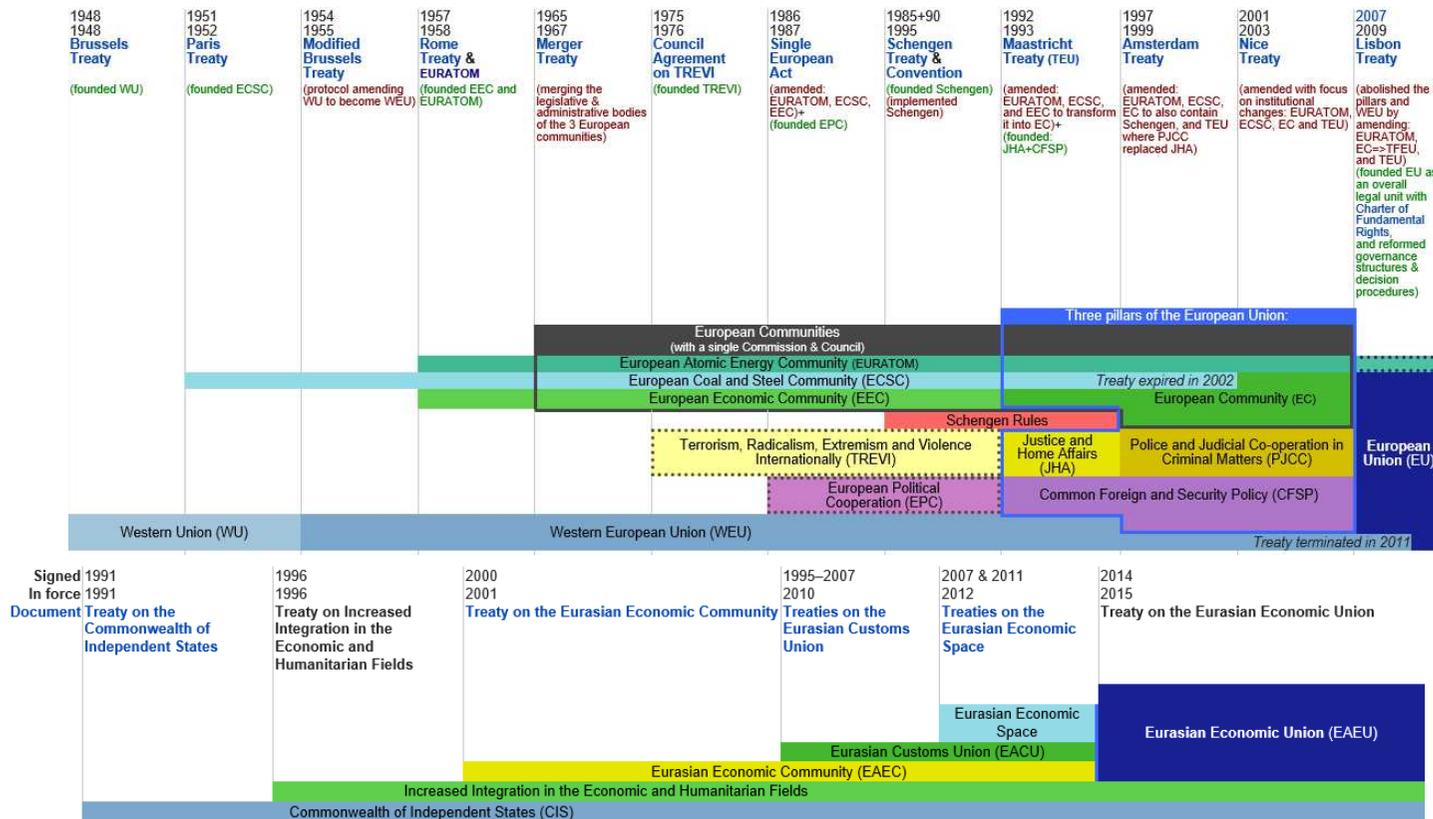


3. EFTA



1. Introduction – Multilateralism and history of European integration

Time line of EU and EAEU integration:



