

Challenges and Opportunities of Economic Integration within a Wider European and Eurasian Space



International Institute for
Applied Systems Analysis

Future of Eurasian and European Integration: Foresight – 2040

Foresight Report

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Jurij Kofner, Andrea Hofer, Alessio Bavva



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International Youth Forum “Future of Eurasian and European Integration: Foresight–2040”: Overview

Overview



On December 4-8, 2017, in the framework of IIASA's project Challenges and Opportunities of Economic Integration within a wider European and Eurasian Space and as a part of IIASA's science diplomacy mandate, the Institute hosted the International Youth Forum “**Future of Eurasian and European Integration: Foresight–2040**”. In the times of a major geopolitical crisis, 40 talented young minds, together with senior experts, from the European Union (EU), the Eurasian Economic Union (EAEU), the Commonwealth of Independent States, East- and South-East Asia participated in a vibrant brainstorming on possible futures of the Greater Eurasian space in the economic,

humanitarian and security dimensions. Demographic changes, digitalization of the economy, emerging technologies such as blockchains and 3D printing are all great challenges, which the next generations will have to face. The Forum inspired the participants to come up with their vision of the future scenarios by 2040 and to reflect on what their own role in those might be. The foresight exercise was held in the format of a dynamic strategic game, accompanied by presentations and interactive seminars by senior experts.

The International Youth Forum was co-organized by the Institute for Economic Strategies (INES), Moscow, Russia and IIASA.

Among the senior experts teaching and guiding the participants were: **Alexander Ageev**, Director General, Institute for Economic Strategies, Russian Academy of Sciences; H.E. **Askar Akaev**, President of the Kyrgyz Republic (1990 – 2005); **Péter Balás**, Senior Research Scholar, IIASA, Deputy Director General, Directorate-General for Trade, European Commission (2005 – 2014); **Peter Havlik**, Senior Economist, Vienna Institute for International Economic Studies, Guest Research Scholar, IIASA; **Andrea Hofer**, Specialist, European Affairs and International Financial Organizations Division, Austrian National Bank; **Leena Ilmola-Sheppard**, Senior Research Scholar, Advanced Systems Analysis, IIASA; **Pavel Kabat**, Director General and CEO, IIASA; **Nadejda Komendantova-Amann**, Research Scholar, Risk and Resilience, IIASA; **Sergey Krylov**, Vice President, Siemens LLC in Russia, Deputy Minister of Foreign Affairs of Russia (1993 – 1996); **Elena Rovenskaya**, Program Director, Advanced Systems Analysis, IIASA, and other experts.

As a highlight of the Forum, the young participants buried a time capsule with an “Appeal to the Youth of 2040”, to be opened in 2040.

On the last day of the Forum, the young leaders had the opportunity to participate in the high-level event “**Connectivity, trade, and economic cooperation in the European and Eurasian space**”, organized by IIASA on the margins of the 24th OSCE Ministerial Council at the Hofburg Palace in Vienna. Recognizing the potential of youth to contribute to economic cooperation and sustainable economic development, forum participant **Marina Steininger**, Junior Economist, ifo Center for International Economics reported on how young people can enhance connectivity and how they perceive future opportunities for closer economic cooperation in the wider European and Eurasian space.

The results of this youth forum, supported by additional input from leading European and Eurasian experts and high-level policymakers, are published in the foresight report “Future of Eurasian and European Integration: Foresight–2040” you are holding now.



Participants of the International Youth Forum “Future of Eurasian and European Integration: Foresight–2040”. IIASA, Laxenburg, Austria.

The activities of the Forum were carried out in the format of a strategic self-organizing “game”. Its purpose was to encourage high productivity of the foresight working groups in order to realize the Forum’s goals in the limited time given. The formation of a competitive atmosphere among teams and participants was one of the driving elements of the foresight exercise.

Despite the preliminary team building and the self-organization of the participants having begun from the selection stage on, the real team building step occurred during the first evening of the Forum. The participants and the supervising experts were grouped into three thematic foresight teams aimed at exploring the future of European and Eurasian integration by 2040 in the economic, security and humanitarian dimensions. The self-organization process included the selection of team leaders and the foresight session moderators. The work of the foresight groups was aided and constantly monitored by the experts.

During the Forum’s round tables and plenary sessions, both at IIASA and at the OSCE, the young researchers were provided with fresh research and methodological materials, which helped them to form their foresight projections. The experts’ reports and presentations covered key content blocks in three areas: economy, security and humanitarian issues. The crucial part of the strategic game and the whole Forum consisted of the foresight sessions, where the participants had to work out the main actors, tendencies, and potential scenarios of Eurasian and European integration by 2040.

In the end of the Forum, as a symbolic gesture, the young participants wrote an “Appeal to the Youth of 2040”, put the text in a time capsule and buried it in the garden of IIASA – to be opened in 2040 by the same participants of the Forum.

Terminology

BRI	– Belt and Road Initiative
CETA	– Comprehensive Economic and Trade Agreement
CSDP	– Common Security and Defense Policy
CSTO	– Collective Security Treaty Organization
DCFTA	– Deep and Comprehensive Free Trade Agreement
EAEU	– Eurasian Economic Union
EU	– European Union
FTA	– Free Trade Agreement
IIASA	– International Institute for Applied Systems Analysis
INES	– Institute for Economic Strategies
L2V	– Lisbon to Vladivostok, EU-EAEU common economic space
NATO	– North Atlantic Treaty Organization
OBOR	– One Belt – One Road
OECD	– Organization for Economic Co-operation and Development
OSCE	– Organization for Security and Co-operation in Europe
SCO	– Shanghai Cooperation Organization
SREB	– Silk Road Economic Belt
TTIP	– Transatlantic Trade and Investment Partnership

Foresight exercise: Executive summary

Economic aspect

The economic foresight group named four potential geopolitical constellations, one out of which is most likely to define the future of the economic relations in a wider European space by 2040: 1. the “EU – EAEU – China triangle”; 2. the Chinese Belt and Road Initiative; 3. the EU-EAEU common economic space; and 4. the “Greater Eurasian Partnership”.

Four major areas of potential collaboration between the EU and the EAEU were discussed.

First, trade and harmonization of technical regulations. There are four observations in favor of a common market “from Lisbon to Vladivostok”. Firstly, the trade structure between the EU and the EAEU is complimentary. Secondly, there is a substantial basis for the harmonization of technical barriers to trade between the unions. Thirdly, albeit a shift in EAEU external trade towards the Asian-Pacific space, Europe still remains the EAEU’s main trading and investment partner. Elimination of non-tariff barriers would be the main challenge and priority to achieve the free movement of goods and services between the parties. However, whereas the EU would be interested in a simple free trade area, the EAEU would prefer a non-preferential trade and economic cooperation agreement in order to secure European investments and technologies.

Second, connectivity in terms of transport and infrastructure. Enhancing the transport connectivity between Europe and China as part of the Belt and Road Initiative would be another priority for the EU-EAEU cooperation. The speakers of IIASA’s panel session at the OSCE Ministerial Council reminded that special attention should be given not only to the development of “hard infrastructure”, i.e., roads, rail roads, ports, warehouses, etc., but increasingly to the creation of a smoothly operating common “soft infrastructure”, i.e., facilitation of customs procedures, establishment of “one window systems”, digital tracking of goods, and other measures.

Third, energy complementarity. The energy sector structure between the EU and the EAEU is complimentary. Both sides are interested in the stability of the demand and supply of energy carriers. However, EU’s drive towards clean renewable energy and supply diversification, on the one hand, and the EAEU’s energy market integration and export shift towards Asian consumers, on the other hand, may become major game changers at the turn of 2040.

Fourth, competitiveness through digitalization. Despite each having their own digitalization agenda, both the EAEU and even the EU seem to be losing out in the international race towards the digital economy when compared to the US and China. A combination of potentials and markets might give the winning edge in this global competition. Acting fast in the study and regulation of new areas such as blockchain, cryptocurrency, 3D printing, and the Internet of Things, will determine who will become a rule taker and who – a rule maker.

Finally, the young economists have determined three potential scenarios of the future of a wider Eurasian space by 2040. In the “TTIP-2” scenario, the world will be shaped by an economic divide between the US-EU “Transatlantic Economic Union” and the China-EAEU “Greater Eurasian Partnership”. In the “Greater Eurasia” scenario, a common economic space between the EU and the EAEU is created. It can be done in one of the three potential formats: a) a non-preferential trade and economic cooperation agreement; b) a “simple” free trade agreement; and c) a compromise “asymmetric” free trade agreement. In any case, the EU-EAEU common economic space would be a part of the “Greater Eurasian” nexus of free trade agreements and transcontinental transport corridors connecting Asia with Europe. The young economists concluded that this scenario would be the most economically beneficial one for all parties involved. Finally, the third scenario envisaged a limited EU-EAEU cooperation counter-acting China’s Belt and Road Initiative.

Security aspect

The security foresight group, which included students and young researchers in international relations, defined five major players to determine the security landscape in the wider Eurasian space by 2040: NATO, the “EU Army” (as a potential future outcome of the European Common Security and Defense Policy), CSTO, SCO, and the global terrorism.

Robotization and digitalization will determine the technological base of the future security policies. Whereas the “hard” dimension will be influenced by the advancements in the AI and drone warfare, the “soft” aspects will become more and more important. These are methods of a hybrid and information war, as well as security of energy grids and other major infrastructure systems such as the internet, electronic payment platforms, and personal databases.

Mass migration, climate change, competition over resources, and local separatism will be the major trends which have high potential to destabilize the security landscape of Europe and Eurasia in the next 20 years.

According to the students and young researchers, the future of security in the wider Eurasian space between now and 2040 can develop according to one of three major scenarios. In “A new Cold War” scenario, a major factor is an increasing competition between NATO and the Russo-Chinese alliance. “Mutual coexistence and the role of “New Europe”” scenario assumes that the EU – Russia relations will depend on the stance of the Eastern European countries, such as Poland, which in part will be determined by the EU’s immigration policy. Scenario “Blue sky over Eurasia” envisages a pro-active Europe pushing forward cooperation with the CSTO and the SCO to jointly counteract cyber-crimes and terrorist threats.

The Forum’s security foresight group suggested that the OSCE could hold an annual high-level summit of the representatives of the leading security blocks of the wider Eurasian space. Other recommendations were more institutional representation for ethnic and local national minorities and a joint framework in peacekeeping between EU army and the CSTO in the Eastern European conflict zones.

Socio-cultural aspect

The socio-cultural foresight group, which included young cinematographers, philosophy students and early-career researchers in political sciences, came to the conclusion that virtual reality will be a defining factor for the society of 2040. Digitalization of all aspects of live will alter the perception of space by both distancing people from each other and at the same time bringing historical sites and foreign cultures closer through the possibilities of cyber tourism.

The results of the International Youth Forum “Future of Eurasian and European Integration: Foresight-2040” can be summarized in three short quotes.

