



**Eurasian Development Bank**

INVESTING IN DEVELOPMENT & INTEGRATION

# From the Post-Soviet to Eurasian Integration: Functional Analysis of Economic Sectors

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**Evgeny Vinokurov**

**Ph.D.,  
Head of Economic Analysis Division,  
Eurasian Development Bank  
[vinokurov\\_ey@eabr.org](mailto:vinokurov_ey@eabr.org)  
[www.eabr.org/eng/publications/](http://www.eabr.org/eng/publications/)**

## **Economic potential of trans-Eurasian economic integration**

**Advancement towards various continental Eurasian common markets, based on the development of common infrastructure, brings significant economic benefits.**

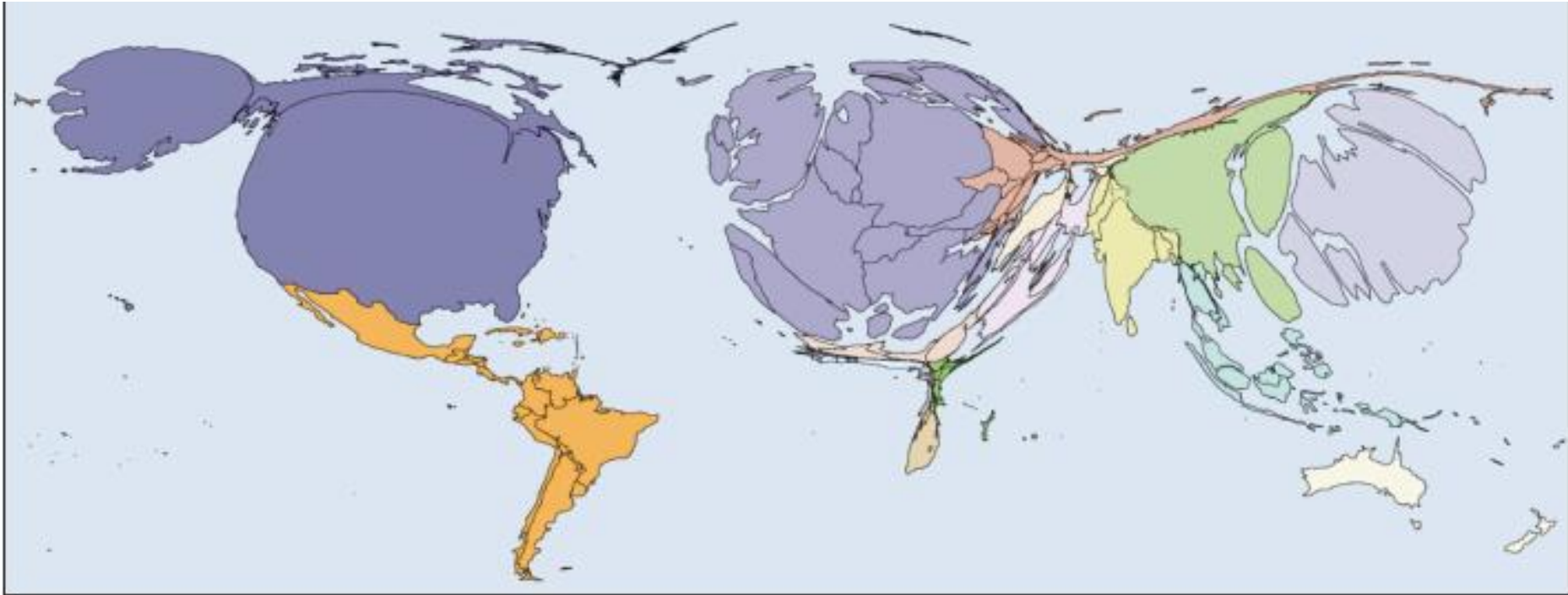
- **We highlight common electric power markets, development of transport corridors, and telecommunication networks.**
- **These sectors serve as fertile turf for evolving Eurasian transnationals.**
- **Russia and its neighbours are interested in Eurasian integration, which would not be constrained by the boundaries of the post-Soviet space.**

# Plan of the presentation

- 1. Economic potential of Eurasian economic integration**
- 2. Sectors:**
  - **Trade in goods and trans-Eurasian transport corridors**
  - **Common electric power markets**
  - **Telecommunications**
- 3. From the post-Soviet to Eurasian Integration**
- 4. Further studies**



## The Eurasian 'Dumbbell'



**A country's size shows the proportion of global GDP.**

**Source: World Bank (2009) World Development Report 2009. Based on 2005 GDP.**



Source: World Bank, Eurasian Development Bank (2009) Central Asia in 3-D.

