

U.S. Views of Moscow and Beijing's Eurasian Ambitions

HOW WASHINGTON LEARNED TO STOP WORRYING AND LOVE EURASIAN INTEGRATION

PONARS Eurasia Policy Memo No. 426

April 2016

Jeffrey Mankoff¹

Center for Strategic and International Studies

Regional integration is a core element of Washington's vision for post-conflict Afghanistan. Captured by the metaphor of a New Silk Road (NSR), the U.S. has long sought to tie one of the world's most remote countries to Central and South Asia, and onward to global markets.

In a region notorious for grand visions fallen flat, the NSR initiative overlaps, compliments, and competes with new Russian and Chinese regional integration plans: Moscow's Eurasian Economic Union (EEU) and Beijing's Silk Road Economic Belt (SREB), the Eurasian leg of China's One Belt, One Road strategy.

The rollout of these Russian and Chinese visions has led Washington to perform a delicate balancing act. Among the original aims of the U.S.-backed [NSR](#) was to enhance north-south connectivity, tying Afghanistan and Central Asia to India, which the United States hoped to build up as a potential counterweight to Russian and Chinese influence in the region.

As the scope of U.S. objectives for the region has diminished over the past few years, however, Washington has increasingly come to accept that its original NSR proposal was overly ambitious, and that Russia and China will likely be driving the agenda for Eurasian integration in the years to come. In that sense, the U.S. has sought to adapt its approach, recognizing that it has little choice but to make its peace with both the EEU and the SREB, while seeking to shape them in ways commensurate with its own longstanding commitment to the sovereignty of the region's smaller states as well as to liberal economic principles.

¹ Jeffrey Mankoff is a Senior Fellow and Deputy Director of the Russia and Eurasia Program at the Center for Strategic and International Studies (CSIS).

The U.S. government now argues that boosting trade and investment via economic integration is *per se* beneficial for Eurasia, and that the Russian and Chinese projects could, if done properly, contribute to longstanding U.S. goals for the region. At the same time, it remains concerned about the potential for both the EEU and the SREB to promote an illiberal, politicized version of integration.

Competing Visions

Like the NSR, both the EEU and the SREB seek to deepen economic integration between the small states of inner Eurasia and larger markets on their periphery. However, the geographic ambit as well as the “software” of the Russian and Chinese proposals seem at odds with the NSR vision. And while the basic aims of the EEU and SREB themselves diverge, Moscow and Beijing have made conscious efforts to coordinate the two projects, culminating in an [agreement](#) in the spring of 2015 to meld the two projects together.

The EEU ties its various post-Soviet members—Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia, with Tajikistan possibly joining in the future—more closely to one another while erecting common external tariff and non-tariff barriers. The Chinese-backed SREB is much more ambitious, envisioning a series of east-west transit corridors running primarily between China’s interior and markets in Europe and the Middle East. Neither the EEU nor the SREB devotes much attention to Afghanistan, much less to India and the rest of South Asia.

At first, U.S. officials sought to avoid comment about what Russian President Vladimir Putin initially termed the Eurasian Union (eliding the word “economic”), though in private conversations they tended to be highly critical.

Washington’s first public statement about the EEU reflected what many officials had been thinking, though it was unscripted. In response to a journalist’s question, then U.S. Secretary of State Hillary Clinton [said](#) at a December 2012 press conference that the planned Eurasian Union was “an attempt to re-Sovietize the region” and that the United States was “trying to figure out effective ways to slow down or prevent it.” Her remarks, while not necessarily reflective of U.S. policy, shaped expectations in Russia as well as in the wider Eurasian region that the United States would seek to hamper the formation of the EEU.

Clinton’s remarks came in the context of a sharp downturn in relations between Washington and Moscow, occasioned in part by Putin’s return to the Kremlin and the end of the Medvedev-era thaw inside Russia and in the bilateral relationship, as well as the unfolding crises in the Middle East. Substantively, her remarks hinted at two principal objections to the EEU, objections that would be repeated in more explicit, if more diplomatic, terms in subsequent years: namely, that Russia was compelling its

neighbors to join the EEU against their will and that the EEU was a closed economic bloc that would divert rather than expand trade flows.

By contrast, initial U.S. attitudes to the SREB were rather positive, even though Washington remained skeptical about Beijing's ability to implement its plan. Deputy Assistant Secretary of State Lynne Tracy was the first U.S. official to comment publicly, [noting](#) in October 2013 that the United States "welcome[s] the efforts of China to develop energy and transportation infrastructure in the region," which would be "mutually reinforcing and beneficial" for Eurasia.

Washington was more favorably inclined toward the SREB in part because it encompassed many of the same development goals that the United States was trying to achieve via the NSR, specifically new infrastructure connections that would link inner Eurasia to major economic centers. The SREB also appeared to lack the element of compulsion and overt politicization that Washington saw in the EEU, i.e., Russia's pursuit of integration on political grounds even when the economic arguments seemed unconvincing.

As Washington's own Eurasian ambitions contracted in line with the planned drawdown of U.S. forces from Afghanistan, the United States began raising the prospect of active U.S.-Chinese cooperation in the region, seeking to leverage Beijing's deep pockets to build major new infrastructure projects that the United States itself could not afford.