At IIASA’s high-level side event at the 24th OSCE Ministerial Council, the concluding highlight of the Youth Forum, ambassador Florian Raunig, head of the Task Force of the Austrian OSCE Chairmanship 2017, summarized the results of the discussions as following:

“The key to integration is to emphasize common interests and to put them above the economic and political division that we are currently envisaging. It is not a zero-sum game. It also creates trust and thereby increases security. The transparent and open dialogue is always the starting point for solving conflicts. The region from Vancouver to Vladivostok can increase economic success and political security. We need a large number of participants”.

Erik Regter, Member of the Board of Rail Cargo Austria, the second largest rail logistics in Europe, stated:

“We have to build bridges, not walls!”

Marina Steininger was chosen among the 40 young participants to be the one to present the conclusions of the Forum at IIASA’s side event at the 24th OSCE Ministerial Council. In order to develop cooperation in the wider Eurasian space, the young participants recommended to use a combination of a top-down approach, including the creation of a legal framework and a bottom-up approach, including the initiation of tangible projects in line with the “Industrialization 4.0” concept. The Forum’s participants argued for an economic environment that would allow for a fair competition and suggested concentrating on compatibility of regional integration projects, aims, and strategies. The conclusion of Marina Steininger’s speech was:

“We want to think positive. We appreciate differences but want to live together in our common house called Greater Eurasia. We want Greater Eurasia to be peaceful and prosperous.

Is it up to you? Or will it be up to us?”



Participants of the International Youth Forum “Future of Eurasian and European Integration: Foresight–2040”. IIASA, Laxenburg, Austria.

Future of Eurasian and European integration by 2040

Economic aspect

As part of the Forum, a group of 15 young economists from over 10 countries, all the way from Germany over Ukraine to the Philippines, analyzed the main factors that are likely to shape the future of economic cooperation between the EU and the EAEU in the wider Eurasian space by 2040. First, the main regional economies and integration concepts were distinguished. Then, distinct key areas for potential EU- EAEU cooperation and integration were analyzed: 1. Trade and harmonization of technical regulations; 2. Connectivity: transport and infrastructure; 3. Energy compatibility; 4. Competitiveness through digitalization. Finally, three major scenarios of the potential futures of European and Eurasian economic integration were established.

Actors and concepts



The **European Union (EU)** is a political and economic union of currently 28 European member states (until Brexit). It has a population of over 510 million. The EU has developed an internal single market through a standardized system of laws that apply in all member states. EU policies aim to ensure the free movement of people, goods, services, and capital within the internal market, enact legislation in justice and home affairs, and maintain common policies on trade, agriculture, fisheries, and regional development. Within the Schengen Area, passport controls have been abolished. A monetary union was established in 1999 and came into full force in 2002 and is composed of 19 EU member states which use the euro currency.

The European Union is the second largest economy in the world in nominal terms and according to purchasing power parity (PPP). The European Union's GDP was estimated to be €15.3 trillion in 2017, representing ~22% of global economy (nominal global GDP).

The 2010's was a challenging decade for European integration. The global economic crisis struck hard in Europe. The EU helped several countries to confront their difficulties and establishes the "Banking Union" to create a safer and more reliable banking sector. In 2012, the European Union was awarded the Nobel Peace Prize. Croatia became the 28th member of the EU in 2013. Climate change is still high on the agenda and leaders agree to reduce harmful emissions. European elections were held in 2014 and more Eurosceptics have been elected to the European Parliament. A new security policy was established in the wake of the Ukrainian crisis. Religious extremism increases in the Middle East and various countries and regions around the world, leading to unrest and wars which result in many people fleeing their homes and seeking refuge in Europe. The EU is not only faced with the dilemma of how to take care of them, but now also finds itself the target of several terrorist attacks.

According to the "Global Europe 2050" foresight report¹, the European Commission, distinguished three key scenarios which describe different, but nonetheless possible pathways that Europe could choose to follow over the decades to come.

The first scenario is what if "Nobody cares" and Europe just muddles along with no clear vision or direction. In this scenario the analysis shows that economic growth will remain stubbornly lower than in the US and China, and that the EU will fail to exploit its potential for innovation and will, in consequence, lose its position in terms of global competitiveness to other regions in the world.

At the other extreme, the "EU under threat" scenario paints a bleak picture of global economic decline followed by reactionary protectionist measures. The EU will see its share of world GDP fall by almost a

¹ Global Europe 2050. Directorate-General for Research and Innovation (European Commission). Brussels. 2012. // https://ec.europa.eu/research/social-sciences/pdf/policy_reviews/global-europe-2050-report_en.pdf

half by 2050. Frequent food and oil crises will occur. EU member states will become more inward-looking leading to inefficient fragmentation of effort that will touch every sector, especially research – so vital for future prosperity.

Along the third scenario, which the experts call the “European Renaissance”, describes a much more attractive pathway. The EU continues to enlarge and become stronger. It consolidates its political, fiscal, and military integration. Innovation systems become more efficient with an increased role given to users. Investment in technological and services innovations will have a direct impact on economic and social development. The member states will work together to make the European Research Area fully functional with research agendas being decided in common across Europe. EU GDP is likely to almost double by 2050.



The **Eurasian Economic Union (EAEU)** is a relatively young international organization for regional economic integration in post-Soviet space, established in 2015 by the Treaty on the Eurasian Economic Union that was signed in Astana in 2014. Currently unites five member states – Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia. Despite its young age, the Union already has international legal personality and provides for free movement of

goods, services, capital, and labor, pursues coordinated, harmonized, and single policies in a broad range of sectors such as trade, customs, technical barriers, finance and macroeconomic stability, industrial development, infrastructure, energy and transport, competition, and digitalization. The Union has been created to comprehensively upgrade, raise the competitiveness of and the cooperation between the national economies, and to promote stable development in order to raise the living standards of the nations of the member states. Currently, the EAEU is an integrated single market of 183 million people and a gross domestic product of over \$ 4 trillion PPP.

The Union operates through supranational and intergovernmental institutions. The Supreme Eurasian Economic Council is the "Supreme Body" of the Union, consisting of the heads of the member states. The second level of intergovernmental institutions is represented by the Eurasian Intergovernmental Council (consisting of the prime ministers of member states). The day-to-day work of the EAEU is done through the Eurasian Economic Commission (EEC, the executive body), which is a supranational body similar to the European Commission. There is also a judicial body – the Court of the EAEU, located in Minsk. The creation of supranational regulatory body for the integrated EAEU financial market is planned in Almaty by 2025. The Eurasian Economic Bank (EAB) and Eurasian Fund for Stability and Developments are usually seen as the main development institutions affiliated with the Union.

According to a report, titled “Long-term forecast of economic development of the Eurasian Economic Union until 2030”², the EEC predicts three likely scenarios of further development of the EAEU.

Within the “Prolonged Statusquo” scenario, the national economies operate more independently under the influence of internal and external factors. In such conditions the economic development of the member states relies on its “conventional” sources of economic growth, which provide low balanced rates of the economic development while the infrastructure restrictions remain.

The “Transit-raw bridge” scenario is based on the benefits from the geographical location of the Union and the existing resource availability (renewable and non-renewable resources) of the member states. Collaboration between the European and Asian-Pacific regions is likely to promote deepened cooperation between the member states under this scenario. In that case the Eurasian Economic Union gains benefits from the transit of commodities, raw and industrial goods through the major logistic hubs and transportation routes.

Along the third scenario, a boost in regionalization in the global economy creates favorable conditions for the consistent formation of the EAEU as its own center of economic power in the wider Eurasian space. As such, it would be able to accumulate innovations, investments, skilled workforce, and

² Long-term forecast of economic development of the Eurasian Economic Union until 2030. - M.: EEC. 2015 - 56 p. (Dolgosrochnyy prognoz ekonomicheskogo razvitiya Yevraziyskogo ekonomicheskogo soyuza do 2030 goda. — M.: YEEK. 2015 g. — 56 s.). // <http://eurasian-studies.org/archives/2839>

production of competitive goods and services. This “Own center of economic power” scenario could be characterized in such terms as the knowledge-based economy, cooperation in non-resource spheres, technology intensive industries, human development, scale effect, technological effect, synergy effect. It is based on searching of new opportunities for economic growth and creation of new competitive advantages.

The extra growth of the EAEU GDP as a result of integration measures is estimated at near 2.9% by 2030 or \$ 140 billion in 2012 PPP. The results for the EAEU member states depend on the scale of economies: for the Republic of Belarus it will be the most significant +13.1 % of GDP, for the Republic of Kazakhstan +10.4% of GDP, and for the Russian Federation + 1.4% of GDP.

Within the report, the Eurasian Economic Commission established the industrial cooperation priorities in the Union by 2030. The economic spheres with the highest growth potential due to the integration measures within the EAEU were determined to be: for goods – manufacturing of pharmaceutical and chemical products; for services – travel and transport services.



The concept of a **Common economic space “from Lisbon to Vladivostok” (L2V)** implies the aim for deepened cooperation and integration between the European Union and the Eurasian Economic Union.

This idea, albeit undergoing several transformations and having different interpretations, has a long-standing history. Among its first proponents we can assume count Richard Coudenhove-Kalergi⁴, debated geopolitician Karl Haushofer and famous general Charles de Gaulle. After the fall of the Soviet Union, this concept has received notable public support both from politicians and from various European business associations and lobbies.

Among these we can name the “Lisbon to Vladivostok Common Economic Space” working group, spearheaded by the German consulting company SCHNEIDER GROUP; the German Committee on Eastern European Economic Relations (Ostauschuss der Deutschen Wirtschaft) and the “Associazione Conoscere Eurasia” led by the Italian Intesa Bank.

The challenges and opportunities of a common economic space between the EU and the EAEU has also become the focus point of scientific, especially economic, evaluation. Over the past few years, there have been only a few selected research institutes that have conducted studies and published papers on the concept of a potential EU-EAEU common economic space.

These are: the International Institute for Applied Systems Analysis (IIASA) in Laxenburg, Austria; the ifo Institute in Munich, Germany; the Vienna Institute for International Economy Studies (wiiw) in Vienna, Austria; the Centre

for European Policy Studies (CEPS), in Brussels, Belgium; the Centre for Integration Studies of the Eurasian Development Bank (EDB), in Saint-Petersburg, Russia. In fact, the research efforts of all of the above-mentioned institutes have been bundled within the international research project and platform **“Challenges and Opportunities of Economic Integration within a Wider European and Eurasian Space” (InEurasia) conducted by IIASA.**

Despite having had an initial promising start in the early 2000’s for deepened economic integration between the EU and the states of the post-Soviet space, especially when regarding the EU-Russia “Partnership for Modernization”, the Ukrainian crisis and the subsequent crisis in the EU-Russia relations have put a halt on all further cooperation prospects. The “elephant in the room” is obviously the conundrum on how to move from “competition of integration projects” in the EU-EAEU shared neighborhood towards “cooperation of integration projects”. Solving this “Gordian knot” surely is one of the main preconditions for creating the EU-EAEU common economic space and might be attained within the next 7-10 years.

Policy experts from IIASA agree, that, should this above-mentioned condition be met, then the Lisbon to Vladivostok common economic space ought to be thought about within a wider Eurasian context. This is necessary both due to Russia’s geo-economic “Turn to the East”, and even more so, due to the growing influence of Asia, especially China, in the global economy.