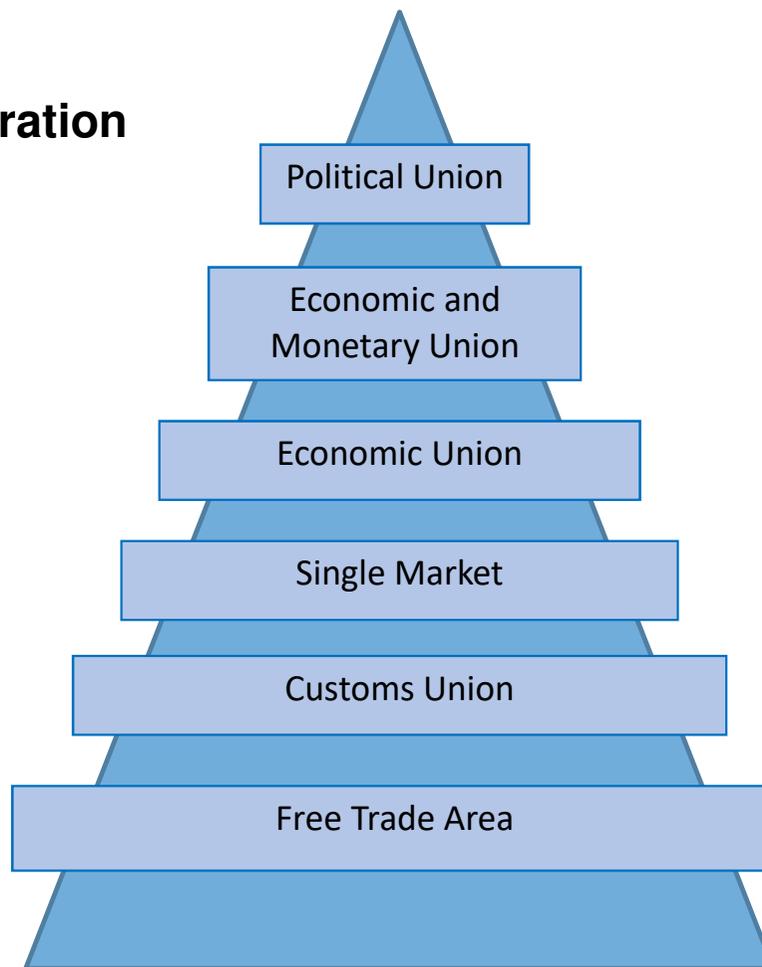
European Union (EU)
founded 1957
61 years



