Integration Processes Developing within the EAEU

On August 25-26, a meeting of the heads of government of the Eurasian Economic Union (EAEU) countries was held in Cholpon-Ata (Kyrgyz Republic), that served as a testament to the successful development of the integration processes of the member countries.

A total of nine truly crucial issues was discussed at the meeting of the Eurasian Intergovernmental Council, including, in particular, the decree "On financing industrial cooperation in the Eurasian Economic Union"; an instruction detailing tax collection from online retailers; the decree "On the list of priority integration infrastructure projects in the field of transport of the countries of the Eurasian Economic Union."

The heads of government announced the completion of work on the agreement on the establishment of the Eurasian Reinsurance Company (ERC), an international financial organization that has no equivalent in the Eurasian region and is expected to become an important tool for supporting businesses. Given the existing limitations in access to reinsurance capacity in traditional insurance markets, the ERC is expected to become a very timely development institution. According to Akylbek Zhaparov, head of Kyrgyzstan's Cabinet of Ministers, the ERC will not only increase trade volumes, but also help national export credit agencies, insurers and reinsurers build analytical and institutional capacity and complement their functionality, including the development of reinsurance mechanisms in national currencies.

Given the increasing share of national currencies in mutual settlements, the meeting discussed in detail the issue of
expanding the use of Union countries' own currencies in mutual trade settlements. It was noted that in the last seven years since the establishment of the Union the share of national currencies in mutual settlements has reached 74%. According to the Eurasian Economic Commission, in 2021, 71.5% of transactions were settled in Russian rubles, 26.2% in dollars and euros, and the rest in the national currencies of the Union countries.

During the discussion on this issue, Russia proposed to consider the possibilities of accepting cards of national payment systems in each of the EAEU countries. At Russia's initiative, the abolition of the SWIFT system, trading in currency pairs and commodity values in national currencies was also discussed.

The discussion showed that all EAEU members are interested in switching to mutual settlements in national currencies. In particular, sanctioned Russia and Belarus do not need the additional risk of holding a Western currency that could be blocked or seized. For other EAEU countries, such a transition is even beneficial, as trade with Russia accounts for a significant share of these countries' turnover and the elimination of unnecessary currency conversions is a major plus. Moreover, such a transition of mutual settlements eliminates the risk of being affected by secondary sanctions from the monetary cycle. The only country for which such a transition could have an ambiguous outcome is Kazakhstan, which in addition to the EAEU actively trades with the United States and Europe, for which the

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As labor force plays an important role in the economies of the Union countries, Kyrgyz Prime Minister Akylbek Zhaparov made a proposal to simplify the procedure of registering labor migrants within the Union. He reminded that citizens of the Union have equal rights to employment, but despite certain advantages, there are still unused
opportunities. Therefore, in order to reduce bureaucracy and paperwork, Akylbek Zhaparov proposed the introduction of digital technologies for the registration of workers and their employment in the states, and their provision with full access to medical care and insurance under the EAEU Treaty.

The Kyrgyz Prime Minister also stressed that in the current difficult conditions the most important and relevant issues in the EAEU are the creation of a specialized development institute to finance industrial cooperation, the implementation of joint cooperation projects on import substitution and ensuring technological sovereignty. He also pointed out the importance of implementing priority integration infrastructure projects in the field of transport on the territory of the EAEU.

Confidently proceeding in the direction of further strengthening integration processes, the desire of other states to develop and strengthen cooperation with the EAEU is closely followed by the member states of the Union. In this regard, special attention is paid to Iran, which on March 18, 2022, extended the provisional agreement on a free trade area with the EAEU and reached an agreement on intensifying the preparation of a permanent agreement. On June 17, the protocol to the EAEU-Iran agreement signed in Tehran was approved in Yerevan. According to the Armenian head of government, "the experience of the provisional agreement with Tehran clearly shows the attractiveness of the Iranian market and the prospects for further deepening of cooperation." The EAEU’s trade turnover with Iran amounted to $5.037 billion in 2021, an increase of 73.5% compared to 2020, with exports increasing by 2.1 times and imports by 28.8%. Tehran's main goal in cooperating with the EAEU is to connect to a large market to strengthen its economy. However, further rapprochement between Iran and the EAEU not only allows for a real expansion of the borders of this integration association to the Persian Gulf region, opening up new opportunities for all members of the Union, but also makes the EAEU potentially more powerful than the European Union, considering Iran's population of one hundred million.

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