“Greater Eurasia” – is both a geographic concept covering the whole Eurasian continent as defined by German geographer Alexander von Humboldt, as well as a way of describing the emerging nexus of continental “integration of integrations” and network of FTAs within the EU – EAEU – China triangle, as well as with other regional players, such as Iran, India, and Turkey (Kofner). At the highest state and international level this concept was put forward by the presidents of Russia Vladimir Putin and of Kazakhstan Nursultan Nazarbayev during the SPIEF 2016.

The Greater Eurasian agenda covers not only the EU and the EAEU, but also the future relations between the main players in Asia, in particular with China, as a direct neighbor of the EAEU. There are some major developments: the Asian economic rise, China’s Belt and Road Initiative as a framework idea, the development of railway and road connectivity, large investments projects, including projects related to energy supplies, as an example of possible content.

The concept of the EU – EAEU – China triangle entails enhanced economic cooperation and eventually economic-trade liberalization in the bilateral relations between each pair of the three major economies, however – at least in the foreseeable future – not an overall trilateral agreement among all three of them. Still, there are a number of challenging opportunities for economic cooperation, including such areas as trade, cross-border transport infrastructure and transit, telecommunications.

A non-preferential trade and economic cooperation agreement between the Eurasian Economic Union and the People's Republic of China (PRC) was signed in Astana on May 17, 2018.

This agreement includes several mutual obligations, including: "Horizontal and legal matters", "Transparency", "Market protection measures", "Technical barriers to trade", "Sanitary and phytosanitary measures", "Customs cooperation", "Intellectual property", "Competition", "Public procurement", "Sectoral cooperation", and "E-commerce". The non-preferential trade and economic cooperation agreement between the EAEU and PRC is similar to the EU – Russia Partnership and Cooperation Agreement from 1997. It is only about economics and not about politics. Within this agreement, the establishment of a free trade zone is not considered. However, the aim is to decrease non-tariff barriers, thus giving Eurasian companies a better access to the Chinese market and facilitate the possibilities for commodities exports to China (Valovaya).

Russia's "Turn to the East" is slowly gaining momentum. The APEC countries are beginning to overtake the EU as a source of imports: in 2016, the Eurasian Economic Union imported relatively more goods from APEC countries (42% of total imports – mostly from China, Korea, and ASEAN countries) than from the EU (41%). However, the EU still remains by far the most important export market.

However, completely switching the EAEU's pivot to China will not be easy. China, rather than EAEU, is the more important (and growing) trading partner for the EU. There are deeper and more complex economic relations between the EU and China, than with the EAEU, and even liberalization talks about some aspects of the economic relations (investments) have started. At the same time, China is the single most important and rising trading partner for the EAEU/Russia (in particular for imports) (Balás, Havlik).

Thus, the question arises what the role of the European Union in this Greater Eurasian triangle will be (Valovaya). The EU – China economic and trade relations develop quite fast, but on the other hand there are also tensions. One of the most important problems is the same as with Russia, the direct influence and support by the government in the economic area, e.g., Chinese transport subsidies, causing distortions. Thus, in the EU there are disputes about China's market economy status and there are also concerns about the lack of reciprocity when it comes to investments. China heavily controls foreign investments, while actively investing also in strategic sectors in the EU countries. These factors also show up in the negotiations about the bilateral investment agreement, which move ahead, but on these problems acceptable solutions still need to be found (Balás).

In 2013 the EU and China launched negotiations for an Investment Agreement. The aim is to provide investors on both sides with predictable, long-term access to the EU and Chinese markets and to protect investors and their investments.



The **Chinese Belt and Road Initiative (BRI)** is an investment and infrastructure development strategy that focuses on economic cooperation through enhancing connectivity in transport, logistics, energy, and communications between countries along the planned transcontinental transport corridors. The initiative was unveiled by Chinese president Xi Jinping in Astana in 2013 and was thereafter promoted by Premier Li Keqiang during state visits to Asia and Europe.

The BRI focuses is on infrastructure investment, construction materials, railway and highway, automobile, real estate, power grid, iron, and steel. Already, some estimates list the Belt and Road Initiative as one of the largest infrastructure and investment projects in history, covering more than 68 countries, including 65% of the world's population and 40% of the global GDP as of 2017. The declared financial commitment to the OBOR initiative, according to different sources, varies from \$500 billion to \$1400 billion (Akaev).

The land-based route is collectively called the “Silk Road Economic Belt” (SREB) and is divided into three main corridors:

1. Northern: China – Russia – Belarus – Europe (Transsib)
2. Central: China – Kazakhstan – Russia – Belarus – Europe (Western China – Western Europe)
3. Southern: China – Central Asia – Southern Caucasus – Turkey – Europe or China – Central Asia – Iran – Turkey – Europe or China – Pakistan – Indian Ocean

The ocean-based routes are collectively called the “Maritime Silk Road” and are divided into the southern (towards the Suez Canal) and northern routes (through the Russian Arctic sea).



Source: EDB Centre for Integration Studies

Plans to link the Eurasian Economic Union and the Chinese Belt and Road were announced on May 8, 2015. This conjunction is aimed at an efficient transport and infrastructure link between China and Europe, and at the same time at the socio-economic development of Greater Eurasia along the transport and logistics corridors of this project.

If the EAEU has so far focused on promoting external and legal formalization of integration in the wider Eurasian space through trade negotiations, then China plans to fill this external "soft" infrastructure with its "hard" infrastructure, i.e., physical transport and infrastructure corridors (Kofner).

Trade and harmonization of technical regulations

Using materials from IIASA’s research, the participants of the economic foresight group noted that the interests in potential cooperation between the EU and the EAEU partially diverge and partially coincide. Yet, in any case, there would be an objective mutual interest in stronger economic cooperation. The table below summarizes the understanding of EU’s and EAEU’s interests as emerged from IIASA’s research.

Interests of the European Union	Interests of Eurasian Economic Union
1. Trade liberalization (i.e., creation of a comprehensive FTA with the EAEU);	1. A comprehensive FTA with the EU only in the long term and with substantial transition periods;
2. Elimination of the measures hindering competition on equal terms between domestic and foreign companies in the EAEU member states;	2. Growth of European investments;
3. Guarantees of energy security (supply security).	3. Transfer of technologies from the EU;
	4. Stability of demand for energy in the EU (demand security).
Most agreeable format: free trade area agreement.	Most agreeable format: non-preferential trade and economic cooperation agreement.

In 2016 the EAEU imported more from the Asian-Pacific region than from the EU and this trend strengthened in 2017. Moreover, while in 2014 still 65% of all foreign direct investment in the EAEU had come from the EU, in 2017 this share dropped to 22%.

Approaching EU, EAEU, and Chinese systems of technical, phytosanitary and customs regulations might help to increase trade across the wider Eurasian space. Elimination of existing barriers, if still in the future, is necessary for the creation of a common economic space from Lisbon to Shanghai (Valovaya).

The European Commission is actually interested in cooperation with the Eurasian Economic Commission on a technical level and has frequent useful meetings in Moscow and in Brussels (García Bercero).

Besides that, the European Commission concluded cooperation agreements with Moldova, Georgia, and only recently enhanced cooperation agreements with Kazakhstan (2015) and Armenia (December 2017). A similar agreement is currently negotiated with Kyrgyzstan. A WTO-membership of Belarus is also currently discussed and can be reached by 2022 (García Bercero).

At the turn of 2050, Greater Eurasia – consisting of 50 European countries, 50 Eurasian countries and 15-20 African countries – might produce 60% of world GDP. By 2021 the Chinese economy would be the largest in the world and by 2050 China would be the most technologically developed country (Akaev).

The economic bargaining power in Greater Eurasia would shift to China, which would have the most influence in the Eurasian region, with the EU27 ranking second and the EAEU ranking third. Assuming that the conflict in Ukraine would be solved sooner rather than later inter-regional “integration of integrations” would still be difficult to achieve, especially for the six EU Eastern Partnership member states: Armenia, Azerbaijan, Belarus, Moldova, Ukraine, and Georgia. Up until now we have been observing a certain competition of integration projects with the EU and its Eastern Partnership on the one side and the EAEU on the other side. Finding a compromise between the EU and the EAEU in this area would be beneficial for the overall integration in the wider Eurasian economic space (Havlik).

Free trade between Europe and the Eurasian Economic Union (EAEU) and beyond might lead to substantial economic advantages since the economic setup of both regions is complementary to each other. The European imports from the EAEU are concentrated on natural resources, such as gas, oil, and metals. More than 80% of the EAEU’s exports to the EU consist of natural resources. The EAEU’s imports from the EU are dominated by machinery and chemical products, whereas service trade is still underdeveloped on both the export and the import. This already shows that there is still room for an increase of the extensive and intensive margin of trade. Both the quantity of goods traded can be increased (the extensive margin), as well as the range of traded goods (the intensive margin). Further, the next figure shows that trade between the EAEU and the EU was already increasing significantly until the great recession of 2008–2009 hit countries across the globe. Then trade volumes increased again, but there is a clear trend that the overall trade did not recover. It even stagnated and had a slightly decreasing tendency – even before the Ukrainian crisis.

The trade barriers between the former Soviet Union countries and the European Union are still relatively high in many sectors. The average tariffs in the agricultural sectors are consistently above ten percent. The manufacturing industry is confronted with average tariffs of 5%. The tariff barriers for agri-food products are even higher – with a weighted average of 8,5% (Jaramillo).

The non-tariff barriers are still quite substantial as well, which can be traced back to the large number of international disputes, especially in regard to technical trade barriers and in the sanitary and phytosanitary areas.

However, regarding the potentials for harmonization of technical product standards and regulations between the EU and the EAEU, IIASA's research has established that most of the EAEU technical regulation and standards are already identical to the European ones.

Yet, the prior question would be whether the EU – EAEU common economic space will take the form of a “non-preferential” agreement on economic and investment cooperation, as between China and the EAEU, or of an “asymmetric” free trade agreement. In any case, potential EU – EAEU cooperation on technical product standards could incorporate the following components (from minimum to maximum): simple cooperation based on WTO principles; a Mutual Recognition Agreement (MRA); or even, at best, an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) (Kofner).

Connectivity: transport and infrastructure

The creation of transport connectivity would be one of the primary goals of an EU–EAEU economic integration. This would be in their common interest (Valovaya, García Bercero). In 2018, the Eurasian Economic Commission plans to invite Russia, the EU, and the other EAEU member states to jointly work on increasing transport and communications connectivity in the Greater Eurasian space (Valovaya). The European Commission is also interested in creating greater transport connectivity to the East (García Bercero).

The initiative to revive the Silk Road in the XXI century belongs to the Chairman of the People's Republic of China Xi Jinping. In 2013, the Chinese president presented the “Belt and Road Initiative” (BRI) at the Nazarbayev University in Astana. It consists of two projects: Silk Road Economic Belt (SREB) and the 21st-century Maritime Silk Road (MSR). For the implementation of the projects the following have been created: the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund (SRF), the China Development Bank (Akaev).