Eurasian Economic Union (EAEU)
founded 2000
18 years

1. Introduction – Multilateralism and history of European integration

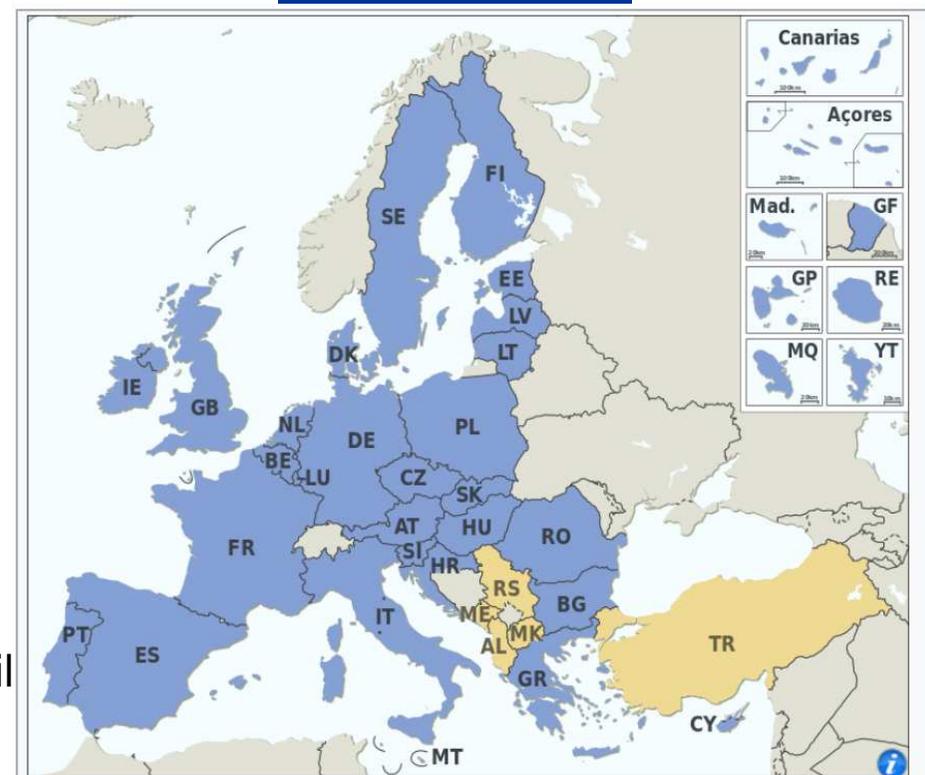
Stages of economic integration



2. European Union (EU) – Stages of integration, goals and prospects



- **28** member states
- Founded in **1957**
- **513** million people
- 7.3% of the world population
- **18,8 trillion USD** GDP
- 24.6% of global nominal GDP
- **36.600 USD** average GDP per capita
- „**principle of subsidiarity**“
- "**four freedoms**“: free movement of goods, capital, services, and labour
- **Single currency** since 1999
- European Commission
- Council of the European Union and European Council
- **European Parliament**
- EU was awarded the Nobel Peace Prize in 2012



■ 28 EU-Member countries ■ 5 Candidate countries

2. European Union (EU) – Stages of integration, goals and prospects

Stages of integration of the EU

- **European Coal and Steel Community - ECSC (1951 Treaty of Paris):**
common market and policies for the coal and steel industry
- **European Economic Community – EEC (1957 Treaty of Rome):**
comprehensive framework for the creation of a common market, Customs Union with Common External Tariff (CET)
- **European Atomic Energy Community (Euratom) (1957 Treaty of Rome):**
joint nuclear policy

Joint institutions: Commission, Parliament, Council

Six founding members : DE, FR, IT, BE, NL, LU



2. European Union (EU) – Stages of integration, goals and prospects

Enlargement - Legal provisions (TEU Art 49):

Any European State which respects the European values

- respect for human dignity,
- freedom,
- democracy,
- equality,
- the rule of law and
- respect for human rights

and is committed to promoting them may become a member of the Union.

2. European Union (EU) – Stages of integration, goals and prospects

 **EU6:** Germany, France, Italy, Belgium, Netherlands, Luxembourg

Enlargements without deepening:

-  ➤ 1973: Northern enlargement: Denmark, Ireland, United Kingdom
-  ➤ 1981: 1st Southern Enlargement: Greece
-  ➤ 1986: 2nd Southern Enlargement: Spain, Portugal

Enlargement and deepening in parallel:

-  ➤ 1995: Austria, Sweden, Finland

Enlargements and deepening; Eastern enlargements:

-  ➤ 2004: NMS-10: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia
-  ➤ 2007: Bulgaria, Romania
-  ➤ 2013 Croatia 

EU-Erweiterungen



2. European Union (EU) – Stages of integration, goals and prospects

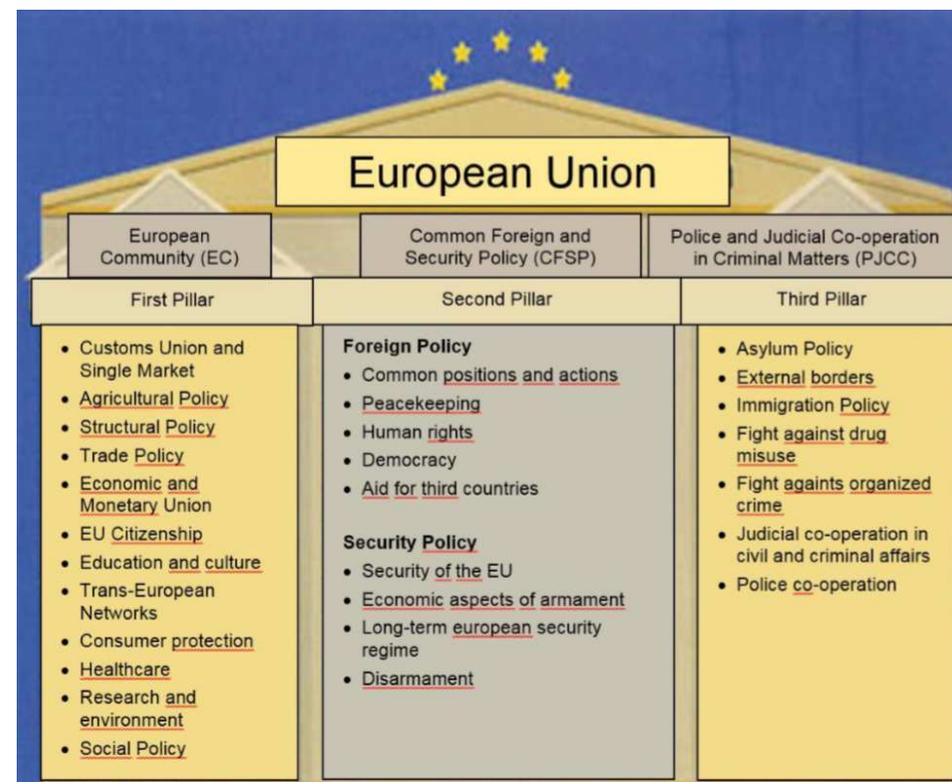
Deepening:

