

UZBEKISTAN 'S ACCESSION TO THE EURASIAN ECONOMIC UNION: ANOTHER STEP IN ECONOMIC INTEGRATION OR RUSSIAN POLITICAL PRESSURE?

Jasur Salomov

EUCACIS in Brief

No. 11
March 2020

PhD Support Programme

The EU, Central Asia and the Caucasus in the International System



With the support of the
Erasmus+ Programme

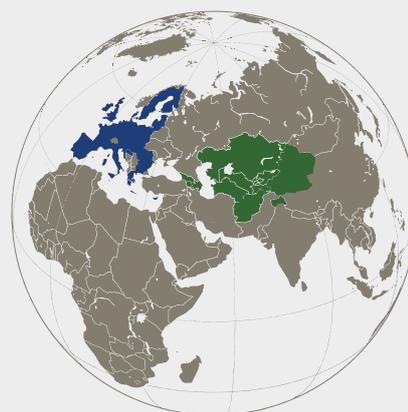


VolkswagenStiftung

About EUCACIS

“The EU, Central Asia and the Caucasus in the International System” (EUCACIS) is a PhD Support Programme for Postgraduates and Doctoral Researchers in Central Asia and the Southern Caucasus, organized by the Institut für Europäische Politik (IEP) and the Centre international de formation européenne (CIFE). Funded by the Volkswagen Foundation and the programme Erasmus+, it offers scholarships for three years to excellent postgraduates who are working on a doctoral thesis in political science, contemporary history or economics on a topic related to its thematic focus at a university or academy of sciences in the Southern Caucasus or Central Asia (including Afghanistan, the Kashmir region in India and the autonomous region Xinjiang in China).

It is the objective of the EUCACIS programme to provide intensive PhD research training for its participants to bring them closer to international standards, to support them until they submit their doctoral theses, and to help them establish their own networks with other young researchers in the target regions and in Europe. This will be achieved through four international conferences, four PhD schools, two research training stays and continuous online coaching.



EUCACIS.eu

About IEP

Since 1959, the Institut für Europäische Politik (IEP) has been active in the field of European integration as a non-profit organisation. It is one of Germany's leading research institutes on foreign and European policy. IEP works at the interface of academia, politics, administration, and civic education. In doing so, IEP's task include scientific analyses of problems surrounding European politics and integration.

www.iep-berlin.de

About CIFE

The Centre international de formation européenne (CIFE) is a private institution of higher education and research, founded in 1954 with its head office in Nice and branch offices in Berlin, Brussels and Istanbul. It receives special funding in the framework of the Jean Monnet Programme of the European Union. Students from all continents enroll in its programmes and work as senior officials, consultants and academic experts after graduation. www.cife.eu

About the Series

EUCACIS Online Paper comprise research and policy papers on topics related to the thematic focus of the programme, written by fellows of the EUCACIS PhD Support Programme and members of the wider EUCACIS network. It aims at making the debates within the network, notably during the EUCACIS conferences and PhD schools, accessible to a wider public. The papers are available on the programme website: www.eucacis.eu

About the Author

Jasur Salomov is a junior research fellow at the Institute of History of the Academy of Sciences of Uzbekistan. He obtained his master's degree in International Law from the University of World Economy and Diplomacy in Tashkent. In his research he focuses on transition processes in post-Soviet countries, the formation and development of political systems in Central Asian states, and participation of the international organizations in providing regional security in Central Asia. Jasur is a EUCACIS PhD fellow since 2016.

Editorial team

Publishers:	Prof. Dr Mathias Jopp, Head of International Programmes, IEP PD Dr Matthias Waechter, Director General, CIFE
Editors:	Salome Minesashvili, Project Assistant, CIFE Laila Allemand, Project Manager/Research Associate, IEP
Layout:	Dimitar Keranov, IEP
Place of publication:	Berlin
ISSN:	2627-7190
Internet:	www.eucacis.eu
Email:	info@eucacis.eu
Hashtag:	#EUCACIS

Introduction

Since 2016, Uzbekistan is going through a period of 'reformatting' of both, its domestic and foreign policies. Particularly noticeable is this activity in terms of restoring and intensifying relations with the countries of the post-Soviet space and many international and regional organizations.