In 2015, Vladimir Putin and Xi Jinping adopted a joint statement on the conjugation of SREB and the Eurasian Economic Union (EAEU). The conjunction has a great potential for the Eurasian states' development. At the same time, Russia's response to the Initiative will demonstrate if it can become a truly attractive destination for both foreign investors and partners. The EAEU–China cooperation agenda cannot be confined to the trade, as the implementation of infrastructure and investment projects requires approximation of technical regulations with due account of the specifics of each commodity group.

The Eurasian Economic Commission competencies should be extended to include transport and investment issues by a special decision of the Supreme Council. The Commission must have the capacity to negotiate with China unification of norms and common approaches to technical regulation. However, EAEU–China negotiations on an FTA would be premature before the EAEU members establish internal instruments of precise technical control (Valovaya).

Kazakhstan had worked on the improvement of its road and rail transport network and on good governance since 2010. Cooperation between Kazakhstan and China would be crucial for the integration of the landlocked Central Asian country into the global economy. The border between China and Kazakhstan was transformed to a trade-friendly border. Since then, with the support of Nursultan Nazarbayev, Astana is becoming a major seat for international IT-start-up-hubs, an international financial center under English common law and a meeting point for the young generation from East and West, South and North (Abdrakhmanov).

In order to enhance transport connectivity in Greater Eurasia, good “soft infrastructure”, i.e., business-friendly regulations concerning foreign trade operations, is as important as good “hard infrastructure”, i.e., road, rail, ports, etc. While good road and rail connections are certainly important, without good regulations they may be a waste of money. The World Bank offers its assistance to national authorities to make sure via studies that hard infrastructure is not squandered by a lack of soft infrastructure. Thus, one of the major problems of the Chinese Belt and Road Initiative is that it does not yet have a clear and well-pronounced approach to soft infrastructure (Jaramillo).

The main trends in transportation are the development of high-speed transportation lines (road, rail, ship, air), further development of pipelines, standardization, the «single window» approach, the creation of logistical hubs along the Silk Road Economic Belt. All these measures are likely to increase market access in Asia for goods and services, as well as labor mobility (Ageev).

According to IASA’s research in cooperation with the EDB, the China–Europe container traffic growth potential generated by the margin of “convenience” is far from exhausted. By 2021, it may produce a manifold increase in the number of container trains and volume of container traffic (to reach 200–250,000 FEU). In addition, the number of train departures per week (regularity) will go up by a factor of three (to about 100 per week).

One of the findings in the report states that the current through freight rate (including subsidies) of \$5,500 per FEU on average encourages further growth of container traffic to 500,000 TEU in 2021 (a twofold increase). After that, keeping the freight rate at the previous level will no longer produce such a pronounced effect and container traffic growth rates will dramatically decrease. The prerequisites for further growth will include lower freight rates, investments in the debottlenecking of the transport and logistics infrastructure (the construction of additional railways, the electrification of railway sections, the upgrade and modernization of locomotive fleets, the use of special rolling stock, and the construction of transport and logistics centers and infrastructure at border crossing points, among other things), and international coordination of transport policies at the level of Greater Eurasia.

In an optimistic scenario, the aggregate container traffic along the China–EAEU–EU axis may grow to 1.3 million TEU in the long term. If the existing East–West/West–East container traffic imbalance (2:1) persists and West–East trains additionally take on additional containers, the aggregate railway container traffic along the China–EAEU–EU axis could reach up to 2 million TEU per year in the future.

The main barriers (hard and soft infrastructure) to a steady and substantial increase of cargo flows from China to Europe are the length of trains, different gauges, and insufficient level of procedural harmonization (COTIF vs. SMGS). Although trans-border investments in transport infrastructure are unlikely, it is still recommended to improve the international coordination of the development of land transport corridors and to increase investments into infrastructural bottlenecks (Stepanova).

The creation of a common cross-continental “soft infrastructure” is crucial for the success of the Belt and Road Initiative. Thus, better connectivity across the wider Eurasian continent could be reached by standardization of requirements for railway gauges and containers; harmonization of the legal framework for automobile transportation and declarations; the reduction of bureaucratic barriers for cargo transit through customs procedure harmonization; the creation and further development of the cross-border logistics hubs; implementation of the single-window approach; formation of an inter-continental discussion platform between the EU, the EAEU and the BRI.

Energy complementarity

Both the European Union and the Eurasian Economic Union face serious challenges in their energy sector development. Generally speaking, the energy sector is represented by three major segments – electricity, renewable and non-renewable energy sources. However, each actor has its own energy basket.

The EU tries to mitigate climate change through the development of renewable energy sources. It also tries to avoid dependence on the import of non-renewable energy carriers by diversifying its energy suppliers. It has pledged to cut its energy consumption by 20% (compared with projected levels) by 2021. By developing the production of renewables, the EU succeeded in green technologies and equipment. Apart from that, the EU has developed a common electricity market. However, electricity prices for consumers and production remain high due to the insistence on the “internalization of externalities”, i.e., strict ecological safeguards, trade union law, implementation of high-tech.

In the EU, the combined share of petroleum products and solid fuels fell from 65.1 % of total consumption in 1990 to 50.4 % by 2013, reflecting a move away from the most polluting fossil fuels. By contrast, the share of EU-gross inland consumption accounted for by renewable energy sources was 13.0 % in 2015, three times its share (4.3 %) of the energy mix in 1990. The relative importance of natural gas also increased relatively quickly during the 1990s and more slowly thereafter, to peak at 25.3 % in 2010; this share fell during the next four years to reach 21.4 % in 2014, before rising to 22.0 % in 2015. The recent downturn in the use of gas within the EU energy mix reflects, at least in part, difficulties linked to the security of supply from Russia.³

At the same time, the energy basket of the EAEU is much different from that of the EU as the proportion of the fossil fuels segment is much bigger.

In the Eurasian Economic Union in 2016 extraction of coal totaled 489.6 million tons, crude oil – 628.3 million tons, natural gas – 682.2 billion cubic meters. In the same year the EAEU produced 1 235.1 billion kW·h.⁴

A higher exploitation of renewable energies is likely to affect suppliers of traditional energy sources. Less reliance of the EU on coal, oil, and natural gas can have an adverse effect on Russia as a major supplier of such energy carriers, and thus might compel Moscow to relocate its supply stream even more to the emerging Asian market to comply with this trend (Bescotti). However, since the electricity market of the EAEU is mainly fuel-based it is thus cheaper. The EAEU is planning to create common electricity, oil, and gas markets by 2025.

Higher dependence on the either segment of the energy basket can create imbalances in the energy sector development. Cooperation and synergy between the EU and the EAEU could achieve a more balanced and sustainable energy market in the wider region. However, one can hardly deny that both mutual trust and the right political circumstances for such cooperation have not been reached yet.

If such a scenario of improving relations were to happen, it would be sensible to create joint projects based on technological and experience exchange between the unions and to carry out negotiations in order to create insurance for political risks and to become reliable partners. As a result, both unions could achieve a more balanced energy sector. This could create a lower price of the electricity, which in turn can increase economic output and make Euro-Eurasian industries more competitive on the world market.

Competitiveness through digitalization

The novelty of the digital economy is first, in achieving unprecedented flexibility in technology, production and consumption formats; second, in the possibility of drastically reducing the cost of production and logistics processes; third, in the flattening of management models, a sharp increase in the importance of self-organization (Ageev).

The Internet economy creates five jobs for every two 'offline' jobs lost. The EU digital economy is growing by 12 % each year and is now bigger than the Belgian national economy. There are more mobile phone subscriptions in the EU than people. There are 7 million jobs in the ICT sector in Europe. It is estimated that half of the productivity growth derives from investment in ICT.⁵

Launched in May 2010, the digital agenda for Europe is aimed at boosting Europe's economy by delivering sustainable economic and social benefits from a digital single market.

In 2016, the EAEU started developing proposals on the formation of a digital space. The following priorities were set:

- Development of the EAEU legal and regulatory framework and harmonization of the legislation of the EAEU member states.

³ Eurostat. EU Consumption of Energy. 2017. // http://ec.europa.eu/eurostat/statistics-explained/index.php/Consumption_of_energy

⁴ The Eurasian Economic Union in Figures: A Brief Statistical Digest. The Eurasian Economic Commission. Moscow. 2017. - 206 p. (Yevraziyskiy ekonomicheskiy soyuz v tsifrakh: kratkiy statisticheskiy sbornik. Yevraziyskaya ekonomicheskaya komissiya. Moskva. 2017. - 206 s.). // http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/econstat/Documents/Brief_Statistics_Yearbook_2017.pdf

⁵ Digital Agenda for Europe. European Commission. Brussels. 2014. – 8 p. // <https://op.europa.eu/en/publication-detail/-/publication/27a0545e-03bf-425f-8b09-7cef6f0870af>

- Creation of a common digital space to increase mutual trade volumes using e-commerce tools.
- Expanding the practice of using information and communication technology (ICT) to improve the efficiency of cross-border interaction between public authorities, business entities, and individuals.
- Development and implementation of joint projects and programs aimed at the digital transformation of the economies of the EAEU member states.

A study by the World Bank Group has shown that digitalization of the EAEU can create from 0.5% to 2% additional GDP by 2025 depending on sector and scope of digitalization.⁶

The United States and China are becoming leaders in the digitalization of their respective economic processes and the EU and the EAEU are lagging behind. This could be another argument in favor of combining the technological potentials of the EU and the EAEU (Ilmola-Sheppard).

One of the main directions of EU–EAEU cooperation could be the creation of a common IT ecosystem for technology transfer and comfortable co-development of new technologies. Nowadays this area is characterized by a lack of value-added production in the EAEU economies, low productivity and outdated management in the EAEU countries, “physical presence” barriers for personal evaluation of goods and technologies of other companies/countries.

However, technologies that are likely to lead to a fundamental change in the structure of the world economy and the transformation of the main international actors are developing and emerging. These **trends** are:

- «Big data» (new level of economic forecasts: volume of agricultural yield, more accurate search for new minerals, growth in trade);
- Internet of Things (reduction of production costs, franchising (technology transfer) in the EAEU countries);
- “Open data” technology (for instance, Open API);
- Virtual reality (“Virtual collaboration“ leads to removal of some trade barriers, improvement of professional skills of the staff, distance mobility of scientists, growth in trade);
- “Superman” technology based on neuro-interface and quantum computing;
- Additive technology (for instance, 3D printing, neuro-implants).

On the one hand, 3D printing might lead to a rise in small and medium community business. On the other hand, AI and machine learning can help large corporations save costs by reducing administrative and business-to-customer staff. In their place, new job specifications will require supervisory functions and constant innovations (Mukhitdinov, Voikina).

New technologies have both positive and negative consequences. The positive side includes measures that enhance globalization and cooperation. Internet technologies (virtual reality, online education) will contribute to the development of remote work and reduce the outflow of highly skilled labor. At the same time, the internet will become the main platform for the interaction of scientists. Such technologies as the geological monitoring can help locate rare earth elements and other valuable resources. The Internet of Things can contribute to the development of franchising, standardization, and the automation of production.

