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

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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

- Free Trade Area
- Customs Union
- Single Market
- Economic Union
- Economic and Monetary Union
- Political Union
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
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, Luxemburg

**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
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 cooperation, 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)
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!"*
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

- Supreme Eurasian Economic Council (heads of state) rt.10-13 on the EAEU Treaty
- Intergovernmental Eurasian Council (heads of government of the member states) rt. 14-17 EAEU Treaty
- Eurasian Economic Commission rt. 18 of the EAEU Treaty. (Provision about the EEC)
- Council of the Commission
  one representative from each Member States (competence of the Deputy Prime Minister)
  p. 22-30 54-62 Provision about the EEC
- Board of the Commission
  Representatives of the Member-States
  The principle of equal representation of the Member-States p. 31-53 54-62 Provision about the EEC
- Departments
  (in accordance with areas of activities) p. 54-62 Provision about the EEC
- The Court of the Eurasian Economic Union rt. 19 on the EAEU Treaty
- Council of the European Union
  heads of state or heads of government
- European Council
  one Minister from each member-state
- European Commission
- College of Commissioners
  20 Commissioners
  one representative from each member state
- Directorates-General
  by the sectoral principle
- Audit Chamber
- European Central Bank
- European Parliament
- Court of Justice of the European Union
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
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

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

28 EU-Member states

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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