[www.eabr.org/rus/publications/initiative](http://www.eabr.org/rus/publications/initiative)

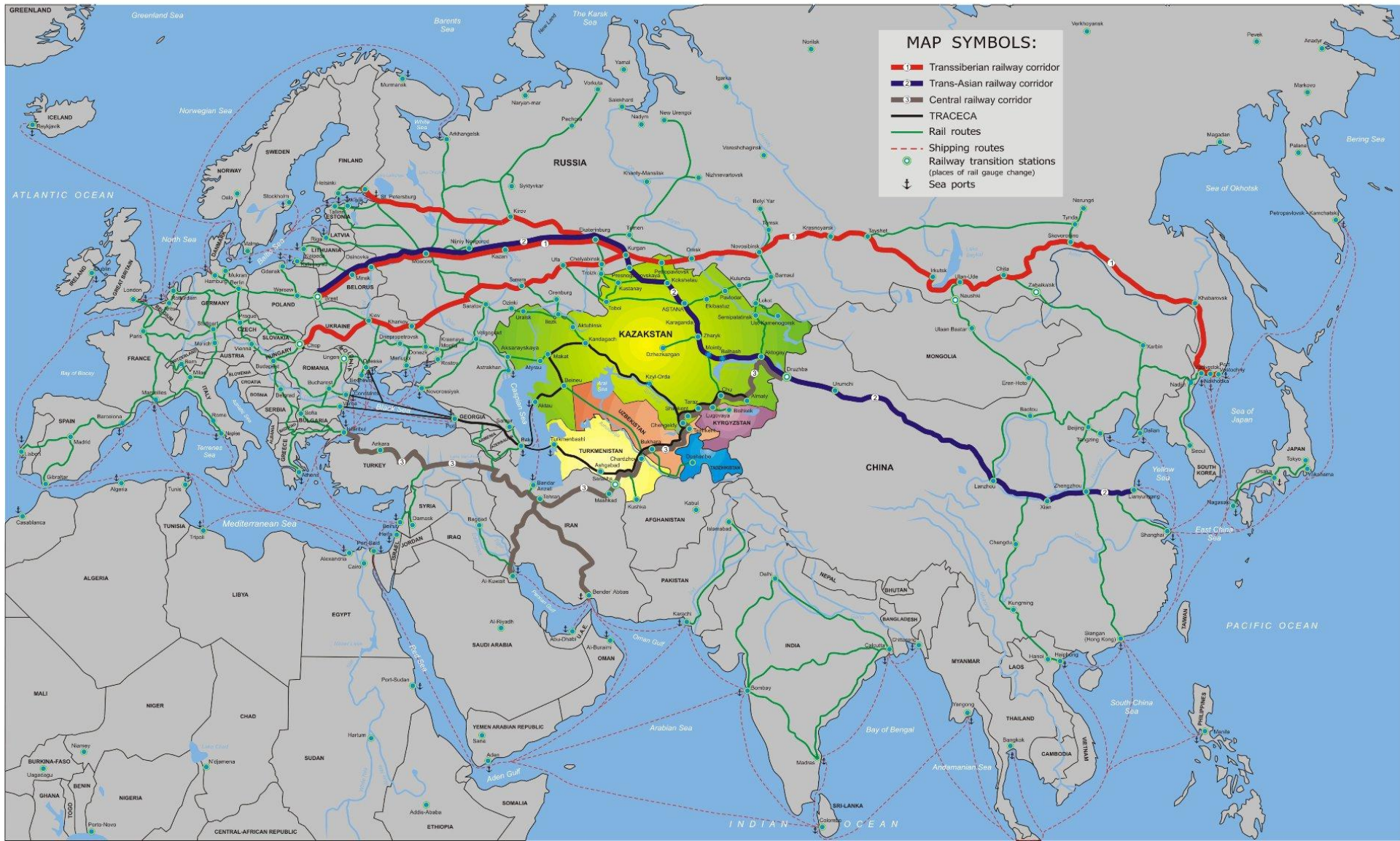
**There is at present an overlapping but inadequately coordinated combination of strategic inter-continental transport corridors or axes stretching across the Eurasian landmass, centred on or around Central Asia. There are three such initiatives - from the EU, China and China and the Asian Development Bank, and the Eurasian Economic Community.**