But there are also risks, for instance, the development of new technologies, such as AI, can lead to an increased confrontation on the Eurasian continent and push a technology race. Another negative consequence can be the strengthening of socio-economic and physical inequalities, as the new technologies will not be available to all.

Another aspect of the digitalization of the economy is its likely impact on regional economic integration. Here the main question will be how the supranational regulation correlates to a digital environment where there are no borders. Those who create the rules the earliest will be the rule makers for a space far wider than that of the regional block. Everybody else will have to become a rule taker. This can be seen by the effect of the General Data Protection Regulation (GDPR) act that was enforced by the EU in 2018 (Kofner).

⁶ The EAEU 2025 digital agenda: prospects and recommendations. World Bank Group. Washington D.C. 2018. – 40 p. // <http://documents.worldbank.org/curated/en/850581522435806724/pdf/EAEU-Overview-Full-ENG-Final.pdf>

The finance sector is an important part of the process of world economic integration. International finance covers foreign exchange, credit, stock exchange, investments, etc.

Blockchain is becoming ever more feasible and popular as a new instrument for financial interactions. Its capabilities can make it possible to radically change the world of financial relations and institutions. This technology allows excluding the mechanism of trust, which is a serious breakthrough. Its use cancels the control system and does not require the use of intermediaries' assistance in concluding transactions. Thus, in the near future, a cluster of "smart contracts" can be formed, which can reduce the market of lobbying services in businesses (Mukhitdinov).

According to the logic of the Austrian school of economics, the active introduction and the use of cryptocurrencies can help create healthy currency competition and increase the share of decentralized currencies. In capitalist economic systems, competition can actively develop, which could improve the quality of goods. The active use of cryptocurrency could prove to be better than traditional banks in providing a powerful stimulus to the real economic sector.

But, under the given conditions, it is possible to also distinguish the following potential risks: potentials for black/shadow markets; the disappearance of most of the banks; a decrease in usage of the Euro and other traditional currencies.

Regarding blockchain and cryptocurrency technologies, several **recommendations** can be given:

- Work out international legislation, which will determine and consolidate the status of block technology and cryptocurrency;
- Banks should work out clear mechanisms for implementing block technology and cryptocurrency in their activities, and also improve their digital protection;
- The governments of countries should establish the necessary conditions for the circulation of cryptocurrencies and free use of block technology (e.g., as in Belarus);
- Employees of the banking sector and the financial sector should undergo training in blockchain technologies and cryptocurrency;
- Education programs on cryptocurrencies and blockchain at universities.

Crowdfunding is another example of the digital economy. According to GfK, crowdfunding technologies are available to more than 87 million Russians. That is more than half of Russia's' population. The number of internet users on mobile devices is growing at an impressive rate. The growth of the mobile internet audience is connected, first of all, with the growth of smartphone penetration – by the beginning of 2018 more than half of Russia's adults (51.5%) used smartphones (Belousova).

In Russia, the dominant number of respondents – 64% preferred SMS-donations, 31% used internet banking, 18% – electronic wallets. Since 2014, remote types of donations have been consistently ahead of cash contributions by 7%. It is noteworthy that 38% of respondents preferred to buy from a nonprofit organization or project some charitable good or souvenir, rather than to give a donation only (Belousova).

In Russia enough crowdfunding tools have been created: more than 20 crowdfunding platforms (Planeta.Ru, Boomstarter, etc.), websites with charity functions (Mail.ru, Blago.ru, etc.), forms, cash desks and buttons for posting on one's site (Yandex.Money, PayPal, etc.), "Goody widgets", services of NGOs on social platforms such as Facebook and VKontakte. In 2016 the capitalization of the Russian crowdfunding market exceeded 1 billion rubles, i.e., approximately 12,3 million Euro (Belousova).

Crowdfunding campaigns are cheaper than classical methods of attracting venture capital. In case of a successful fundraising, the authors of the venture project will have to pay a 5-10% commission for the crowdfunding platform and 3.5% for the payment system, which usually is much lower than the interest asked by banks and other financial institutions (Belousova).

Managing remote fundraising does not require the foundation of an offline company. Members of the project team can live in different cities and countries, but effectively interact and cooperate through the internet. Promoters of projects are the backers who are primarily interested in its implementation. Thanks to the rapid development of volunteerism during the preparation and holding of the Olympic Games in Sochi in 2014, there was a sharp increase in the self-organization of volunteers. They take

an active part in the creation and implementation of crowdfunding projects, which significantly reduces the cost of production and logistics processes (Belousova).

Scenarios

Scenario 1. TTIP-2 and Greater Eurasia without Europe



According to this scenario, which is a pessimistic one looking from a perspective of overall Eurasian integration, the participants of the economic youth foresight group argue that Donald Trump's protectionist policy will be an "odd one out" and will be discontinued by the next US administrations. Future American presidents will push forward the agenda set out earlier by Obama which aims at deepening economic and political integration between the United States and the European Union based on existing strong economic, political, cultural, and historical ties.

The USA and the EU will recommence and conclude negotiations on a renewed and more balanced version of the Transatlantic Trade and Investment Partnership (TTIP) that were halted by the Trump administration. Will post-Brexit UK become part of this "TTIP-2" or form a separate agreement with the US remains to be seen.

It is likely that "TTIP-2" will be harmonized and integrated with the existing Canada – EU Comprehensive Economic and Trade Agreement (CETA). TTIP-2, like its predecessor, will aim to "liberalize one-third of global trade" by covering three broad areas: market access; specific regulation; and broader rules and principles and modes of co-operation. One can hope that future negotiations will take public backlash in Europe into account and find a more compromising approach towards regulations on dispute settlement, GMOs, recognition of geographic trademarks on food products.

Implementation of "TTIP-2" will establish the basis for the creation of a "Transatlantic Economic Union" with elements of supranational regulating bodies and will form the economic leg to the politico-military order of the North Atlantic Treaty Organization (NATO). "TTIP-2" is likely to increase to a significant rise in trade turnover between two of the biggest economies in the world, creating millions of new jobs, while also changing the commodity composition and intraregional geographic structure of trade between the US and the EU.

At the same time, given that a post-Putin Russia will remain firm on Crimea, it is likely that the next US administrations will be unyielding towards Russia and that anti-Kremlin sanctions will remain in place. This will lead Moscow to cement its "Turn to the East" seeking to strengthen its ties with China, Iran, Turkey, India, and other Asian countries. Within the framework of "TTIP-2", the European countries, e.g., Germany and France, will become more dependent on American shale gas and would have less maneuvering space to negotiate a mitigation of sanctions and counter-sanctions with Russia (if they wanted to). Another pressing issue will be the effect on the global trade architecture, if 1/3 of world trade will be regulated by mechanisms and institutions that are effectively separate and outside of WTO dispute settlement.

An unresolved Ukrainian crisis and even closer US–EU ties will make potential negotiations on the creation of common economic space between the EU and the EAEU even more unlikely. In response, the Eurasian Economic Union is likely to become primarily involved in integration and economic cooperation frameworks that are rising in Asia and continental Eurasia. The umbrella concept for these processes will be the "Greater Eurasian Partnership" as a nexus of FTA networks and the Chinese-led Belt and Road Initiative. Due to the unavailability of financial resources from the West, Russia and the other EAEU member states are likely to become more and more dependent on Chinese investments in infrastructure, agriculture, and raw-material extraction.

Thus, by 2040 the northern hemisphere will be divided into two competing megaregional blocks – the "Transatlantic Economic Union" and the "Greater Eurasian Partnership". Given the economic and political trends of the next 20 years, it is likely that the EAEU, will become a junior partner of China,

whereas the EU will aggravate its junior status with the United States, despite official rhetoric on the opposite by Moscow and Brussels. The role of Africa as a potential new powerhouse in the world economy remains to be seen.

Scenario 2. Limited EU – EAEU cooperation, but the EAEU is part of China’s Belt and Road Initiative



A prolonged status-quo in the West – Russia relations would form the basis for this scenario, which would lead to a continuation of Russia’s “Turn to the East” policy. Within such a framework, Moscow–Beijing economic and political cooperation would intensify and form the foundations for the creation of the “Greater Eurasian Partnership”, however, without the participation of Europe. Other Asian economies, such as Iran, some ASEAN member states, but potentially also India, Pakistan, Turkey, and Korea could become other building blocks of this continental free trade and economic cooperation network.

China’s Belt and Road Initiative is likely to become the integral driver of integration in this “sine-Europa” Eurasian space. However, with EU–Russia tensions in place, cooperation between the European Commission and the Eurasian Economic Commission will remain “below the radar”, i.e., at a low, purely technical consultation level. Thus, the EU–EAEU border, e.g., between Belarus and Poland, would remain a critical bottleneck, significantly hampering the potential economic practicability of the “Silk Road Economic Belt” (SREB) – the BRI’s land transport route. In such a scenario, we can expect a greater focus by China and Europe on infrastructure investments in ports and storehouse logistics along the southern Maritime Silk Road.

At the same time, the growing importance of Asia as the world’s major economic hub by the middle of the 21st century and the EAEU’s increasing involvement in this space will prove to be a strong enough tendency that will not allow Brussels to completely disengage itself from any cooperation with the EEC. Facilitating customs procedures at the EU–EAEU border in order to reap potential benefits from the Silk Road Economic Belt might just become one of the major issues for low-level cooperation between the two commissions.

Scenario 3. EU – EAEU common economic space as part of “Greater Eurasia”



Theoretically, negotiations on the potential creation of the EU–EAEU common economic space could be commenced, if two strategic conditions were to be met:

Firstly, the Ukrainian crisis would need to be resolved, one way or the other, opening up a path for rapprochement between Brussels and Moscow. This, of course, would need to be paralleled by a more trusting atmosphere between the Eastern European/Baltic countries and Russia over their shared neighborhood.

Secondly, a prolonged decline of US involvement in the wider Eurasian space in conjunction with a continuing protectionist stance by Washington would be met with a more proactive position in international (economic) relations of the European Union, which would look to the East in search for alternative markets.

Imagining that these principal conditions were to be met, a special point of interest for the EU would be increased market access and connectivity with China and East Asia, which by 2040 will have become the largest and one of the most developed regions in the world. The OECD expects China’s GDP to amount \$ 54 trillion by 2060 with a 24.5% share of gross world product.⁷ The main format for EU–China cooperation would be the Chinese Belt and Road Initiative. In such a case, the Eurasian Economic Union would be regarded by Brussels mainly as a land bridge and transit region for economic cooperation with the Asian markets. But not only that. In view of deepening institutional economic

⁷ GDP long-term forecast. OECD. 2018. // <https://data.oecd.org/gdp/gdp-long-term-forecast.htm>

integration, both within the EAEU and in the Greater Eurasian space, Europe would not like to be left out and become a “rule taker”, rather than, as traditionally, being a “rule maker”.