- **Single Market (1985 Single European Act)**
 - A new boost to advance integration: **4 freedoms** (goods, capital, services, persons) through comprehensive market liberalization
 - Harmonization and mutual recognition of regulations; financial services, energy... decisions by QMV
 - Complemented by institutional reform and some new common policies

2. European Union (EU) – Stages of integration, goals and prospects

Deepening:

- **European Community - EC (1992 Maastricht Treaty):**
 - creation of economic union - major steps in political integration: Union Citizenship, CFSP and PJC and introduction of co-decision procedure – 3 pillars of EU
 - A quantum leap in economic integration: **Economic and monetary union (EMU) - Single currency** and economic co-operation, complemented by Cohesion Fund



2. European Union (EU) – Stages of integration, goals and prospects

Deepening – small steps: to prepare EU for enlargement

- **Treaty of Amsterdam (1997/1999)**
- **Treaty of Nice (2001/2003)**
- **Draft Constitution (2004)** cancelled after referenda in FR, NL

2. European Union (EU) – Stages of integration, goals and prospects

Deepening:

➤ **European Union (2007 Lisbon Treaty)**

Content of draft constitution widely preserved, symbols abandoned;

Key elements:

- EU as overall legal unit
- Double majority voting and voting-right reform
- Co-decision as standard procedure
- Strengthened role for EP
- High Representative of EU in Foreign Policy, supported by new external action service
- Institutional streamlining
- Simplified procedure for treaty changes (internal policies)



2. European Union (EU) – Stages of integration, goals and prospects



Goals of EU integration:

- What started in the 1950s as a six-country grouping bound by reformed trade rules is now a **28 member** bureaucracy.
- 28 countries that together bind **510 million people** in the **world's largest economy**.
- Integration stages were all designed to stimulate trade between member states, contributing to the end goal of **greater European prosperity**.
- The European Union has had 60 years as a laboratory for cross-border supranational co-operation, making it a natural **champion of global governance**."
- "In terms of European history, this is the best Europe we've ever had. – **60 years of peace!**"
EU at 60 - the longest period of peace in Europe in over 2.000 years!

2. European Union (EU) – Stages of integration, goals and prospects



Prospects of EU integration:

➤ Deepening:

- Banking Union
- Capital Markets Union
- Fiscal Union?

➤ Enlargement (2025?):

- **5 candidate countries:** Albania, the former Yugoslav Republic of Macedonia , Montenegro, Serbia, Turkey
- **2 potential candidates:** Bosnia and Herzegovina, Kosovo

