

## **EURASIAN ECONOMIC UNION AND KYRGYZSTAN**

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On 1st of January 2017, Eurasian Economic Union (EEU) marked its birthday. Currently EEU has five members; Russia, Kazakhstan, Armenia, Belarus and Kyrgyzstan. But already Iran and China openly stated their interest in strengthening relations with the organization and Tajikistan is considering joining the EEU. This year Kyrgyzstan will assume the chairmanship.

There have been many criticisms towards the motivations behind the establishment of the EEU. Some argue that it is an instrument of Russia to increase its presence in the region and the dependency of member countries on Russia, whereas for member countries it was an inevitable choice considering their relations, particularly economic ties, with Russia. On one hand, some experts are hopeful and optimistic about the current situation and the future of the EEU. On the other hand, decrease in oil prices, sanctions implemented on Russia, current global economic crisis and high dependence of other member countries on Russia are not helping EEU to be more efficient. Also, member countries, except Kazakhstan and Kyrgyzstan, do not share borders and trade volumes among EEU member countries are significant only if we consider their relations with Russia separately. For instance, in 2014 trade volume between Kazakhstan and Belarus was around 1 million US Dollars<sup>[1]</sup> whereas trade volume between Kazakhstan and Russia was over 10 billion US Dollars. But EEU membership still has an attractive side. However, time to time Kyrgyzstan is losing its optimism and starting to question the outcomes of its membership even though it has been seen as the best option to minimize the impact of global economic crisis over the country. For example, according to the news, one year ago Deputy Prime Minister of Kyrgyzstan Oleg Pankratov said (t)he effect of Kyrgyzstans accession to the EEU turned out to be blurry.<sup>[2]</sup> But he also stated that if the country did not join the EEU, effects of the global economic crisis would have been much more significant.<sup>[3]</sup>

For relatively small countries such as Kyrgyzstan, the EEU can offer advantages, such as access to EEU market which can provide increasing employment opportunities due to an integration of economies. Yet, member countries are still facing challenges arising from customs union; it requires harmonization of cross-border trade, production standards etc. For instance, a recent report by the Crisis Group pointed out that Kyrgyzstan lacks necessary infrastructure for veterinary services and laboratories.<sup>[4]</sup> Moreover, Kazakhstan



propose to clarify the wording on the priority of removal of barriers on the internal markets. The rest of the documents were signed by all the presidents...[16] Eventually the agreement was signed, but before the ratification process Kyrgyz MPs express their concerns by saying that the Customs Code should be carefully studied. For example MP Mirlan Bakirov said: "Before ratifying the EEU Customs Code, it is necessary to carefully study it," and he added Kyrgyzstan 80 percent depends on imports. What is the impact of the Code on businessmen, working with China and Turkey? Prior to ratification, we must study each item of the code. It's necessary to hand out its signed version. We shouldn't adopt the documents so fast".[17] However Moscow and Beijing are in close touch to find out the ways to strengthen relations both on bilateral and regional levels. Earlier, President Putin stated that the relations between EEU and some countries such as Israel, India, Iran, Singapore and Egypt are expected to develop within the framework of EEUs external relations. China, and China-led Shanghai Cooperation Organization, is highly interested in Central Asia since China-led One Belt, One Road (OBOR) initiative also includes Central Asia. The land transportation routes pass through Central Asian countries. Two of the Central Asian countries are already EEU members and Russia is an important power in the region. Back in 2015, President Putin and President Jinping met and signed deals on energy, trade and finance. President Putin said: *The integration of the Eurasian Economic Union and Silk Road projects means reaching a new level of partnership and actually implies a common economic space on the continent,*" after the meeting with President Jinping.[18] Also in October this year, President Jinping and President Putin met again in Goa, and they discussed regional issues, BRICS and Eurasia Economic Union. In the text published by the Chinese Ministry of Foreign Affairs there is a part reflecting both leaders positions: *Russia supports the alignment and cooperation between the Eurasian Economic Union and the initiative of Silk Road Economic Belt*[19].

Integration of EEU and OBOR will put increase the role of Central Asian countries and partially ease the tension and concerns in Kyrgyzstan. Kyrgyzstan earns a lot from re-exportation of Chinese products and the country has good ties with China. However, the long term benefits and potentials of EEU-like initiatives and institutions will be actualized only if all countries take each other as equal and sovereign partners. Any other agenda will backfire and have a negative influence over the regional stability.

Photo: kremlin.ru

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