In such a scenario, there thus would be two most realistic formats for "integration of integrations" between the EU and EAEU:

Firstly, the EU–EAEU common economic space could be formalized within the framework of a less ambitious agreement on non-preferential trade and economic cooperation, following the example of the signed agreement between the EAEU and China. Tatyana Valovaya, Member of the Board (Minister) for Integration and Macroeconomics, Eurasian Economic Commission, spoke out in favor of such a format at a high-level conference held at IIASA in 2017.⁸

Such an agreement would imply the preservation of tariff barriers between the parties at the same level, which would give some protection to Eurasian producers in the face of European competition. However, it also would provide fewer opportunities for reducing and harmonizing technical barriers to trade between the EU and the EAEU. In addition, one can doubt the interest of the European Union in such a format.

The European side would be much more interested in the creation of a simple free trade area. Minimal import tariffs and equal treatment, i.e., the provision of a national regime, would fit most the interests of European companies, allowing them to increase their exports to the EAEU market. However, this would not suit the interests of the EAEU member states, which are competing for modernization through FDIs and technology transfer.

Thus, an "asymmetric" free trade area between the EU and the EAEU could become a compromise solution, following the example of the EU – Ukraine Deep and Comprehensive FTA. In this case, the European Union would immediately reduce tariffs for Eurasian goods, while the Eurasian Economic Union would be given different transitional periods (from 3 up to 10 years), depending on the sensitivity of each sector. Since this would still be a free trade, the agreement could include sections regulating the harmonization of technical regulations between the two unions.

Depending on which competencies the Eurasian Economic Commission (EEC) would have been accorded by 2040, cooperation in sectors, other than trade in goods (primarily tariffs, technical barriers to trade and customs), would have to be covered by additional bilateral agreements on the lines EU–Russia, EU–Kazakhstan, etcetera. These additional areas would be naturally of a high interest for both sides and could include trade in services, conditions for mutual foreign direct investment, energy supplies, cooperation on continental transport corridors, free movement of peoples, digitalization, and other spheres.

As already mentioned in the chapter on “Actors and concepts”, the common economic space “from Lisbon to Vladivostok” in this scenario would form an integral part of the “Greater Eurasian Partnership”. The EU and the EAEU would both together actively participate in and gain benefits from the realization of transcontinental transport corridors such as the Belt and Road Initiative and the international North–South Transport Corridor (going from Saint-Petersburg, Russia to Mumbai, India).

From the standpoint of overall Eurasian integration, thus scenario would be the most beneficial for all parties involved. Moreover, EU–EAEU integration as part of the larger Eurasian Partnership would in no means entail “continental autarchy” and less trade between Europe and the United States. On the other hand, the long-run objective of transcontinental cooperation has always been integration into the global economy.

⁸ Kofner J, Balás P, Emerson M, Havlik P, Rovenskaya E, Stepanova A, Vinokurov E, Kabat P. High-level consultation meeting on Eurasian Economic Integration. Challenges and Opportunities of Economic Integration within a Wider European and Eurasian Space. IIASA. Laxenburg. 2017. – 27 p. // <http://pure.iiasa.ac.at/id/eprint/14899/>



Brainstorm session of the economic foresight group. IIASA, Laxenburg, Austria.



Security aspect

During the course of the Forum 15 selected young “diplomats in training” from countries ranging from Italy over Tajikistan to South Korea were put into a working group to elaborate on the security dimension of the wider European and Eurasian space in 2040. In order to do so, they were asked to come up with several likely scenarios that would be determined by an evaluation of the main actors, technological and geopolitical trends in the next 20 years.

Actors

On the one hand, the **North Atlantic Treaty Organization (NATO)** is likely to continue its position as a “guarantor of security and stability” of the European countries. On the other hand, the European Union (EU) integrated security dimension will be focused more and more on Europe’s inner stability to tackle potential social tensions that might arise from the socio-cultural gap between traditional EU residents and migration-crisis driven newcomers. However, the EU security dimension would require a huge reform within NATO itself. Focus on social changes within the European societies and ongoing economic hurdles will make it challenging for the EU member states to turn to a more independent position as part of the **EU’s Common Security and Defense Policy (CSDP)**. EU and NATO cooperation will continue: the existing status-quo will make it difficult for the EU to shift towards military independence due to rising issues of inner security fostered by external factors, even by 2040. The implementation of the common integrated security policy and system in the EU may not necessarily clash with NATO and the transatlantic security architecture, as far as the EU architecture does not challenge NATO competences and interests.

A common attitude towards separatism will be further discussed within the EU integrated security system, also in respect to likely integration of Serbia in the EU in relation to Kosovo (currently estimated by 2025), although support to territorial integrity will be the praxis. These matters are likely to become a part of the EU competency, as part of a policy oriented to share intelligence information over terrorism, migration, and human and drug trafficking, as well as a common attitude towards independentist/secessionist groups. This policy could be rather selective. A standing point, however, is that the EU will keep supporting the territorial integrity of its member states, but the threat opened by Catalunya will hardly be the only one in the next 20 years. Of particular concern, for instance, are Northern Ireland after Brexit, Cyprus, the highly probable accession of Serbia in the EU and how this issue will be related to Kosovo – let’s estimate 2025, surely before 2040 – but also less tense situations such as Flanders in Belgium. Over Cyprus, a lot could be said if Turkey leaves NATO. Although it is more likely that it will take part in other security organizations such as SCO without leaving NATO and the US nuclear umbrella at all.

The **Collective Security Treaty Organization (CSTO)** is likely to remain the main military body in the traditional Russian interest zone – the post-Soviet space. The economic tensions arising in the Central Asian countries and some political arguing between EAEU member states, as well among other stakeholders over issues such as Caspian security, the Nagorno-Karabakh local conflict, will make it necessary for the CSTO to strengthen its positions and start playing a more active role in the military cooperation among the members. However, the CSTO will remain a relevant player only in Central Asia, unless it will be integrated with the EAEU. This strongly depends on the interests of the new leaders of the EAEU and CSTO countries: by 2040 the most important members of these organizations (Belarus, Russia, Kazakhstan) will undergo a change in leadership, and it is still unclear whether it might boost Eurasian integration or even undermine it: an improvement of the rule of law in these countries would be a positive step towards EU–EAEU cooperation, but this would probably leave cooperation on security issues aside.

Though Europe – Northern Eurasia military cooperation may still look unfavorable, political dialogue could take a positive shift. **China** could become a core actor in Greater Eurasia, acting as an arbitrator

between the EAEU and the EU, thus, arbitrarily, between the European and Russo-Eurasian security establishment. China is already playing a strong economic role in Central Asia, and the **Shanghai Treaty Organization (SCO)** architecture promises to grant a reduction in the competition with Russia in the area, fostering instead cooperation in the Greater Eurasian space and further attracting the interest of countries such as Azerbaijan, Iran, and Turkey. Despite Russia remaining the main military player in Northern Eurasia, any further step towards Eurasian integration in the security dimension will have to rely more and more on Chinese support.

Transnational terrorism will remain a relevant issue, especially due to the return of ISIS fighters to their home countries. Despite being a common problem all over the Greater Eurasian space, its three main regions (Europe, Eurasia, and China) are still likely to deal with this issue separately. Some partial cooperation, however, might find place within the SCO framework. Criminal organizations and private violence, human trafficking, weapon smuggling, and drug trafficking will remain a securitized issue.

Technological trends

Drone warfare represents a first step towards robotization of warfare. This means that the ability to control robots and computers with military purposes will become a necessary warfare skill in the future. Cyberwarfare is relevant not only in information and hybrid wars, but also in the control of critical infrastructures, e.g., power plants and electric grids, railways, as well as military technology ranging from nuclear warheads to drones themselves. The development of alternative internet infrastructures and systems, as well as new electronic circuits, will progressively take place in the different areas of the Greater Eurasian space, aimed at gaining more independence and security from the US based ones.

A “Big Brother” trend is taking place in countries like China, where the improvement of the surveillance through a massive system of video-cameras and face-recognition technologies might also lead to a systematic repression of dissent. Similar technologies, as machine learning programs that are being implemented in several technological instruments of daily use, such as smartphones, might collect private information without the consent of the user. Further regulation on sensible information, such as the European General Data Protection Regulation (GDPR), will be undertaken.

Geopolitical trends



A mismanaged mass immigration into the EU might exacerbate the existing fracture between more “migration-friendly” Western and more conservative Central-Eastern Europe. The latter is likely to increase its relevance within the EU due to its economic growth. This would reinforce the Visegrád group. However, this divergence is unlikely to lead to a division of the EU into two separate bodies due to the financial importance of the EU institutions and of the former countries for the socio-economic development of the latter (e.g., EU structural funds). Italy’s importance in the EU will definitely decline, the economy is not improving, and

this will have repercussions in the next decade at least. The growing relevance of Central-Eastern European countries in the EU, however, will probably undermine any Eurasian cooperation due to the anti-Russian position of most of them (Poland, Romania, Baltics). Thus, it is unlikely that the EU will get closer to any Eurasian security architecture: EU foreign policy is more likely to play against the Eurasian interests as far as most of EU and NATO members will support this position.

After Brexit, EU foreign policy is likely to be further subject to France’s interests, France being the only UNSC permanent member left. However, a post-Brexit EU drift towards more openness for a détente with Russia and continental cooperation remains to be seen: this will not only depend on the Central-Eastern European countries attitude, but on the development of any new possible Russian foreign policy, especially in a post-2025 scenario. This will largely depend on the Russian interest in solving

the frozen conflicts in the post-Soviet space, as well as on Ukraine's, Moldova's and Georgia's will to pursue a Transatlantic path. Unless these conflicts are solved on bilateral agreements between Russia and the countries involved, it is likely that these tensions between the Transatlantic community and Russia will remain.

Climate change can lead to conflicts over water resources in several areas of the Greater Eurasian space. This is a relevant issue for countries with border disputes, especially in places which share similar dynamics as the Ferghana valley.

In conjunction with this, a future energy crisis may lead to clash for resources. This trend can be traced already, as Russia is securing its Middle East energy supply corridor. Any ground cooperation between China and the EU (or its members) must pass either through Turkey, Russia, or Southern Caucasus (mostly Georgia–Azerbaijan, to be seen if through the Caspian basin – unlikely – or Iran – likely). If the EU will cooperate with China to benefit from the Belt and Road transport corridors initiative, Brussels could plan to bypass Russia and the Eurasian Economic Union: in any case, this will entail the involvement of at least Georgia and Azerbaijan, and likely of Iran and Turkey as well. However, previous attempts such as INOGATE and Nabucco have failed, but Georgia and Azerbaijan could develop by 2040 a pipeline system able to sustain the EU energy demand, and this would improve the EU energy security. The EU will further rely on and invest in renewables and nuclear energy and get more independent from Russia which will look for other partners.

