

Uzbekistan and the Eurasian Economic Union (EEU): Integration in the Interests of the Country and the People?

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ABSTRACT

Articles in the section, whether the Republic of Uzbekistan is a member of the Eurasian Economic Union or not, can be useful or harmful for our integrated economy.

KEYWORDS: *Eurasian Economic Union (EEU), integration, Interstate Council, Integration Commission, Free Trade Zone, NAFTA, Customs Union, Mecosur, Monetary Union, Monetary Union, Full integration, observer states, WTO (World Trade Organization), regional integration processes, tariffs, patents, tariffs, counter sanctions*

INTRODUCTION

The Eurasian Economic Union was established on May 29, 2014 by the subject of international law for the free movement of goods, services, capital and labor and the implementation of common economic goals for the creation of conditions in the economy. Has been operating since January 1, 2015. The Eurasian Economic Union operates under an agreement signed by the governments of Armenia, Belarus, Russia, Kazakhstan and Kyrgyzstan.

How does the OSCE work?

The main body of the OSCE during the Interstate Council. It may be adopted on the basis of an agreement reached with respect to the Member States. The permanent body of the OSCE is the Integration Committee. The board is scheduled to meet four times a year. Decisions of the Committee are implemented only if approved by two-thirds of the members. The votes of the members in the organization are determined by the meeting fees. Hence the treatment, Russia - 40; Belarus - 15; Kazakhstan - 15; Kyrgyzstan has 7.5 percent of the vote, followed by Armenia with 7.5 percent

Russia may be able to work on resolving the votes of the Russian Federation, provided that the performance of the fees is considered. **Toir Mansurov** is currently the Secretary General of the OSCE. In practice, there is an inter-parliamentary commission of the OSCE, consisting of 42 deputies from Russia, 16 from Belarus, 16 from Kazakhstan, 8 from Kyrgyzstan and 8 from Armenia. The Secretariat is headquartered in St. Petersburg.

A special bank is also working in Russia and Kazakhstan to solve economic problems and develop. The OSCE also has an anti-crisis fund, the purpose of which is to provide livelihoods for the implementation of the crisis in the world economy.

In 2012, the OSCE Court was also established. The court aims to resolve disputes over the development of member states.

Working in the second phase of the integrated Eurasian Economic Union form. That is, there is a "customs regime" between member states of the organization, which explains

that member states pursue the same trade policy. That is, for non-member states, the same level of customs has been established (the organization currently has some exceptions).

In March last year, it was decided that Uzbekistan would join the Eurasian Economic Union as an observer state. This means that we have taken a very big step towards joining the union (another, two, three, or even 5 years is a big step in our relationship with a member of the union).

Relevance of the topic In general, integration always stimulates economic growth. As long as the rule of law prevails in the integration organization over the interests of any member state. In the Eurasian Economic Union, however, states (mostly Russia) have repeatedly violated EU laws in their own interests. For example, after the events in Crimea, Russia restricted the flow of Ukrainian products to Kyrgyzstan and Kazakhstan. Or that Russia has imposed restrictions on the import of milk and dairy products from Belarus under various pretexts (mainly licenses) (this should not be a problem at all in the customs union). Or the recent problem with oil trade between Belarus and Russia, which has been fueled by Russia's preference for its own interests over those of other members of the alliance. As you can see, Russia is the main culprit in all the problems mentioned in the current example.

We are now receiving official observer status, and who can guarantee that there will be no such problems between Russia and our country after we join the union in the near future. Russia today is not a leading ally (as they think).

I have a question, why there are no reports of attempts to join the World Trade Organization (WTO)? Did it start again and stop like it did in 1994?

In general, we do not have to be a member of any organization to open the borders, in fact, in the current situation, simply removing the barriers at the border will bring us positive benefits (even without the agreement of any state).

The content of the issue

How can Uzbekistan's current membership in the Eurasian Economic Community affect our economy?

Looking at the history of the world economy, we can see that most of the countries that have been involved in globalization and regional integration processes have returned to the pace of rapid growth. In general, increasing global specialization is accelerating the process of globalization between countries. Therefore, integration organizations are becoming one of the strongest factors in the economic development of states. But in the current situation, what are the consequences of Uzbekistan's membership in the Organization?

