Uzbekistan to Throw in Its Lot with the EAEU

The discussions that have been going on for more than a year on Uzbekistan’s entry into the Eurasian Economic Union (EAEU) are coming to a logical conclusion.

The topic of the integration of Tashkent into the EAEU was loudly discussed in October 2019, during the visit of the Speaker of the Federation Council of Russia Valentina Matvienko to the Uzbek capital. However, at that time Uzbek representatives spoke on this topic very carefully, noting that the process of studying the pros and cons of union membership is underway.

The June meeting in Moscow between the presidents of Russia and Uzbekistan, Vladimir Putin and Shavkat Mirziyoyev, had it not been cancelled due to the unavoidable circumstances of the coronavirus pandemic, could have played a sensational role in clarifying this situation. To be fair, it should be mentioned that due to the negative aspects of the economy and the poor option of joining the union before the presidential elections in Uzbekistan, scheduled for December 2021, it was proposed to postpone the start of the process a little. Still, the issue of republic entering the EAEU, in fact, has already been resolved: Uzbekistan will join the union in 2022 or 2023.

In recent years, Tashkent has been expanding its bilateral cooperation with the countries of the Eurasian Economic Union: the total trade turnover of the republic with the states that are members of the alliance increased in 2016-2019 by 60% to $ 8.4 billion, Uzbekistan’s foreign trade share with the EAEU today comes to 30 %, and the volume of agricultural exports exceeds 75%. At the same time, experts note the Uzbek outstripping import growth in comparison with exports, which is to a certain extent associated with population growth, monopolies and the construction boom in the country. As a result, the country’s foreign trade deficit over the past three years has grown by more than 4.2 times from $ 1.5 billion in 2017 to $ 6.4 billion in 2019, which heightens Uzbekistan’s urgent need for inflow of foreign currency. The rapidly growing foreign trade deficit, which puts pressure on the national currency, increases the state budget deficit, and this is already a serious challenge for the economy and requires Tashkent to make a decision on choosing the correct course for the country.

Today, all important trade routes from Uzbekistan pass through Kazakhstan and Russia, which are allied within the EAEU and the Collective Security Treaty Organization (CSTO). In addition, as part of the EAEU Tashkent can receive investments, jobs and a sales market. Although membership in the EAEU does not provide an automatic guarantee of economic growth, it nevertheless offers the opportunity to realize the existing potentials of the participants, which is very important for Tashkent today. Thus, according to research by Eurasian Studies, a Munich-based analytical center, Uzbekistan’s accession to the EAEU will increase trade with the Union countries by $ 2 billion, Uzbekistan’s own imports will increase by $ 1.28 billion, and the growth of exports to EAEU countries will amount to $ 775 million. The $ 506 million deficit will be covered profitably due to an increase in remittances from the EAEU countries to Uzbekistan by $ 1.2 billions. Thanks to the cancellation of mutual restrictive measures by the EAEU and patent duties of the Russian Federation, Uzbekistan can receive additional revenues from $ 1 billion to $ 2 billion per year, increasing the country’s GDP by at least 4%. Joint industrial enterprises will be opened, the infrastructure of the republic will be improved, and financial institutions of the EAEU will finance innovative projects. In addition, through the external borders of the Union, Uzbek exporters will gain access to the markets of the countries of Southeast Asia, Latin America and Africa. Closer integration of Uzbekistan with the EAEU will also contribute to increasing the investment attractiveness of the country and the development of industrial cooperation. Another major factor is the fact that Uzbekistan will now have preferential access to the developing common transport system of the Eurasian Economic Union.
A very important issue in the EAEU membership is the legalization of labor immigrants, and a whole complex of legislation is being created to form a single labor market. Even the term “labor immigrant” within the EAEU has already been replaced with a more presentable definition “EAEU worker”, reflecting the respective positions and approach to labor market participants in the Union. For Uzbekistan, this aspect is also very important, since at present the situation of immigrants from Uzbekistan is significantly different from the position of their colleagues from other Central Asian countries that are members of the union.

The possibility of cooperation between Uzbekistan as an observer and the EAEU was approved on April 29 by the deputies of the Legislative Chamber of the Oliy Majlis, and on May 11, senators of the upper house of the republic’s parliament by a majority vote also gave the go-ahead for cooperation with the Eurasian Economic Union. According to the conviction expressed by the speaker of the Senate, Tanzila Narbaeva, such a decision is “an important issue related to the socio-economic development of Uzbekistan.”

As reported by the Eurasian Economic Commission, on September 4, it considered the issue of granting Uzbekistan observer status in the EAEU, the final decision will be made by the heads of the Union states at the end of the year at a meeting of the Supreme Eurasian Economic Council (SEEC). Moldova currently has the observer status in the EAEU. Cuba will also receive a similar status after a number of procedures; the issue of this Latin American country has already been considered at the SEEC meeting held on May 11, 2020.

After joining the EAEU, Uzbekistan, with its population of nearly 33 million and a well-developed economy, can become an important component of a union with a unified market of more than 200 million people, making the Eurasian alliance an even more significant global player.

The Eurasian Economic Union, like any economic association, is beneficial to every partner, since export is the main problem in the modern economy. For this reason, a queue has already formed for joining the EAEU, since an agreement with it allows a country to hope for the possibility of selling its goods on the Eurasian markets. So, today, negotiations on the conclusion of an agreement on a free trade zone between Israel and the Eurasian Economic Union are going strong. Before the pandemic began, there were six rounds of consultations, the last meeting was held in March 2020 in Jerusalem. Similar consultations are underway with Egypt. After the introduction of quarantine measures due to the coronavirus, the parties have continued to work in an online format.

_Vladimir Odintsov, political observer, exclusively for the online magazine “New Eastern Outlook”._