The Eurasian-oriented Chinese project of the Belt and Road Initiative could seriously bring China to be one, if not the, most important geopolitical player at global level by challenging the US leadership from a continental perspective, fostering the development of continental trade on the one hand, and developing its zone of exclusive intervention in the bordering rimlands of East-Asia. The Chinese role is expected to increase in Central Asia and the SCO, which will likely become a whole-Asian forum on the models of OSCE in Europe and CICA in Asia. Moreover, China will try to play a more active role as a “security provider” or a “security guarantor” on the inner parts of the Greater Eurasian space, notably Xinjiang and Tibet, which are closely related to its “core interests”. For China, it will be both important and necessary to close the gap between the active proclamation of foreign policy concepts and the real diplomatic practices, “New Type of International Relations” and “Community of Common Destiny”. China will need to bind itself from changing growing economic influence into dominant political hegemony over the Eurasian continent, as its ambitious projects cannot be sustainable without mutual relations with neighboring countries.

Scenarios

Scenario 1. A new Cold War

The tense situation of the international system, mostly related to instabilities of the inner crescent of the Eurasian rimlands surrounding Russia (above all Eastern Europe and the Middle East), might lead to an enhanced confrontation between the Transatlantic community (NATO) and the Russo-Chinese alliance. On the other hand, frictions between Chinese and American geopolitical interests in the Asia-Pacific region will be destabilizing factor for the international order: a situation of balance of power on the Greater Eurasian space having the Middle East, Central Asia and the Asia-Pacific region as area of confrontation is possible. This will negatively affect the Chinese BRI and weaken any perspective of continental cooperation. In the most extreme sense, this might lead to a new Cold War between the Transatlantic community and the China-Russia continental bloc which, however, is susceptible to face some divergences within the SCO system. Moreover, none of the two regional powers would agree on becoming a junior partner of the other one, at least from a geopolitical point of view. Nevertheless, a growing economic dependence of Russia and the post-Soviet countries upon China's economic projects will allow China to replace Russia's leadership in the process of Greater Eurasian integration, even though seriously undermined by the local security challenges of the Silk Road.

Scenario 2. Mutual coexistence and the role of “New Europe”

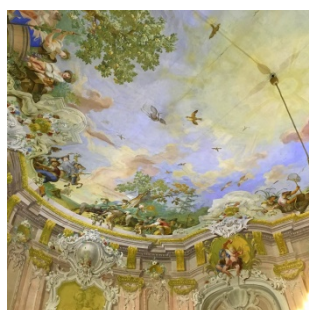
In this scenario, by 2040, no true further development of cooperative frameworks in Greater Eurasia is likely to occur. Politicization of membership to organizations would play a central role based on a stronger regionalist attitude, and actors would focus on their goals only, which would lead to a limited cooperation.

The unchanged international order in Greater Eurasia is likely to result in a reinforcement of the key actors dominating on the international arena today, whose roles may differentiate due to the new realities of the 2040s: the conflicts in the post-Soviet space involving Russia will probably remain unsettled, unless a reorientation of Moldovan, Ukrainian and Georgian foreign policy occurs (unlikely, but still determined by unpredictable political switches in Moldova and Ukraine).

This “status-quo” scenario is likely to happen due to the increased role the Eastern European countries, such as Poland, Hungary, and the Baltic states, will find in the EU, which will keep the NATO architecture in opposition to Russia. This, however, will in part be determined by whether the EU will continue its open immigration policy. Opposition to uncontrolled immigration and preservation of conservative national values is one of the few “ideological” views that are shared both by these countries and Russia.

Moreover, US protectionist policies directed against the EU might last until 2025, substituted by bilateral agreements between the US and some EU countries, and this might bring EU to be less skeptical towards the Chinese BRI and maybe towards the EAEU, due to its geographical position. Russia will carefully maintain strategic partnership with China because of Moscow’s concerns over being subject to Beijing’s increasing economic influence, and China will do so as well because of Beijing’s skepticism over Moscow’s economic sustainability. Finally, NATO, CSTO, and SCO will deal with cyber terrorism, and this will affect a broader range of geographical locations. Disagreements will still occur due to interpretation of free access to information and freedom of expression.

Scenario 3. Blue sky over Eurasia



The relevant actors and institutions in the Greater Eurasian space might be ready to cooperate with their strategic partners based on cooperation between regional blocs over common threats; OSCE & SCO as models for negotiations; settlements of territorial disputes; intergovernmental cooperation and sustainable exploitation of natural resources. The EU is likely to integrate in its security dimension, but only within internal aspect. A de-escalation of the tensions between Russia and the Transatlantic community can foster a first ground of cooperation by developing the joint deployment of peacekeeping forces in the critical areas. Due to likely Russian refusal of any NATO involvement at its borders, the EU, partnered with NATO but acting as a “neutral” actor, is more likely to be involved in cooperation with the CSTO, especially in the state-building and peace-building processes, as it already cooperates with the African Union. This scenario, however, relies on a progressive, but not complete disinvolvement of the US in Eastern Europe. Cooperative regionalism guided by Russia’s “Greater Eurasian Partnership” and “Common Security and Economic Space in the Greater Eurasia” and China’s “New Type of International Relations” and “Community of Common Destiny” will successfully operate as a model of the Eurasian international relations in a broader context.

Recommendations

The Forum's security foresight group suggested holding an annual high-level summit of the representatives of the leading security blocks of the wider Eurasian space on the platform of the OSCE. Among other fields of collaboration, the aim of this platform would be to evaluate and synthesize the different "visions" of the actors and to come up with a prioritization of common goals for everyone.

Other recommendations would include the implementation of more representation for ethnic and local national minorities, as well as to foster a sustainable energy cooperation and multilateral management of the resources to avoid instabilities within the countries more affected by climate change. Cooperation in counteracting threats posed by non-state actors, as well as a joint framework in peacekeeping between the EU and the CSTO in Eastern Europe, would seriously increase the possibilities for Greater Eurasian integration.



Participants of the International Youth Forum "Future of Eurasian and European Integration: Foresight-2040". IIASA, Laxenburg, Austria.



Socio-cultural aspect

As part of the Forum, 10 young researchers from countries ranging from Finland and Germany all the way to Kyrgyzstan and the Philippines were put into a working group to think about the social and cultural issues of European and Eurasian integration by the year 2040. They came up with a proposal to introduce “cyber tourism” along the ancient and the new Silk Roads to

generate new income and increase mutual cultural understanding in the wider Eurasian space. This proposal is based on the view that virtual reality will be one of the major social changes by 2040 caused by digitalization.

Virtual reality

According to the socio-cultural working group, as a result of the digitalization there will be less need for face-to-face communication. This is likely to lead to a growth in distance work where 9-to-5 office jobs will be considered a thing of the past. Paper books will become a rarity. Small printing houses will disappear from the labor market. The reduced consumption of cellulose will contribute to the preservation of forests. However, the digitalization of society will take place gradually.

In terms of “stages” of the future social trends in Eurasian and European integration process, blurred distinctions between “analogue reality” and “digital reality” and “human beings” and “artificial intelligence” are likely to challenge already-existent social norms and system of values. The “new Normal” in the social/cultural context, which embraces the necessity of recognizing “non-human intelligence” as nearly equal entity to human beings, may succeed. Among the regions of the Greater Eurasian space, the Euro-Atlantic region with developed technologies and liberal values will be more eager to accept the trend in comparison with the Asia-Pacific region and the Eurasian continent with developing technologies and conservative values (Kim).

Further improvements in telecommunication technologies like fiber optic cables, open data access, new internet interfaces, 3D printing and recycling will play a major role in the functioning of the society in 2040 (Ageev).

The digitalization of communication might lead to the emergence of a new profession, “a friend on demand” and/or lead to an increased demand of psychologists.

Information published on the internet will become more and more monetized. This tendency could lead to a growing upsurge of fake news and bad quality media articles on the World Wide Web.

The information factor can be seen both as a challenge and an opportunity for cooperation in Greater Eurasia. Overcoming fake news, disinformation policies, spin, disorientation, and policy provocation should be a major concern for the public in both Europe and Eurasia. (Mkrtchyan).

Due to the increasing availability of telecommunications and information technologies journalism as a profession will be transformed into two separate groups: Firstly, so-called “stringers”, i.e., common people who submit news to the media organizations using their smartphones (smart devices, incl. eye implants). Secondly, a more professional group of journalists who will be occupied far more with analysis of news inputs than with actual reporting.

Educational institutions will shift to operating online, which will also contribute to the decrease of live interaction. This might hinder the process of identity formation in the personality of the youth.

Psychological and personal underdevelopment is likely to increase, which, in turn, will affect relationships between partners. Dating will increasingly be done online, where convenience and personal safety will become the most important aspect. As a result, we might expect an increased implementation of virtual “comfort zones” and “safe spaces”.

All encroaching virtual reality is likely to lead to an increase in the demand for “contact activities” like contact zoos, urban quests, organized field trips into nature. In order to experience normal human feelings, people will be ready to spend a lot of money.

A total switch to digital communication is likely to lead to the impoverishment of the language with emojis and abbreviations of words and phrases. A degradation of language is likely to lead to a degradation of intellectual capabilities and increase the exposure to the influence by the media.

The foresight group thus identifies two interlinked outcomes of further implementation of telecommunications and virtual reality in everyday life. On the one hand, this process will lead to a greater “virtual” mobility of the workforce and of people in general, since they can work and interact with their environment “without leaving their homes”. On the other hand, this tendency can lead to a degradation of social skills as well as to intellectual and psychological immaturity.

Silk Road cyber tourism

Having reached the above-mentioned conclusions on the effects of an ever-enveloping virtual reality, the youth foresight team on culture proposed to use virtualization as a tool for creating “cyber tourism” that could help integrate Greater Eurasia in the socio-humanitarian sphere.

According to the project, the young researchers proposed that each country should digitalize its museums, thus enabling the users of other countries to visit these museums in virtuality. Moreover, users could embark on virtual journeys through the Eurasian countries.

The “Virtual Journey through Eurasia: From Lisbon to Manila” is a touristic project based on augmented and virtual reality (AR and VR) technologies for the improvement of communications and broadening of vision on the Eurasian continent.

The project proposes the cyber tourist to make a virtual journey along most distant roads of the Greater Eurasian continent. For example, along the routes of the ancient and new Silk Road. Countries through which territory these routes lie are invited to join this project. They are invited to digitize their tourist attractions and cultural heritage sites, especially those listed as UNESCO world heritage sites, but also other places connected with national culture, history, and traditions. They can include museums, city centers, reserves, national parks and unique natural territories, etc. Then all digitized data from the participating countries of Greater Eurasia will be uploaded onto a suitable internet platform, e.g., “Google Maps”.

The idea behind the project is that seeing the fantastic roads and cultural sites of the Eurasian continent the users would be more inclined to visit them real life. Thus, users would become tourists and contribute to tourism industries of the Eurasian countries. Robotization of labor can lead to more unemployment, but also to more leisure time, thus tourism could help national budgets.

Another side effect of this proposal is to broaden the vision of EU and EAEU citizens and to make them more supportive of Eurasian integration. The virtual journey will give them the experience and understanding needed for an increased approval of continental integration. More than 7 000 km and around 5 132 000 000 new potential friends will provide to Eurasian traveler cultural insights and business possibilities.

In sum, all countries which will join the project can generate extra income, common users can make new impression and business contacts. At the same time, cultural heritage sites of the Eurasian continent can be better preserved in their digital form.

