

COMPASS Policy Brief

EXAMINING SOME ASPECTS OF EURASIAN COOPERATION

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GCRF COMPASS: Comprehensive Capacity-Building in the Eastern Neighbourhood and Central Asia: research integration, impact governance & sustainable communities (ES/P010849/1)



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[The University of World Economy and Diplomacy \(UWED\)](#) was established on September 23, 1992 and is part of the system of the Ministry of Foreign Affairs of the Republic of Uzbekistan and is a basic higher educational institution that provides training, retraining and advanced training of specialists and scientific and pedagogical personnel, conducting at a high level fundamental and applied research in the areas of international economics and management, international relations and political sciences, international public and private law, etc.

[GCRF COMPASS project](#) (ES/P010849/1, 2017-21) is an ambitious UK government capacity-building funding initiative, aiming to extend UK research globally and to address the challenges of growth and sustainability in developing countries. Notably, the COMPASS project led by the University of Kent, in partnership with the University of Cambridge, seeks to establish the ‘hubs of excellence’ at the top-level Higher Education Institutions in Azerbaijan, Belarus, Tajikistan and Uzbekistan, to enable them to become the centres for knowledge-sharing and transfer for research integration, impact governance, and sustainable communities.

The Global Challenges Research Fund (GCRF) COMPASS project has been shortlisted for the **International Collaboration of the Year** at the **Times Higher Education (THE) Awards 2021**, widely known as ‘the Oscars of Higher Education’.



EXAMINING SOME ASPECTS OF EURASIAN COOPERATION

EXECUTIVE SUMMARY

Despite all the difficulties, there was a constant search for ways to preserve and further develop close forms of interaction with the international community. Such process was largely determined by the realization that in the extremely complex and ambiguous conditions of globalization, as well as the clash of interests of leading external players, such as Russia, China, India, Pakistan, Iran, US, the EU and others, institutional mechanisms for regional cooperation are an important component of stability and security. The long period of existence of the Central Asian republics in common geopolitical and economic system of the former Soviet Union, which generated awareness of the need to preserve the close relations, the rupture of which could easily result in significant social clashes and political losses.

Keywords: Eurasia, Central Asia, Russia, Cooperation, Commonwealth Independent States, Security, Bilateral and Multilateral Partnership, Global Recession.

Abbreviations: CIS, The Commonwealth of Independent States; EAEU, Eurasian Economic Union

BACKGROUND

The formation of new regional systems always has specific features, the understanding of which is important both for the assessment of previous and future development. Previously, not only the rapprochement of similar countries in terms of development levels, but also the gradual smoothing of sharp corners at different stages of development was easier in a narrow, often bilateral format, than within the framework of the system as a whole. For example, despite all the twists and turns and contradictions in the relations of the states of the Central Asia and their geopolitical interests, it remained extremely important to develop economic, military, and political ties within the context of the Commonwealth Independent States (CIS) institutional structures.

Despite all the difficulties, contradictions and failures of the initial stage of the existence of all post-Soviet space, in contrast to the prolonged collapse of the former unitary system, there was a constant search for ways to preserve and further develop close forms of interaction between former Soviet republics. This search was largely determined by the realization that in the extremely complex and

ambiguous conditions of globalization, as well as the clash of interests of leading external players, mainly Russia, US, China, Iran, India and Pakistan, institutional mechanisms for regional cooperation are an important component of stability and security, due to the views of some experts.¹The aim of this paper is to explore the historical stages of Uzbekistan's cooperation with Eurasian economic structures and the current reinforcement of this partnership in the new foreign policy of Tashkent established after 2016.

ANALYSIS OF THE ISSUE

Historically, the Eurasian nations were linked not just economically, but also politically and technologically. Most of them traditionally played an important geostrategic role. Building its external political priorities as an independent state in favor of the Commonwealth States², they counted primarily on expanding and deepening economic ties.

A balanced assessment of the role of the Commonwealth is possible. It requires to consider the specifics of the initially difficult conditions which existed prior to the period of the unitary system's collapse which led to the formation of sovereignty of the post – Soviet states. This precipitated the establishment of the whole complex web of relations between the CIS member states and the emergence of a completely new geo-economic component of the renewing Eurasian space. Even before the disintegration of the USSR, almost half of the industrial potential of Belarus, as very vivid example for that, worked for the common Soviet market at that time, and only a quarter focused on domestic needs.