Reality Sets In

Over time, Washington's position on the EEU and SREB evolved as Moscow and Beijing began filling in the blanks about what the two projects entailed, and as it became clear that Washington's initial plans for Eurasia were overly ambitious. The United States has been [unable to leverage](#) substantial amounts of private investment to bolster the NSR. It also confronts a panoply of other foreign policy challenges, while its approach to Central Asia is shifting back to a pre-Afghan War approach, placing a higher priority on political and economic reform in its engagement with the Central Asian states.

Washington has continued to back specific projects linking Central and South Asia, but it has increasingly [emphasized](#) that these projects are not designed to compete with the east-west infrastructure China has been promoting, nor even with Russia's continued involvement in Central Asia. U.S. officials have made it clear that Eurasian integration is not a zero-sum competition between Washington, Moscow, and Beijing.

This has been accompanied by a nuanced reassessment of both the EEU and the SREB. In public, the Obama Administration has [reconciled](#) itself to the existence of the EEU and downplayed the idea that the U.S. was engaged in a modern version of the Great

Game with Russia and China. In private, U.S. diplomats in 2014 were still telling interlocutors from countries like Kyrgyzstan that were contemplating membership that EEU membership would be economically damaging and would make them more politically dependent on Russia. (Kyrgyz officials argued that they did not have much choice, given Kyrgyzstan's dependence on remittances from migrants to Russia, and pointed out that Washington was not offering any better option.)

Washington's public messaging came to focus on calling on Russia to ensure that membership in the EEU would remain compatible with Washington's own longstanding objectives for Eurasia, especially respecting Central Asian states' sovereignty and opening the region up to global trade flows. In other words, Russia should not have "the right to determine the political and economic orientation of another country," while EEU membership should "be trade-liberalizing rather than trade-restricting" and not "come at the expense of...existing international commitments, including commitments to the World Trade Organization, nor restrict [members'] ability to enter into other bilateral or multilateral trade relationships." At times, U.S. officials emphasized the potential benefits of the EEU, which "by reducing transit times and costs, could be a good thing."

Washington remained more positive about the SREB even in public, seeing it as an opportunity to leverage Chinese interest and Chinese funding to support U.S. goals of boosting regional connectivity. But it has also become more willing to see the potential downsides. In May 2015, U.S. Principal Deputy Secretary of State for South and Central Asia Richard Hoagland traveled to Beijing for "intensive consultations" with his Chinese counterparts on U.S.-China cooperation in Central Asia. Privately, however, U.S. officials have been disappointed at the fruits of China's efforts, complaining that Beijing's rhetorical openness to cooperation has not been matched by concrete proposals or an actual willingness to pursue joint projects.

At the same time, the United States has become increasingly vocal about the ways in which large-scale Chinese investment could negatively impact the regulatory environment in Central Asia. U.S. officials have worried that the SREB, as well as other Chinese initiatives in Eurasia (especially investment tied to the Asian Infrastructure Investment Bank, AIIB), would lower standards related to issues like environmental protection and labor rights, while crowding out investment from other sources. Washington has called on Beijing "to utilize global standards" in its Eurasian infrastructure and cooperation projects. Washington has also been concerned that the large-scale construction projects associated with the SREB would entail importing large numbers of Chinese workers, creating tensions and resentment within the Central Asian states.

The Potential for Cooperation Persists, but So Do Challenges

The objectives underpinning the original New Silk Road initiative remain admirable. Central Asia would be better served by multiple transit routes and multiple access points to global markets. But the region's great distances, sparse populations, and complex political environments make private Western investors wary of sinking capital into ambitious new infrastructure projects. Convincing them otherwise would require at a minimum a level of U.S. political support and engagement that Washington is unable to offer. Even then, Central Asia's political and economic pathologies make it seem a poor bet to many private companies whose investment decisions, unlike those of their state-owned counterparts in Russia and China, turn on commercial considerations. U.S. interests in Central Asia are not vital enough to justify the call on resources – diplomatic, economic, and political – that full implementation of the NSR vision would require.

Washington is also not in a position to pick serious quarrels with Moscow and Beijing over the region. Russia and China have a more vested regional security interest and will likely be driving the agenda for Eurasian integration in the years to come. Geographic proximity dictates that Russian and Chinese interests in Central Asia, and Eurasia more generally, are more fundamental.

The challenge for U.S. foreign policy in the region is to achieve as many of the objectives underpinning the NSR as possible while minimizing the scope for confrontation with Moscow and Beijing. Increasingly, this means looking for ways to leverage, in particular, Chinese investment, while trying to steer both Moscow and Beijing toward a more liberal version of integration. Washington may not actually love the EEU and the SREB, but it is coming to understand that they are the only game in town.

PONARS ● NEW APPROACHES
● TO RESEARCH AND
E U R A S I A ● SECURITY IN EURASIA

**Elliott School of
International Affairs**

THE GEORGE WASHINGTON UNIVERSITY

© PONARS Eurasia 2016. The statements made and views expressed are solely the responsibility of the author. PONARS Eurasia is an international network of scholars advancing new approaches to research on security, politics, economics, and society in Russia and Eurasia. PONARS Eurasia is based at the [Institute for European, Russian and Eurasian Studies \(IERES\)](#) at the George Washington University's Elliott School of International Affairs. This publication was made possible in part by a grant from Carnegie Corporation of New York. www.ponarseurasia.org