Advantages: First of all, customs duties will be reduced at the border for products entering our country. As a result, the prices of goods and services in the domestic market will naturally fall. Consumers will benefit from this, as they will be able to buy more expensive products at a lower price, as well as increase their choice. In the short run, this will lead to a reduction in the market segment size of manufacturers (as a result of increased external competition). In the long run, the competitiveness of domestic producers will increase and exports will increase in areas with a relative advantage. Areas that do not have a relative advantage may disappear (not all). It is natural that there will be positive changes in the logistics system.

Disadvantages: First, the Russian effect. Historically, at a time when European countries were imposing sanctions on Russia, Kazakhstan, a member of the organization, also received sanctions from several countries. In general, the extent to which Russia participates in the political process will have a direct impact on the organization's activities in the future. In other words, the imposition of sanctions on Russia by other major leaders will affect other members of the organization.

Membership in the organization could increase Russia's influence in our economy. This will more or less undermine economic freedom.

If we look at the history of the Organization, we can see that Russia has repeatedly violated the agreements reached within the Organization. The recurrence of such cases in the future will lead to the deterioration of the position of the organization (in practice, will lead to the failure of the organization). Or the actions of the Republic of Belarus: at the time of the EU sanctions against Russia, the Republic of Belarus took advantage of this situation, that is, no sanctions were imposed on Belarus from Europe. There have been many cases of the Republic of Belarus importing European products (many of which have been converted to "Made in Belarus") into Russia through Belarus (which has caused significant damage to the Russian government).

In addition, we have competing countries in the organization, which are mainly engaged in the export of raw materials. In this regard, the opening of borders to these states may not lead to any positive situation in practice.

Conclusions and recommendations

In my opinion, the fact that Uzbekistan is joining the Eurasian Economic Union as an observer is the right decision. The issue of migrants has often been at the forefront of this alliance. I do not believe that joining the union will ease the situation for migrants. But I expected the decision not to join to make things worse for them. We know Russian politicians who do not tolerate any inferiority in achieving their goals. After the sharp decision not to join the union, there was a growing pressure on our migrants in Russia. And given Russia's influence in Central Asia, we could expect the pressure to be more than that. I think (if I think so) that this decision was made wisely and will help the national economy gain time until it recovers somewhat.

Will joining the alliance make accession to the WTO easier or harder?

One of the main conditions for accession to the WTO is the reduction of import tariffs. From this perspective, joining the

union will accelerate accession to the WTO. Why? At present, the average tariff rate in the country is 20% (if you add other duties, it will be higher). The average tariff in the Eurasian Economic Union is about 6%, and the average tariff rate in the WTO member states is about 9%. tariffs approach 6%). This will automatically eliminate the main problem of accession to the WTO. That is, in theory, joining the union will make it easier (or faster) to join the WTO.

How will joining the union affect exports and imports?

The conclusion that joining the union will dramatically increase exports is not true. This is because the free trade agreement between the countries of the former Soviet Union has been in force since 2011. This means that until now, tariffs on exports to the countries of the Eurasian Economic Union have not been significantly affected. Joining the union may lead to a slight reduction in tariffs (a very small change), but it will not lead to a sharp increase in exports. However, import duties are the same not only for the member states of the Union, but also for other countries. That is, under the terms of the customs union, goods entering the territory of the union (regardless of the territory of the state) are subject to the same tariffs. For example, if a product from China enters the territory of Russia with a 5% duty, it means that it enters Uzbekistan with the same duty. Given the current level of tariffs in our country, joining the union will provide a huge incentive for imports in the short term. Of course, this process can seriously hurt domestic producers. Consumers, on the other hand, benefit from having the opportunity to buy cheaper than before. From an economic point of view, joining a union increases the well-being of society as a whole. Because the damage to domestic producers and the state budget will be less than the benefits to consumers.

However, these analyzes do not lead to the conclusion that it is necessary to join the union, because the above conclusions are based only on purely economic calculations. It does not take into account the fact that a state violates the laws of the Union in its own interests, restricts trade and the political consequences. Maybe the political consequences will be more costly for our country than the economic benefits, and if so, joining the union will not be justified. The issue of joining this union is the work of more politicians, and it is impossible to form a complete picture with economic calculations alone.

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