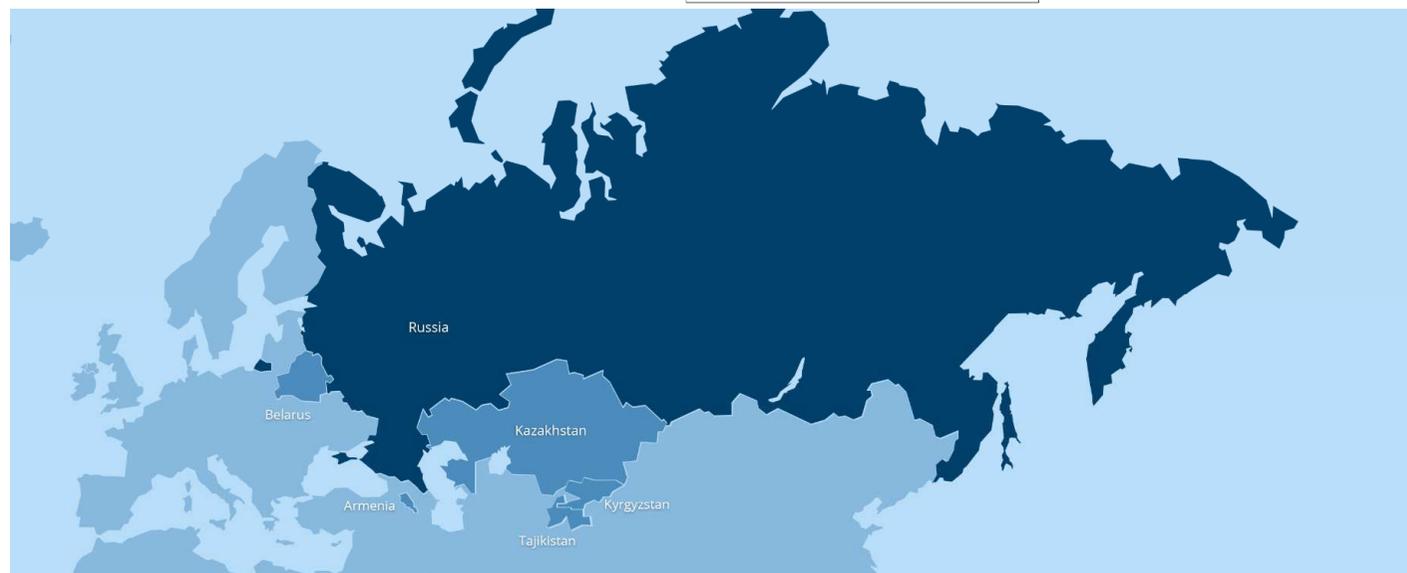
➤ Exit: Brexit (March 29,2019)

3. Eurasian Economic Union (EAEU) – Stages of integration, goals and prospects



Eurasian Economic Union (EAEU)

- 5 member states
- 183 million people
- 2,6% of the world population
- 1,8 trillion USD GDP
- 2,4% of global nominal GDP
- 10.000 USD average GDP per capita
- "four freedoms"
- No single currency
- No Eurasian Parliament



Armenia



Belarus



Kazakhstan



Kyrgyzstan



Russia

3. Eurasian Economic Union (EAEU) – Stages of integration, goals and prospects

Stages of integration of the EAEU

➤ **Commonwealth of Independent States Free Trade Area (CIS FTA) (2011/2012):**

- no or reduced trade tariffs or import quotas
- agreement replaced existing bilateral and multilateral free trade agreements between the countries

Nine Members :

- Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Ukraine, Uzbekistan,
- five CIS FTA participants are members of the EAEU
- Due to DCFTA between EU and Ukraine, Russia suspended CIS FTA with respect to Ukraine in 2016

3. Eurasian Economic Union (EAEU) – Stages of integration, goals and prospects

➤ **Eurasian Customs Union – EACU (2010 - 2014):**

- Common external tariff
- No internal customs controls (eff. 2011)
- Commodity nomenclature of the CU
- Unified customs code
- treaty establishing the Customs Union was terminated by the agreement establishing the Eurasian Economic Union

Three founding members : Belarus, Kazakhstan and Russia

Joint institution: Commission of the Customs Union

3. Eurasian Economic Union (EAEU) – Stages of integration, goals and prospects

➤ **Single Economic Space - SES (2012):**

- Customs union
- “Four freedoms” – goods, services, labor, capital

Three member states: Belarus, Kazakhstan and Russia
Joint institution: Eurasian Economic Commission