**Trans-continental Eurasian land corridors will never be in the same league as sea transportation for trade between the EU and China and the rest of the Asia Pacific region. There are however several niche markets for this trans-continental traffic through Eurasian land corridors, with railway transportation able to offer competitive tariffs and times of delivery for the high value and low weight categories of goods.**

**The transit volume could, for example, potentially be raised from the current 1% of total EU-China trade flows to 5-10%. In addition these corridors will serve the expanding trade of Russia, Kazakhstan and other Central Asia states with the EU, China, and South Asia.**

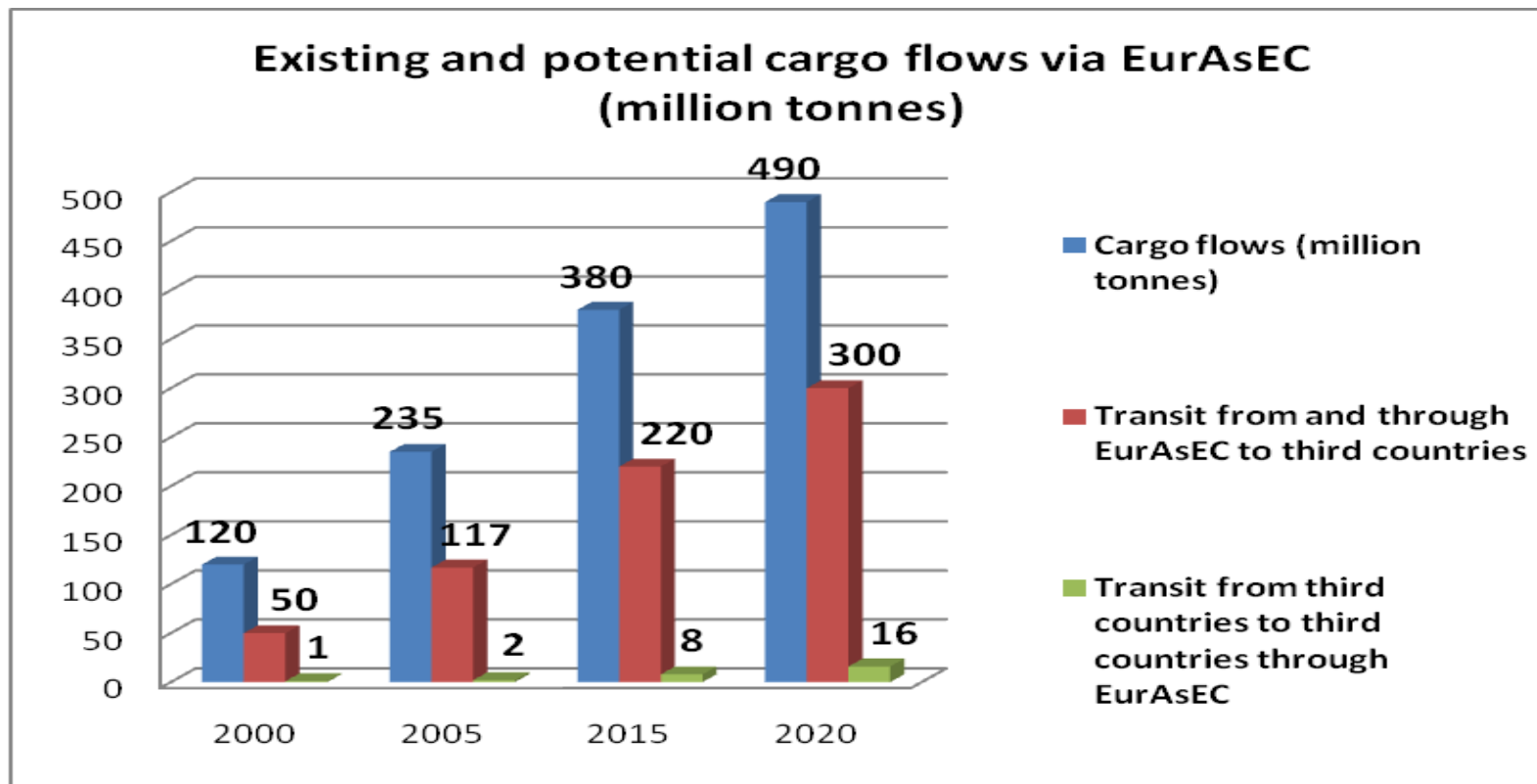
# Main Eurasian East-West Railways Corridors