Appeal by the youth: We want to live in Greater Eurasia!



Speech given by **Marina Steininger**, Junior Economist and Doctoral Student, Center for International Economics, ifo Institute at the high-level event “**Connectivity, trade, and economic cooperation in the European and Eurasian space**” on the margins of the 24th OSCE Ministerial Council in the Hofburg Palace in Vienna on 8 December 2017 as winner of the contest of the International Youth Forum “Future of Eurasian and European Integration: Foresight–2040”:

I am much honored to represent here and speak on behalf of the participants of the International Youth Forum “Future of Eurasian and European Integration: Foresight–2040” that took place over the last 4 days in the small town of Laxenburg near Vienna at the International Institute for Applied Systems Analysis.

We, 40 young researchers across 19 countries from the Greater Eurasian space, came together to find a new way of thinking which would help the nations to succeed in future integration by solving social, security and economic matters, across the European Union, the Eurasian Economic Union and also countries beyond these borders.

It was already in 1989, when Gorbachev and Kohl spoke about the aspiration of a “Common European House”, which should build on closer economic cooperation. This was almost 28 years ago, and we are not yet there. When we, the young people, think of 2040, we want this vision of a common space from Lisbon from Vladivostok to be accomplished.

To achieve this, social, political, and economic challenges have to be addressed. As a result of our 4-day deliberations, collecting our knowledge and experience of young people coming from different countries, cultures, and backgrounds, we have come up with the following advice to decision makers of today:

One: We need an economic environment that allows fair competition. Only then, the economy can prosper.

Two: We suggest concentrating on compatibility of regional integration projects, their aims and strategies.

Three: We suggest concentrating on the implementation of bottom-up projects, such as improving connectivity via developing hard, soft, and digital infrastructure to become the basis for integration.

We want to think positive. We appreciate differences but want to live together in our common house called Greater Eurasia. **We want Greater Eurasia to be peaceful and prosperous.**

Is it up to you? Or will it be up to us?



First row, left to right: H.E. Mr. Vladimir Makei, Minister of Foreign Affairs of the Republic of Belarus; H.E. Mr. Kairat Abdrakhmanov, Minister of Foreign Affairs of the Republic of Kazakhstan; H.E. Mr. Kairat Sarybay, Ambassador of Kazakhstan to Austria – Permanent Representative to the International Organizations in Vienna / Chairperson of the OSCE Economic and Environmental Committee.



"Family photo" of speakers of IIASA high-level session with participants of the International Youth Forum "Future of Eurasian and European Integration: Foresight-2040".

Authors

Authors

Main authors

Jurij Kofner, Research Assistant, Advanced Systems Analysis, IIASA; Head, Eurasian sector, Centre for Complex European and International Studies, National Research University “Higher School of Economics”

Andrea Hofer, Specialist, European Affairs and International Financial Organizations Division, Austrian National Bank

Alessio Bavva, Coordinator, Institute for Economic Strategies, Russian Academy of Sciences

Contributing authors

Young researches – participants of the Forum

Aisuluu Abduchaeva, Student, Faculty of International Law, Kyrgyz State Academy of Law (KSAL), Kyrgyzstan

Nataliya Askerova, Student, Faculty of World Economy and International Affairs, National Research University “Higher School of Economics”, Russia

Audrey Au Yong Lyn, Ph.D. Student, Munich Graduate School of Economics, Ludwig Maximilian University (LMU), Thailand

Makhabat Bazhenova, Student, Institute of Slavistics, University of Vienna, Kazakhstan

Evgeniia Belousova, Graduate, All-Russian State Institute of Cinematography (VGIK), Russia

Elia Bescotti, Double Degree Master Student, International Relations and European Studies, “Cesare Alfieri” Political Science School, University of Florence; World Politics, Moscow State Institute of International Relations (MGIMO), Italy

Pavel Kiril Denisov, Student, Faculty of Economics and Social Sciences and Neophilosophical Faculty, Heidelberg Ruprecht-Karls University, Germany

Egor Egorov, Student, Institute of Justice, Saratov State Law Academy (SSLA), Russia

Dmitry Erokhin, Student, Faculty of Law and Economics, University of Bonn, Germany

Rufina Gafeeva, Ph.D. Student, Economic Psychology, University of Cologne, Germany

Intizor Gulyamova, Master Student, Faculty of History and International Relations, Russian-Tajik (Slavonic) University, Tajikistan

Farkhad Gumarov, Ph.D. in History, Kazan Federal University, Russia

Jordan Hristov, Graduate, Curie Technical Institute for Nuclear Technology, Bulgaria

Nargiza Kasymova, Ph.D in Economics, Financial University under the Government of the Russian Federation, Kyrgyzstan

Inga Kazhoyan, Ph.D. Student, Department for Political Science, Russian-Armenian (Slavonic) University (RAU), Armenia

Min Koel Kim, Ph.D. Student, Department of Political Theory, Moscow State Institute of International Relations (MGIMO), South Korea

Svetlana Kiriliuk, Double Degree Master Student, Environmental Technology and International Affairs, Diplomatic Academy of Vienna and Technical University, Russia

Liubov Kravchenko, Graduate, Faculty of International Law, Diplomatic Academy of the Foreign Ministry of the Russian Federation, Russia

Olga Lashko, Student, Faculty of International Relations and Foreign Regional Peace, Russian State University of Humanities (RGGU), Ukraine

Irina Ledneva, Student, Faculty of International Relations and Foreign Regional Peace, Russian State University of Humanities (RGGU), Russia

Paul Mariano, Master, School of Economics, University of the Philippines, Philippines

Alina Matyeva, Graduate, Chechen State University, Russia

Kirill Mednikov, Master Student, Ecotechnology and Engineering, National University of Science and Technology (MISIS), Russia

Daria Mishina, Master, International Relations, Webster University, Russia

Rozdon Mukhitdinov, Public Administration Department, Faculty of Social Sciences, National Research University "Higher School of Economics", Uzbekistan

Oleg Nevzorov, Graduate, International Market Institute, Korolev Samara National Research University, Russia

Alexey Rybalka, Ph.D. Student, School of Finance, Faculty of Economic Sciences, National Research University "Higher School of Economics", Russia

Maria Shilina, Ph.D. Student, Department of International Public and Private Law, Faculty of Law, National Research University "Higher School of Economics", Russia

Kristiina Silvan, Ph.D. Student, Department of Political and Economic Studies, University of Helsinki, Finland

Anastasia Stasyuk, Master Student, Faculty of Social Sciences, National Research University "Higher School of Economics", Russia

Marina Steininger, Ph.D. Student, Ludwig Maximilian University (LMU), Germany

Simon-Lucas Stüben, Student, International Relations and Social Science, University of Cologne, Germany

Zhanar Tulidinova, Master, Toraigyrov Pavlodar State University, Kazakhstan

Ekaterina Voikina, Leading Researcher, Education Development Research Institute, Plekhanov Russian University of Economics, Russia

Marc Wallach, Master Student, Business Administration, University of Cologne, Germany

Valerii Zavgorodnii, Student, Institute of National Economy, Samara State University of Economics, Russia

Senior experts – participants of the Forum

Alexander Ageev, Director General, Institute for Economic Strategies, Russian Academy of Sciences

Askar Akaev, President of the Kyrgyz Republic (1990 – 2005), Scientific Director, Research Laboratory for Monitoring the Risks of Socio-Political Destabilization, National Research University "Higher School of Economics"

Bermet Akaeva, President, Institute for Central Asian Problems

Péter Balás, Senior Research Scholar, IIASA, Deputy Director General, Directorate-General for Trade, European Commission (2005 – 2014)

Marina Belousova, Manager, Crowdfunding Projects, Russian Agency of Information Society Development

Olga Ermilina, First Deputy General Director, Institute for Economic Strategies, Russian Academy of Sciences

Peter Havlik, Senior Economist, Vienna Institute for International Economic Studies, Guest Research Scholar, IIASA

Leena Ilmola-Sheppard, Senior Research Scholar, Advanced Systems Analysis, IIASA

Pavel Kabat, Director General and CEO, IIASA

Nadejda Komendantova-Amann, Research Scholar, Risk and Resilience, IIASA

Sergey Krylov, Vice President, Siemens LLC in Russia, Deputy Minister of Foreign Affairs of Russia (1993 – 1996)

Emmanuil Mkrtychyan, General Director, Armenian News Agency “Arminfo”

Olga Nemkova, Editor-in-Chief, Scientific Journal “Economic Strategies”

Irina Osokina, Director, Centre for International Programs, Institute for Economic Strategies, Russian Academy of Sciences

Elena Rovenskaya, Program Director, Advanced Systems Analysis, IIASA

Anakha Satish, Coordinator of the International Youth Forum, Institute for Economic Strategies, Russian Academy of Sciences

Sergey Sizov, Science Diplomacy Officer, Directorate, IIASA

Anastasia Stepanova, Project Manager, Challenges and Opportunities of Economic Integration within a Wider European and Eurasian Space, Research Scholar, Advanced Systems Analysis, IIASA

Dmitry Stevanovskiy, Head, Technology and Digital Consulting Laboratory, Russian Presidential Academy of National Economy and Public Administration (RANEPA)

Nikita Strelkovskii, Research Scholar, Advanced Systems Analysis, IIASA

Phillip Widhalm, Secretary, Directorate, IIASA

Speakers of the high-level event “Connectivity, trade, and economic cooperation in the European and Eurasian space”, organized by IIASA on the margins of the 24th OSCE Ministerial Council

Ignacio García Bercero, Director, Directorate-General for Trade, European Commission

Felipe Jaramillo, Senior Director for Macroeconomics, Trade and Investment, World Bank Group

Giulia Manconi, Adviser, Italian Delegation for the Economic and Environmental Dimension, Italian OSCE Chairmanship 2018

Florian Raunig, Ambassador, Head of Task Force, Austrian OSCE Chairmanship 2017

Erik Regter, Member of the Board, Internationalization and Digitization, Rail Cargo Austria AG

Thomas Seifert, Deputy Editor-in-Chief, Wiener Zeitung

Tatyana Valovaya, Member of the Board (Minister) for Integration and Macroeconomics, Eurasian Economic Commission

Honorary guests of the high-level event “Connectivity, trade, and economic cooperation in the European and Eurasian space”, organized by IIASA on the margins of the 24th OSCE Ministerial Council

Kairat Abdrakhmanov, Minister of Foreign Affairs of the Republic of Kazakhstan

Vladimir Makei, Minister of Foreign Affairs of the Republic of Belarus

Kairat Sarybay, Ambassador of Kazakhstan to Austria – Permanent Representative to the International Organizations in Vienna / Chairperson of the OSCE Economic and Environmental Committee

Contact

IIASA

Schlossplatz 1

A-2361 Laxenburg

Austria

Phone: +43 2236 807 0

Fax: +43 2236 71313

E-mail: info@iiasa.ac.at

Web: www.iiasa.ac.at



twitter.com/iiasavienna



facebook.com/iiasa



blog.iiasa.ac.at



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