The most debated topic in recent months in Uzbekistan and throughout the region was the issue of Uzbekistan's accession to the Eurasian Economic Union (EAEU). A statement made by Valentina Matviyenko, the Russian Federation Council Speaker (upper house), sparked the sudden interest in this topic. During her visit to Tashkent in October 2019, she noted, "[the] president has made a decision, currently the issue of Uzbekistan's joining the Eurasian Economic Union is under consideration"¹. This statement revealed that a possible Uzbek membership to the EAEU is debated not only within the government of Uzbekistan, but bilaterally with Russian politicians at a senior level, within a working group headed by Russian Minister of Finance Anton Siluanov².

In the following, representatives of the Uzbek authorities refuted the statement, noting that no decision had yet been made, but one was only instructed to study the current capacity of the organization. Thus, the senator Sodiq Safoev diplomatically declared that "the main leitmotif of studying the issue of joining any organization, including the EAEU, is Uzbekistan's national interests. For us, the priority of national interests is an inviolable right"³.

1 TASS (2019) Issue of Uzbekistan joining EAEU under consideration, says Russian speaker Available at: <https://tass.com/economy/1080900> (Accessed: 7 January 2020)

2 Hashimova, U. (2019) Not So Fast: Will Uzbekistan Join the Eurasian Economic Union? Available at: <https://thedi diplomat.com/2019/10/not-so-fast-will-uzbekistan-join-the-eurasian-economic-union/> (Accessed: 8 January 2020)

3 Tashkent Times (2019) When deciding whether to join the EAEU Uzbekistan will proceed from its national interests - Sodiq Safoev. Available at: <https://tashkenttimes.uz/national/4414-when-deciding-whether-to-join-the-eaeu-uzbekistan-will-proceed-from-its-national-interests-sodiq-safoev> (Accessed: 10 January 2020)

Now Uzbekistan faces a difficult challenge and the current state of affairs raises a number of questions. Will Russia use its political levers in a way that would harm the economy of Uzbekistan? Particularly, the often precarious situation of Uzbek migrants in Russia could be used as such a lever. In this context, it is interesting to observe how aggressively or diplomatically Russia will behave in negotiations with the leadership of Uzbekistan on its joining the EAEU. The main question is: Will it be a voluntary accession under certain guarantees of observance of the principles of the Union's activities or will political pressure be activated to make Uzbekistan join unconditionally and to promote Russia's interests?

The paper considers the current development trend of the EAEU, the potential advantages and disadvantages of Uzbekistan joining this organization.

Uzbekistan's accession to the EAEU: Potential benefits and risks

Political risks and challenges dominate the current debate in Uzbekistan concerning a possible integration into the EAEU. The potential economic advantages of the parties from interaction within the Union are obvious: free access to the EAEU single market of 184 million people, access to continental transport hubs and maritime routes of the Near and Middle East, China and South-East Asia as well as reduction of non-tariff barriers. Despite this, most specialists are still sceptical about the dynamics of integration between the members of the organization, not to mention the accession of new states to the Union. The reason for this are the ongoing disputes regarding the guaranteed promotion of their goods across the borders of the member states, which is spelled out in the charter documents. "Tashkent is closely following the constant disputes between the current members of the EAEU that accuse each other of violating the rules of the functioning of the Union, of using non-tariff methods of regulation and of protectionism. For example, Belarus regularly accuses Russia

of such rule-breaking".⁴ By agreement, the members of the union are supposed to conduct a common economic policy to increase their competitiveness and to develop more efficiently. However, the promised benefits of the bloc have not materialized for the Central Asian members. Therefore, in the media and analyst's circles of the member states, calls are increasingly being made to consider a withdrawal from the organization of an economic union with Russia due to excessive politicization of relations.

Against this background, today in Uzbekistan there is a perception that the EAEU is insolvent as an organization and incapable of stimulating economic integration in the region due to the unequal participation of its members in trade relations. Moreover, both the members of this organization and many other states have the impression that this union was created for the realization of long-term political goals of the Russian Federation rather than general economic ones.

It must also be pointed out that "the bloc faces sustained questions about its ability to mediate between members. There is a situation that almost every member state has concerns to other member States relating to restrictions on the free circulation of goods and pricing. These internal EAEU disputes may also give Tashkent pause."⁵ All these factors show that so far, not a single member of the organization is satisfied with the activities of this Union, complaining that the promised economic benefits have not been received in return for limiting their sovereignty.