## MAIN EURO-ASIAN CORRIDORS



**MAP SYMBOLS:**

- 1 Transsiberian railway corridor
- 2 Trans-Asian railway corridor
- 3 Central railway corridor
- TRACECA
- Rail routes
- - - Shipping routes
- Railway transition stations (places of rail gauge change)
- ↓ Sea ports



### ***Current and potential cargo flow through EurAsEC countries.***

**Source:** EurAsEC Integration Committee estimates. Vinokurov E., Jadraliyev M., Shcherbanin Y. (2009) The EurAsEC Transport Corridors. EDB Industry Report no.5. EDB: Almaty. Available at

[www.eabr.org/eng/publications/](http://www.eabr.org/eng/publications/)

# Trade in Goods and Trans-Eurasian Transport Corridors



Рис. 1

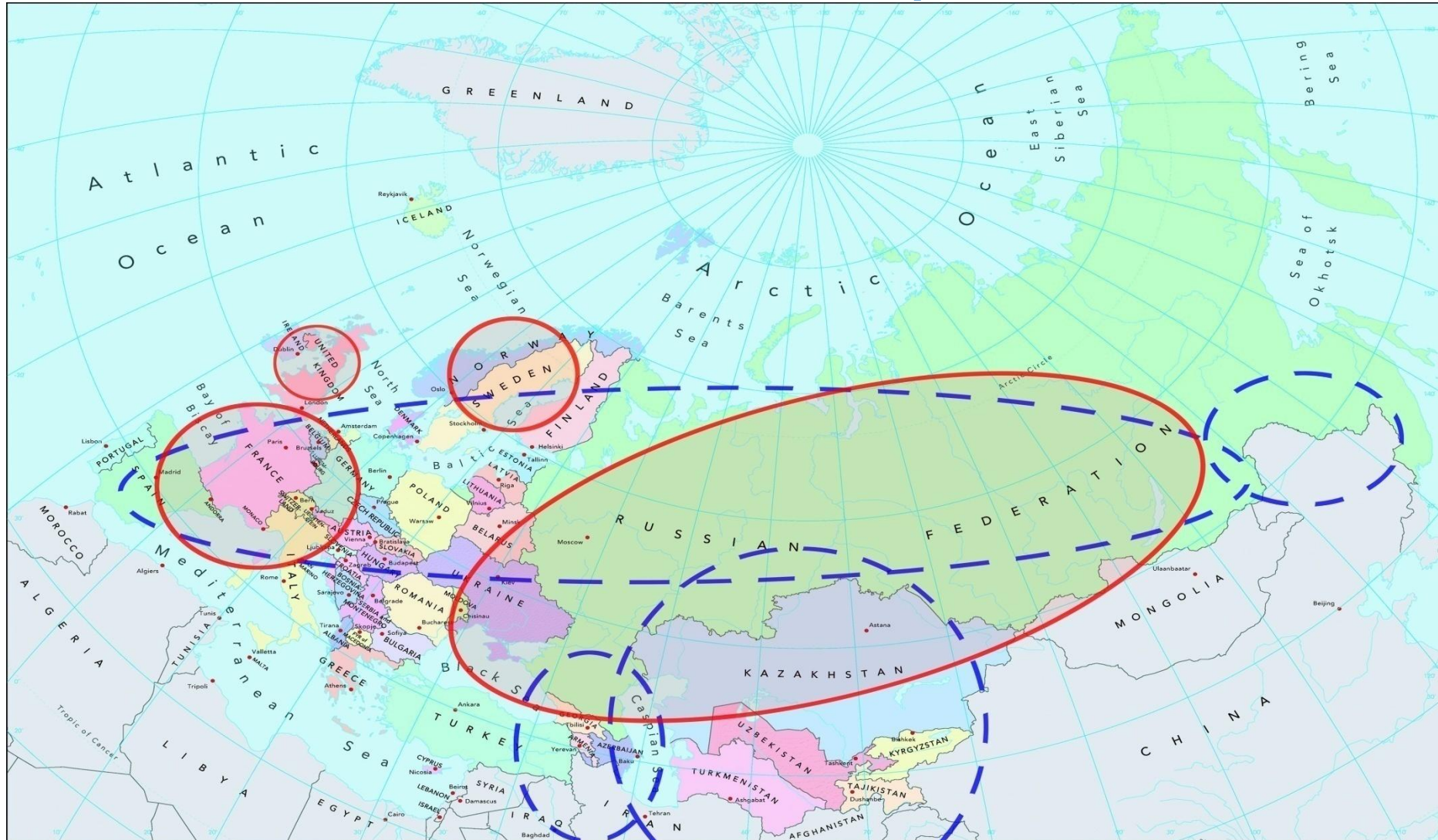
# Common electric power markets

**As a rule, discussion of a potential CPM stops at the boundaries of the post-Soviet space. However, the economic logic of a CPM speaks in favour of the geographic extension of the concerned area.**

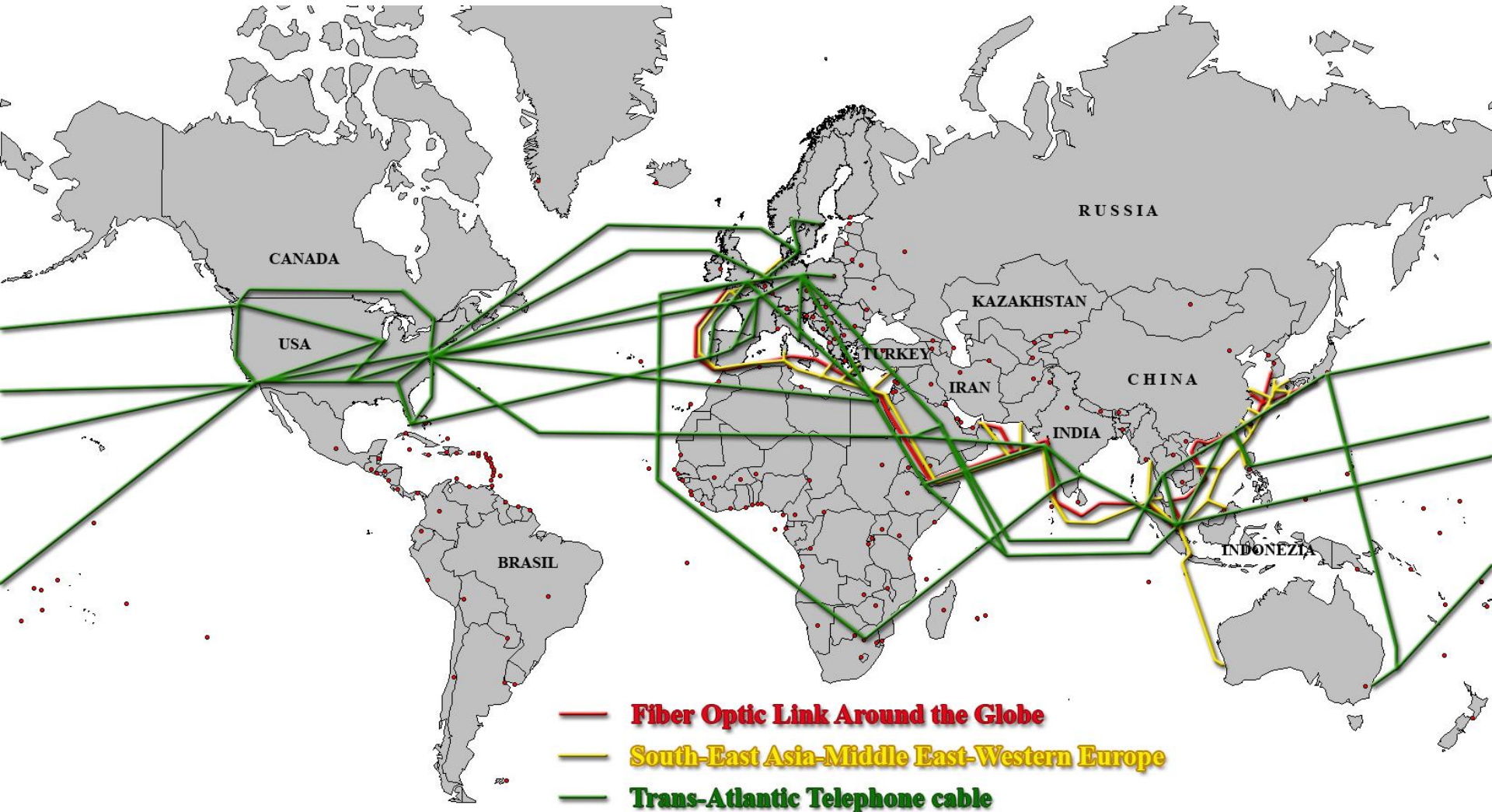
**Let us outline some of the perspectives of potential interest to the CIS nations:**