In situation of increasing interdependence, which clearly characterizes the variety of political issues in current international relations, developing the institutional mechanism and tools of the foreign policy is becoming a serious option and alternative for the many Central Asian countries, including Uzbekistan.

¹ James Fearon and David Laitin, *International Institutions and Civil War*, draft report, Stanford, CA: Department of Political Science at Stanford University, 2002, pp. 6–7. Fearon and Laitin's list includes: Afghanistan, Angola, Cambodia, Central African Republic, Democratic Republic of Congo, Dominican Republic, El Salvador, Guatemala, Haiti, Lebanon, Liberia, Mozambique, Rwanda, Sierra Leone, Somalia, and Tajikistan.

² 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.

The current level of relations between Uzbekistan and Eurasian nations 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 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."³ 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 turnover, according to the results of January-March 2021, amounted to 40.3 %."⁴

At the same time, the level of Uzbekistan's participation in different institutional structures, especially as observer-nation in EAEU has certain aspects, which were emphasized during the Summit Meeting of the Supreme Eurasian Economic Council, held in the format of a videoconference in May 21, 2021. Outlining the position of the country towards this institution he noted the following: "... the potential for further talks on trade relations, including by removing barriers and bringing together non-tariff trade regulation measures; industrial cooperation between leading enterprises and regions of the member-countries, promoting projects in the real sector of the economy, ensuring food security; solving topical issues in the transport and transit spheres, including the issues of mutual preferences in mutual cargo transportation and international logistics."⁵ The importance of connecting Uzbekistan to the digital platforms of the tax management and common customs systems, labor migration and tourism within the framework of the EAEU⁶ activities is separately determined. Expectations on adaptation of national economic regulations on such issues are key in the context of a possible full-scale entry into this integration association.

³ 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. Accessed on 17 September 2021, at:

https://stat.uz/en/?preview=1&option=com_dropfiles&format=&task=frontfile.download&catid=331&id=1531&Itemid=100000000000

⁴ Ibid.

⁵ Cited from the materials of the official website of the President of the Republic of Uzbekistan: "The President of Uzbekistan took part in the meeting of the Supreme Eurasian Economic Council. Accessed on 21.05.2021, at:

<https://president.uz/ru/lists/view/4375>

⁶ Ibid.

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,⁷ 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 others and, by combining their efforts, create a favorable balance of power for themselves both in politics and economy.

In relations to the cooperation with the CIS or EAEU member-states, it seems that any policy of "self-reliance" can lead to serious losses in economic efficiency, and, consequently, in ensuring economic security, which invariably stands behind the policy of many countries of the world. In economics, efficiency is one of the most important indicator of power. Therefore, the advantages in the distribution of benefits from economic cooperation with other states are considered simultaneously as a clear success in ensuring their own security. 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, Commonwealth Independent States, Eurasian Economic Union, Association of Southeast Asian Nations, Shanghai Cooperation Organization and many others. That is to say, that deepening the technological partnership with the Eurasian countries in different formats and levels will serve the needs of making Uzbekistan economically resilient and strengthen its capacity building in future.

All of this clearly justify the reason to assert that building up the technological potential of Uzbekistan in partnership with leading global economies and institutions, where more complex forms of industrial and technological cooperation and strengthening investment competitiveness are considered as a top priority of national agenda and put at the forefront, determining the prospects for the development of the national economy.

⁷ See: Kenneth N. Waltz, *Theory of International Politics*, (Waveland Press, 2010). p. 104.

POLICY RECOMMENDATIONS

It is important for Uzbekistan in improving traditional models of interconnections with Eurasian partners, to develop effective mechanisms for industrial and technological cooperation, and to focus on deepening investment potential in such interaction. As a good example, we could refer to the experience of the European Union, where so-called technological platforms are offered as effective mechanisms for such a partnership. The essence of this approach was an attempt to activate industrial development, select the most relevant areas of innovative developments, and stimulate private investment. Such platforms bring together industry, international forums, universities, research organizations, government institutions, unions, associations and financial institutions to jointly develop strategically important advanced technologies.

An important recommendation within the framework of such cooperation would be to promote enhanced modernization and economic diversification in export markets, production of new goods and services, transport corridors, as well as to increase the degree of innovative, knowledge-intensive and other priority sectors of the national economy in the overall economic structure by attracting advanced foreign knowledge and technologies, primarily European and American, R&D, management methods and business relations, as well as foreign capital investments. Such measures would strengthen trust between producers and increase the effectiveness of joint projects.

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