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## **Uzbekistan and Eurasian Economic Union (EAEU): Current Level of Integration**

### **Introduction and Background of the Issues**

Modern international development is still under the certain impact of the COVID-19 pandemic. The massive efforts of international community mainly focused on tackling and easing the subsequent phases of it in quite complexed levels. Only the wise and joint preventive efforts of every individual country and even region may catalyze and lead the process of gradual economic stabilization after the stagnation that has arisen early last year worldwide. Despite certain discrepancies and rather contradictory conditions in global trade, Uzbekistan has put strong efforts to move the dynamics of its foreign economic relations with leading economies and institutions in positive state and activate the bilateral and multilateral cooperation in key sectors of its national economy.

Historically, the Eurasian nations were linked through not just economically, but also politically and socially. Most of them traditionally played an important geostrategic role internationally. Building its external political priorities as an independent state in favor of the Commonwealth Independent States (CIS)<sup>1</sup>, which is driven and heavily backed by Russia, they counted primarily on security issues. A balanced assessment of the role of the Commonwealth in the conditions of emerging from a certain latent state in which the organization has been for many years is possible only taking into account the specifics of the initially difficult conditions of the period of the collapse of the former unitary system and the formation of the sovereignty of the post – Soviet states, as well as the whole complex of relations of the CIS member states and the emergence of a completely new geo-economic component of the entire Eurasian space. Even before the disintegration of the USSR, almost half of the industrial potential of ex-Soviet nations, worked for the common Soviet market at that time.

Uzbekistan actively uses the observer status with the Eurasian Economic Union (EAEU). In the spring of 2021, Uzbekistan adopted a roadmap for the development of cooperation with the EAEU, which, among other things, includes the harmonization of legislation with the norms of the union. By the end of the year, a representative office of the Eurasian Development Bank may open in Uzbekistan. And full-fledged Integration of Uzbekistan into EAEU, according to

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<sup>1</sup> The Commonwealth of Independent States (CIS) is a regional interstate organization that includes part of the former republics of the USSR. It was formed on December 8, 1991 by the leaders of Belarus, the Russian Federation and Ukraine, who signed an agreement on its creation. On December 21, 1991, Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan joined the Agreement, signing together with Belarus, Russia and Ukraine in Alma-Ata the Declaration on the Goals and Principles of the CIS.

Russian Prime Minister Mikhail Mishustin, will provide additional opportunities for the growth of the Uzbek economy and tangible advantages for citizens.

### **Economy of Eurasian Economic Union (EAEU) and Uzbekistan's Ties with It**

Analyzing the complex processes of the global pandemic period that the EAEU member states experienced, it can be noted that they generally did not turn out to be so dramatic, and that the restoration of their national economic complexes was observed at a fairly stable level. The experts of the Center for Country Analysis at the Eurasian Development Bank (EDB) note in their collective research that before the end of this year, in most of the EAEU countries "...will be a period of a solid growth recovery. The weakening of social isolation measures and the improvement of external conditions will be key factors in strengthening consumer and investment demand. In Armenia, Kyrgyzstan and Tajikistan, an additional growth factor will be an increase in remittances of migrant workers. The EDB forecasts an increase in the aggregate GDP of the region's countries by 3.3% in 2021, after a reduction of 3% in 2020. The economies of Kazakhstan and Russia will grow by 4% and 3.3%, respectively, by the end of this year and will reach pre-crisis levels in late 2021-early 2022. In Armenia and Kyrgyzstan, the recovery of economic activity will take longer and will be completed during 2022. The duration of the process is largely due to the depth of the recession in 2020, limited fiscal stimulus opportunities and increased political risks. Armenia's GDP growth in 2021 is projected at 3.3%, Kyrgyzstan-3.9%.<sup>2</sup> Thus, the authors of the study point out that "...the driver of increased economic activity...remains industry, while the service sector continues to experience difficulties due to continuing restrictions."<sup>3</sup>

The current level of relations between Uzbekistan and Russia is comprised of strategic elements, and does not depend in any way on their format – whether bilateral or multilateral, and covers a wide range of political issues. The data contained in the Report of the State Statistics Committee of the Republic for the 1st quarter of this year well illustrate their basic aspects. For example, it states that "Currently, Uzbekistan has trade relations with 151 countries of the world. The largest volume of foreign trade turnover with the Commonwealth Independent States (CIS) was recorded with the Russian Federation (44.7 %), Kazakhstan (30.3%), Kyrgyzstan (6.6%), Ukraine (4.5%) and Tajikistan (3.6%). Its foreign trade turnover with the EAEU amounted to \$ 2,392. 2 million, of which the volume of exports - \$ 766.1 million, the volume of imports – \$ 1,626. 1 million."<sup>4</sup> This document also says that "... the share of foreign trade turnover of the CIS countries, compared to the same period in 2020, increased by 4.8 %. During the same period of 2019, an increase was noted by 6.5 % and their share in foreign trade

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<sup>2</sup> Eurasian Development Bank "Macroeconomic Review: strong recovery growth in 2021 March 2021" - a collective research of the Center for Country Analysis of the Directorate for Analytical Work of the Eurasian Development Bank / March 2021. ([https://eabr.org/upload/iblock/4ab/EDB\\_Macroreview\\_March-2021.pdf](https://eabr.org/upload/iblock/4ab/EDB_Macroreview_March-2021.pdf))

<sup>3</sup> Ibid.