- Azerbaijan – connection to Iran;**
- Armenia – connection to Iran;**
- Turkmenistan and Uzbekistan – Iran, Afghanistan, Pakistan and other South Asian countries;**
- Kyrgyzstan and Tajikistan – cooperation with China, Iran, India in developing hydro-electric potential; exporting electricity to Pakistan, India, Iran, China, Afghanistan, (as well as CIS countries);<sup>1</sup>**
- During the coming years, Russia is planning to execute a gigantic project in the Eastern Siberia, developing coal-fired generation and building transmission lines to China, which may lead to annual exports of 60 billion kWh;**
- Connecting the common regional energy system with that of the EU, with the view of creating a common market from Lisbon to Vladivostok. This project may be of great importance for Russia, Ukraine, Belarus and Moldova.**

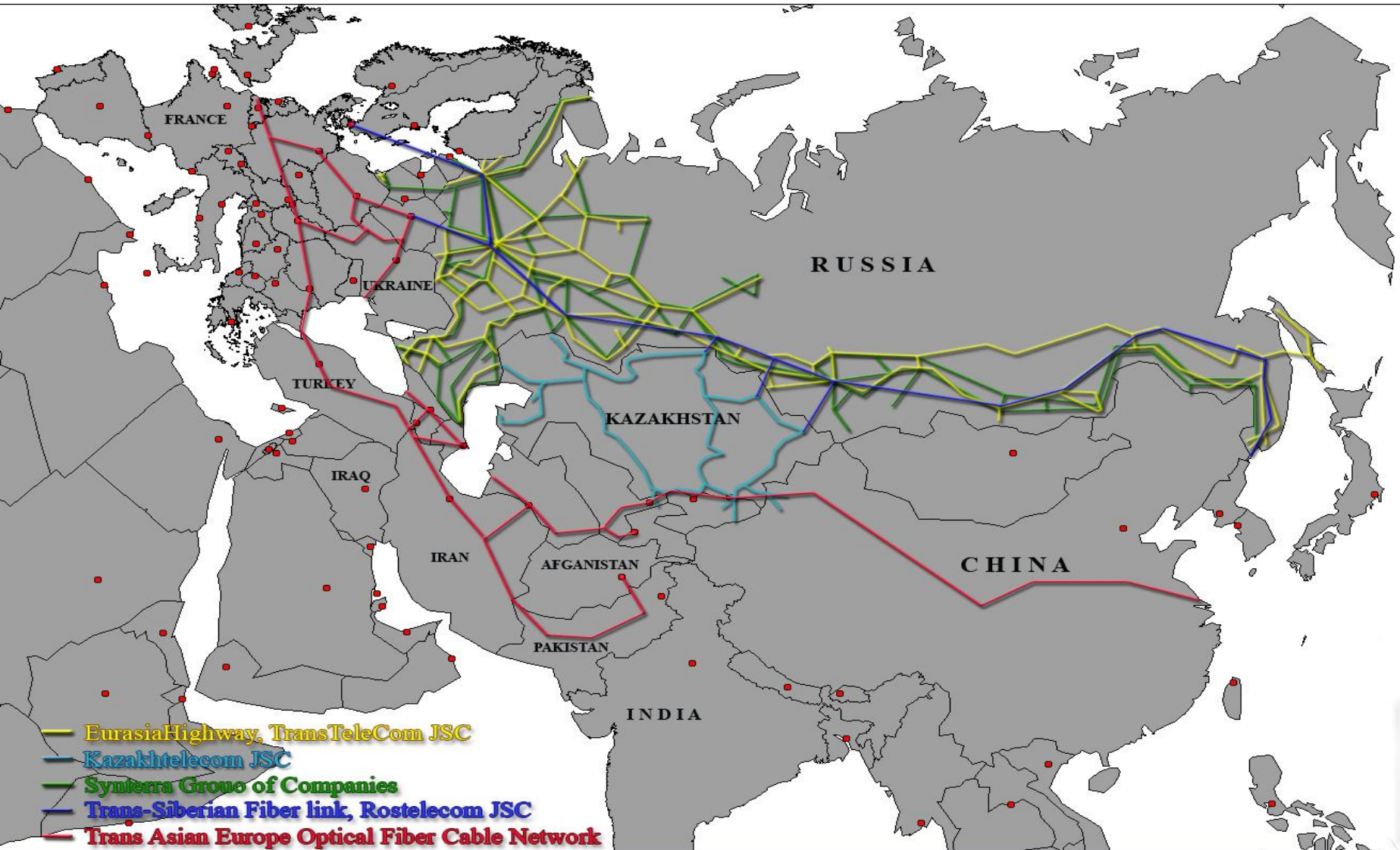
# Existing and potential regional and sub-regional electric power markets