3. Eurasian Economic Union (EAEU) – Stages of integration, goals and prospects

➤ **Eurasian Economic Union – EAEU (since 2015):**

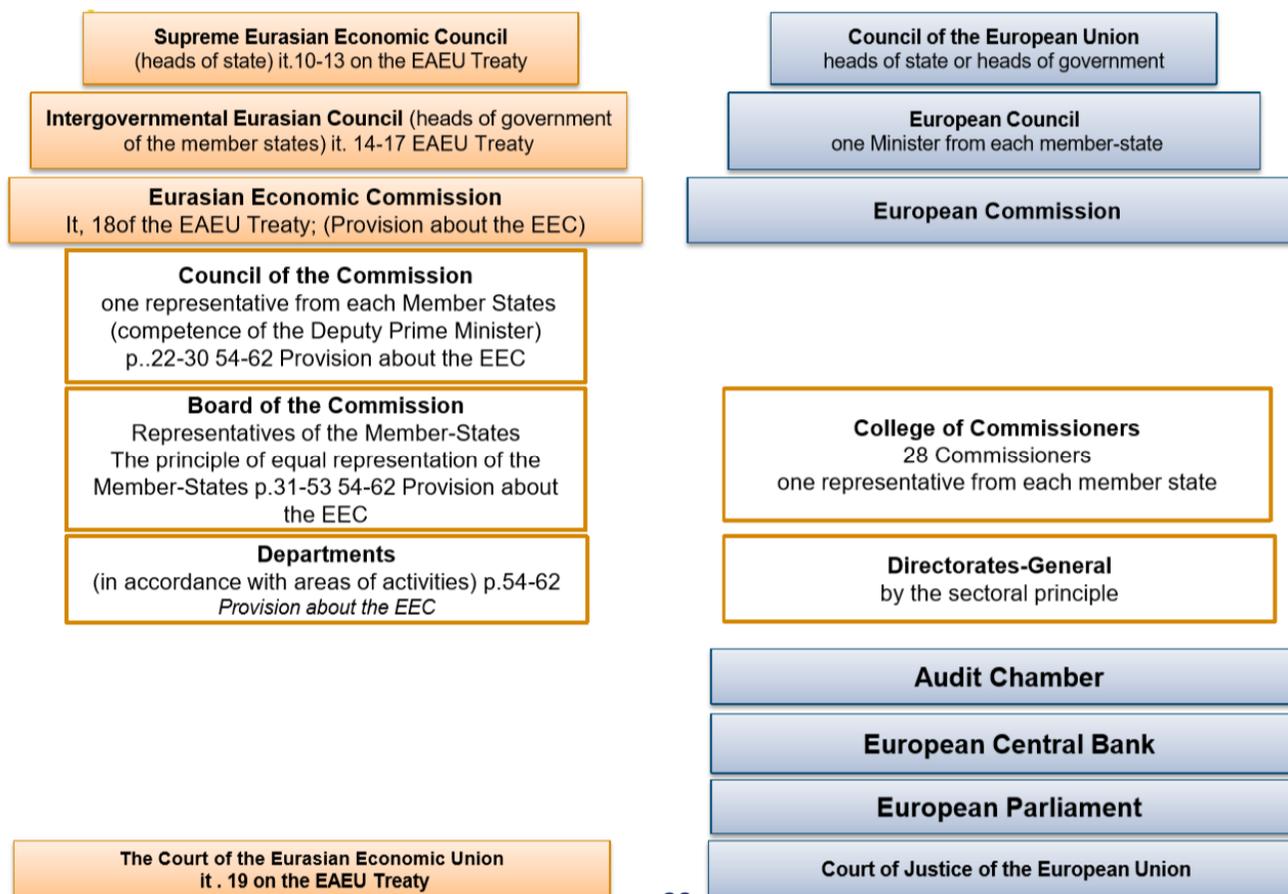
- EACU + SES
- Economic policy coordination

Five member states: Belarus, Kazakhstan, Russia, Armenia, Kyrgyzstan

Joint institutions: Eurasian Economic Commission, Supreme Eurasian Economic Council

3. Eurasian Economic Union (EAEU) – Stages of integration, goals and prospects

Institutional setup of EAEU and EU



3. Eurasian Economic Union (EAEU) – Stages of integration, goals and prospects

Goals of EAEU integration:

- “**4 freedoms**”: Single market for goods, services, capital and labor
- Harmonization of **regulations**
- Economic policy **coordination**

3. Eurasian Economic Union (EAEU) – Stages of integration, goals and prospects

Prospects:

- Often Eurasian integration is described as a merely **geopolitical project** led by Russia in attempt to expand its influence on the neighboring states;
- **Russia** will be the **main beneficiary** in the short term, while **other members** will gain in the medium and long run if trade facilitation is improved, but **loose in the short term (e.g. Belarus)**
- Positive effects might only be seen if Russia acts strongly to improve trade facilitation and **reduce non-tariff barriers.**
- Eurasian Development Bank (2012) expects a 2.5% **higher GDP** in Belarus, Russia and Kazakhstan by 2030.
- **10 potential future members:** Azerbaijan, Georgia, Moldova, Mongolia, Syria, Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan

Conclusion

Two competing integrations: European Union and Eurasian Economic Union



28 EU-Member states

- Association Agreements (**Aas**)
- Deep and Comprehensive Free Trade Agreements (**DCFTAs**)
- Eastern Partnership (**EaP**)

Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine



5 EAEU-Member states

Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia

Integration of integrations: Greater Eurasia

Questions?

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