<sup>4</sup> The State Committee on Statistics of the Republic of Uzbekistan - The Socio-economic situation of the Republic of Uzbekistan. / Foreign economic activity section 1. Foreign trade turnover of the Republic of Uzbekistan. [https://stat.uz/en/?preview=1&option=com\\_dropfiles&format=&task=frontfile.download&catid=331&id=1531&Itemid=100000000000](https://stat.uz/en/?preview=1&option=com_dropfiles&format=&task=frontfile.download&catid=331&id=1531&Itemid=100000000000)

turnover, according to the results of January-March 2021, amounted to 40.3 %."<sup>5</sup> All this quite clearly confirms the idea that such relations are based on a solid basis.

Currently, Uzbekistan's ties with EAEU member countries involve in economic spheres. However, recently the Uzbek government is considering the possibility of connecting to the work of digital platforms operating within the framework of the Economic Union on Tax and Customs Administration, Political Consultations, Research and Development, Education, Industrial Cooperation, Labor Migration and Tourism.

### **Joint Cooperation Against COVID-19**

Today, a global economy demonstrates a slight recovery in light of international efforts to tackle subsequent phases of the COVID-19 pandemic. It is the joint preventive efforts of the countries that catalyze the process of gradual development after the stagnation that has arisen early last year worldwide.

In spite of the rather contradictory conditions of global development, Uzbekistan's role and relations with the states of the Eurasia are characterized by positive dynamics in mutual trade and the activation of partnership in key sectors of its national economy.

At the end of 2020, Denis Manturov, Minister of Industry and Trade of the Russian Federation, paid a visit to Uzbekistan precisely within the framework of the agreements between the heads of the two states on the issue of joint cooperation in the research and production of the Russian Sputnik V vaccine against COVID-19. For several months, the Service of Sanitary and Epidemiological Welfare and Public Health of the Republic conducted intensive laboratory tests of the obtained samples of the Russian vaccine for further launching its production in Uzbekistan at the technological facilities of the National Concern "UzPharmProm".

Within the framework of the meeting of the Minister of Health of Russia Mikhail Murashko with the President of Uzbekistan Shavkat Mirziyoyev, production volumes and conditions for the localization of vaccine production on the territory of the republic were agreed. The population of the republic supports the efforts of the republic's leadership to increase cooperation in such promising sectors of the economy as the development of biotechnology, pharmaceuticals and digital medicine.

### **What Brings Economic Integration**

At the same time, no matter how rich a country is with its own resources, in modern fragile economic situation it cannot successfully develop in conditions of self-isolation. Due to the views of prominent political analysts,<sup>6</sup> the classical means of strengthening one's own resilience and capacity building (as well as political) opportunities at all times has been the formation of unions of states, including economic ones. Thanks to them, some states can compensate their economic shortcomings and weaknesses at the expense of the strengths of

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<sup>5</sup> Ibid.

<sup>6</sup> See: Kenneth Waltz N. Theory of International Politics. // Neorealism and Its Critics. Ed. By R.O. Keohane. N.Y., 2019, p. 100-104.

others and, by combining their efforts, create a favorable balance of power for themselves both in politics and economy.

The balance of economic power and opportunities in relations not only with the leading countries of the West, but also within the CIS, is clearly not in favor of any singular individual member-state in frame of the Commonwealth, and the Eurasian Economic Union is an institutional creation of the CIS. It seems that here any policy of "self-reliance" can lead to serious losses in economic efficiency, and, consequently, in ensuring economic security, which invariably lies in the focus of attention of many countries of the world. In economics, as you know, efficiency is one of the most important indicators of power. Therefore, the advantages in the distribution of benefits from economic cooperation with other states are considered simultaneously as a clear advantage in ensuring their own security.

In the system with the principle of "every nation for its own", nothing can push or force a particular actor to put the interests of the integrating system above their own, though all nations are attuned to act primarily for their own good conceding a part of their sovereignty. This does not happen mainly because none of them has the confidence that others would follow it. The best example of this approach is the CIS as institutional structure, and the attitude of the majority of member countries, who still prefer to keep their membership in it, due to their political interests. The negative impact of the protectionism and uncertainty, currently prevailing in international relations, forces different nations to take collective measures against "economic", "tax", "customs" and other wars hitting the world economy and to this end create appropriate international organizations such as the World Trade Organization, Organization of Economic Cooperation and Development, CIS, Eurasian Economic Union, Association of Southeast Asian Nations, Shanghai Cooperation Organization and many others.

### **Conclusion and Future Expectations**

In conclusion, Uzbekistan is expanding actively its ties EAEU countries in political, economic and social spheres. Recent political reforms in Uzbekistan are also opening new opportunities for the country's economic integration with EAEU. The priorities of the Republic's participation in the EAEU in observer status were specified in the speech of the President of Uzbekistan Shavkat Mirziyoyev at a meeting of the Supreme Eurasian Economic Council on May 21, 2021. At that time, more than a dozen documents were considered and adopted defining the foundations of a new roadmap for the development of EAEU for the period up to 2025. Both Uzbekistan and EAEU will be beneficiaries from building up trade relations, including by removing barriers and converging non-tariff regulation measures, deepening industrial cooperation of leading enterprises and regions, promoting projects in the sectors of the real sector of the economy, ensuring food security with the involvement of the Eurasian Development Bank. Many experts expect that Uzbekistan's economic integration with EAEU countries will strengthen in the near future, based on the current cooperation and developments.

## References:

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2. The State Committee on Statistics of the Republic of Uzbekistan - The Socio-economic situation of the Republic of Uzbekistan. / Foreign economic activity section 1. Foreign trade turnover of the Republic of Uzbekistan.  
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3. The materials of the official website of the President of the Republic of Uzbekistan (<https://president.uz>)
4. Kenneth Waltz N. *Theory of International Politics. // Neorealism and Its Critics*. Ed. By R.O. Keohane. N.Y., 2019, p. 100-104.