Despite the obvious problems of interaction in the post-Soviet space, the EAEU remains an important integration project both economically and politically, and Uzbekistan is

forced to consider the issue of accession into this organization for a number of reasons: For the country, the issues of developing new markets for their goods, overcoming transport isolation, creation conditions conducive to the legal presence of migrants and their labour (most of them work in Russia and partially in Kazakhstan)⁶, as well as low rates of scientific and technological renewal, remain unresolved. All these problems spur the country's leadership on the search for political solutions. Theoretically, in case of Uzbekistan's joining the EAEU, local producers would have equal access to the EAEU countries market, improved working conditions for labour migrants would be created and access to Russian investment resources and technologies would be gained. Furthermore, upon joining the EAEU, Uzbekistan would become part of a unified custom space, where the EAEU common customs tariff applies⁷. Despite this, Uzbekistan soberly assesses the situation around the EAEU and approaches this issue with extreme caution. As President Mirziyoyev noted "we need to find the right path. We need to examine everything, weigh it 10 times and make a decision"⁸.

In general, the current dynamics of the Uzbek-Russian negotiations show that the parties are actively discussing the issues of an early entry of Uzbekistan into the EAEU and the Uzbeki media more and more publish positive reviews about the organization and progress of the negotiations. Thus, the First Foreign Minister, Ilhom Nematov noted that "the issue is being reviewed now. The results will then be weighed and a decision will be made.

6 More than three million Uzbek labor migrants are in the territory of the members of the EAEU and only in Russia they have to spend up to \$ 2 billion annually on the processing and renewal of patents.

7 Узбекистан оценивает реальные выгоды членства в ЕАЭС (2020). Available at: <https://eadaily.com/ru/news/2020/01/11/uzbekistan-ocenivaet-realnye-vygody-chlenstva-v-aeas> (Accessed: 12 January, 2020)

8 CARAVANSERAI (2019) Uzbeks speak out about risks to sovereignty in joining Russia-dominated EEU Available at: https://central.asia-news.com/en_GB/articles/cnmi_ca/features/2019/11/01/feature-01 (Accessed: 10 January, 2020)

4 FORBES KZ (2019) Зачем Узбекистан заманивают в ЕАЭС? Available at: https://forbes.kz/finances/integration/zachem_uzbekistan_zamanivayut_v_eaes/ (Accessed: 10 January 2020)

5 Bhutia, S. (2020) Can Uzbekistan gain from EAEU membership? While Uzbekistan debates joining the Eurasian Economic Union, what does the country stand to gain from membership in the Russia-led trade bloc? Available at: <https://eurasianet.org/can-uzbekistan-gain-from-eaeu-membership> (Accessed: 12 January, 2020).

Uzbekistan's economy, industry, agriculture are growing. Exports are increasing. We need markets. But where are our main markets: in Kazakhstan, Russia and Kyrgyzstan, they are the EAEU members. So frankly speaking I support Uzbekistan's EAEU accession. Only based on its economic interests."⁹

Conclusion

Today, there is a clear understanding among the expert community that, although, in a formal sense, the EAEU is an economic organization, the Kremlin's motivation to draw Uzbekistan into this structure is political. Despite the complexity of relations between Uzbekistan and Russia, the Uzbek leadership was always

able to find a "middle ground" and never became a clear ally, and at the same time, did not spoil the relations with Russia. It is very important to seriously study all possible risks in the case of joining this organization and, without fail, impose own conditions and obtain guarantees from Russia to prevent politicization of integration within the EAEU. Perhaps for the country that is serious about further reforming its economy, it is worthwhile first of all to consider eliminating all the barriers that exist in bilateral economic relations with the EAEU member countries, and only then consider joining this organization. Alternatively, joining this organization as an observer in the near future would serve as a "middle ground" for Uzbekistan.

9 Tashkent Times (2019) Uzbekistan could benefit from joining the Eurasian Economic Union - Deputy Foreign Minister Available at: <https://tashkenttimes.uz/national/4805-uzbekistan-could-benefit-from-joining-the-urasian-economic-union-deputy-foreign-minister> (Accessed: 11 January, 2020)