# Trans-continental telecommunication links



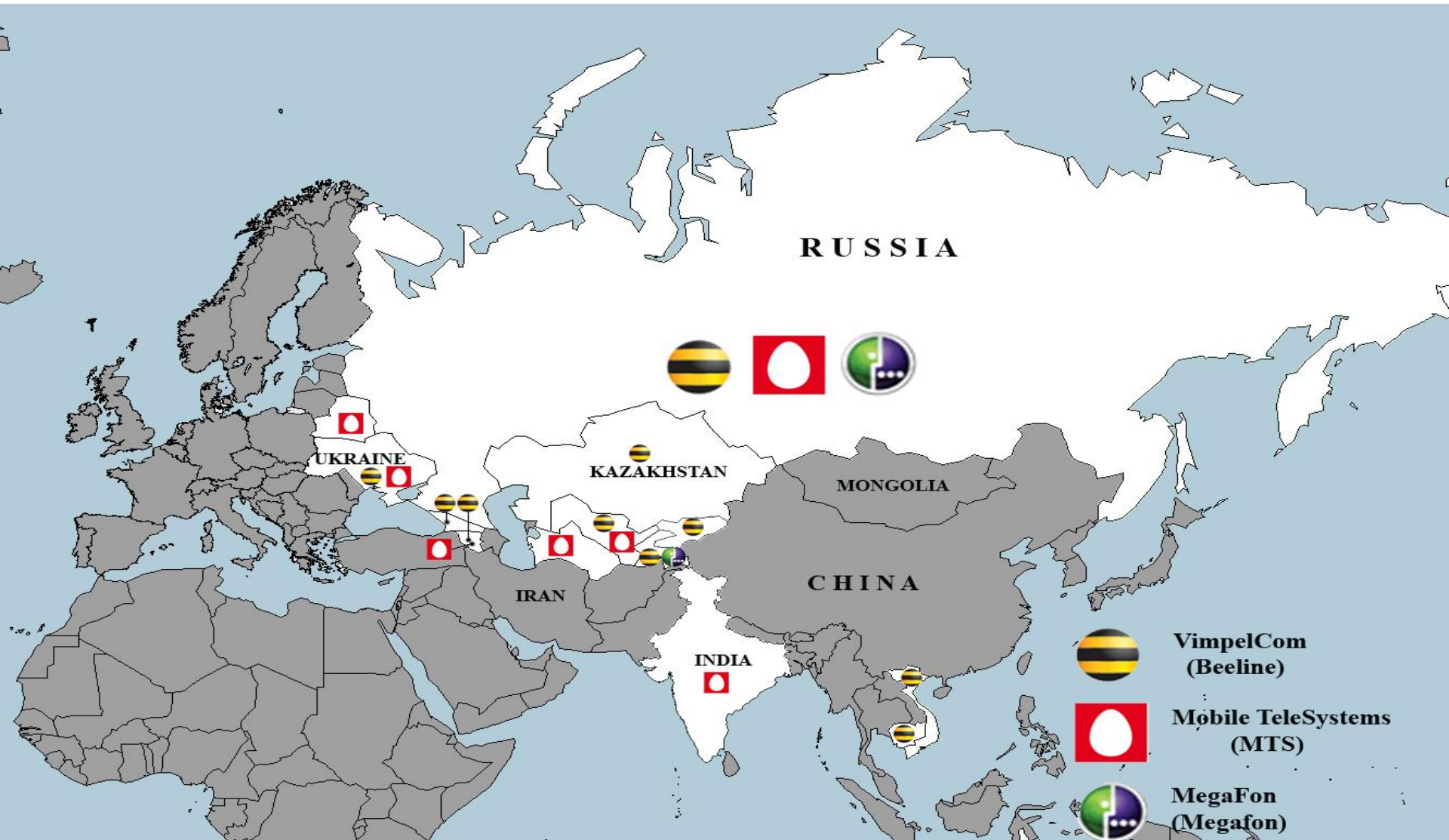
# Trans-continental telecommunication links



# Trans-continental telecommunication links



# Trans-continental Telecommunication links



## Membership in regional organisations



## From the post-Soviet to Eurasian continental integration

- J. Linn points out that neither Russia nor the rest of the world have realised that the fall of the USSR triggered the process of economic integration throughout Eurasia. We fully subscribe to this view.
  - Due to its geographical position and national economic interests, Russia and Kazakhstan are directly interested in *Eurasian integration, which would not be constrained by the boundaries of the post-Soviet space.*
  - *Les grands projets géopolitiques* do not necessarily create a reliable foundation for integration. Rather, specific integration projects in particular sectors could trigger progress of real economic and political value.
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## Eurasian Integration

1. Introduction

*Part I. A Theory of Eurasian Integration*

2. The Concept of Eurasian Economic Integration

3. Institutional Integration

4. Economic Actors and Agents

5. Political Economy of Eurasian Integration: Variations of Political Systems of Integration

6. Subregional Aspects of Eurasian Integration

*Part II. Key Areas of Eurasian Economic Integration*

7. Trade in Goods: Transeurasian Transport Corridors

8. Borderless Energy: Common Electric Power Markets

9. Telecommunications

10. Other Industries

*Part III. Transborder Movements of Capital, Labour, and Threats*

11. Capital flows: Mutual Investments and the Evolving Eurasian Transnationals

12. Labour Migration

13. Transborder Threats

Transborder Ecological Issues on the Continent

Transcontinental Threats

*Part IV. Post-Soviet Space in Eurasia*

14. Linkages within the post-Soviet space

15. From the Post-Soviet to Eurasian Integration

16. Central Asia at the Eurasian crossroads

17. Conclusion

**Thank you!**

**Email for correspondence: [vey@eabr.org](mailto:vey@eabr.org)**

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