A Certain Path to an Uncertain Future

Kyrgyzstan's Accession to the Customs Union/ Eurasian Economic Union

MEDET TIULEGENOV
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- Kyrgyzstan is joining the Russian-led Eurasian integration project, which is often viewed as a political rather than economic endeavour. The Kyrgyz government was able to garner broad support for the accession in parliament and among the business sector, and a majority of the population also approves it. Nevertheless, the integration remains vulnerable to criticism, particularly in light of the upcoming parliamentary election campaigns, the deteriorating economic situation in Russia, and many uncertainties still connected with the process.

- Being a member of the Customs Union/Eurasian Economic Union (CU/EEU) has both benefits and risks; it is too early to make a final judgment on its efficacy. From the perspective of proponents, membership fosters foreign investments and opens up a market of 175 million people for goods and services from Kyrgyzstan. Accession is considered as the least of two evils at hand, as risks are outweighted by the risks of non-membership.

- Opponents highlighted the negative impacts—such as higher inflation and the reduction of re-exports, resulting in a negative effect on employment. Furthermore, there are widespread fears about shrinking sovereignty and negative impacts on the country's democratic achievements.

- The Accession process for Kyrgyzstan has been lacking substantive deliberations about impacts on the country's overall development. The leadership of Kyrgyzstan, while maintaining close relations with Russia, should constantly reassess risks and readjust the speed and format of its engagement with the integration project. The Kyrgyz-Russian Development Fund should be used in an effective manner to modernize the economy and mitigate social impacts.

1. Kyrgyzstan's Path towards Integration

Kyrgyzstan is a small mountainous country in Central Asia with a weak economy and tumultuous political developments. Once called an »island of democracy«, it experienced two popular revolts in 2005 and 2010 ousting its first two presidents. Unlike its neighbours, whose leaders have been in power since the era of the Soviet Union, Kyrgyzstan elected its fourth president in 2011. Although the new constitution adopted in 2010 shifted many formal powers from the president to the parliament, the president continues to play a significant role—especially in foreign policy decision-making.

Kyrgyzstan's engagement with the Russian-led integration project was predetermined by factors that include: the structure of its external economic relations; its demographic situation, with a sizable proportion of Russians in the country's multi-ethnic society; active use of the Russian language, which was constitutionally granted official status in 2001; the dominant presence of Russian media in Kyrgyzstan; and increasing labour migration to Russia.

How did Kyrgyzstan become involved in the accession process? Apparently, it was not a single decision, but a continuous process of being drawn into it. Kyrgyzstan has been a part of various integration processes with the same composition of actors since the early 1990s. With Russia reclaiming its dominant political role in the region, and increasing tension with other geopolitical actors in Central Asia, especially the United States (US), the likelihood of Kyrgyzstan joining Russian-led initiatives has increased.

Integration processes in the post-Soviet era began with the creation of the Commonwealth of Independent States (CIS) in December of 1991, which has often been viewed since its beginning as an easy way for post-Soviet republics to split amicably. The customs agreement—signed in 1995 by Russia, Belarus, and Kazakhstan—was largely declarative, and it was not until the 2000s, with Putin ascending to power, that the process sped up. In 2000, the loose entity was transformed into the Eurasian Economic Community (EEC), which then became a centripetal mechanism for many post-Soviet states. These processes led to signing of a Customs Union Treaty in October of 2007 in Dushanbe (Tajikistan), by the leaders of Belarus, Kazakhstan, and Russia; the treaty came into force in all three countries in 2010, and was replaced by the Eurasian Economic Union in 2015.

Kyrgyzstan's Engagement in the CU/EEU—Milestones of Engagement

2011

11 April
The government of Kyrgyzstan decides to commence official procedures to join the CU.

19 October
At the EEC meeting in St Petersburg, acting Prime Minister Babanov announces Kyrgyzstan's prospective accession to the CU.

2012

1 January
Single Economic Space (SEC) goes into effect in the CU territory.

24 February
Sergey Naryshkyn, speaker of the Russian parliament, announces that the CU/EEU would become the basis for the future Eurasian Union.

20 September During his visit to Bishkek, Vladimir Putin announces that Russia plans to cancel Kyrgyzstan's debt in the amount of half a billion USD.

2013

29 May
Kyrgyzstan sends a formal application to join the CU.

2014

22 January
A public protest is held in the capital city about the possibility of Kyrgyzstan joining the CU/EEU, with the main concern being the possible increase in prices.

12 May
The Kyrgyz government and the parliament adopt an agreement about the »road map« (a plan of activities) for joining the CU.

29 May
The CU summit takes place in Astana, Kazakhstan. Members of CU sign an agreement on the EEU.

5 August
A decree by the Kyrgyz government on approving the »road map« of accession

26 Sept–14 Oct
Kazakhstan, Belarus and Russia sign and ratify an agreement on entering the EEU on 1 January 2015.

10 October
The EEU summit is held in Minsk, Belarus. Kyrgyz President Atambayev announces that by the end of 2014, Kyrgyzstan would enter the EEU. Armenia signs an agreement to join the EEU at the beginning of 2015.

November–December
The first package of draft laws related to accession is adopted by parliament and the government, and some parliamentary committees approve the draft agreement of Kyrgyzstan acceding to the CU/EEU. The parliament also ratifies the creation of a Kyrgyz-Russian Development Fund (KRDF).

23 December
At a meeting of the Supreme Eurasian Economic Council (SEEC), an agreement on Kyrgyzstan's accession to the EEU is signed by Atambayev.

2015
May
It is expected that by this time the Kyrgyz parliament will have ratified an agreement on accession to the EEU.

The »road map« implementation plan for accession to the CU was adopted by the Kyrgyz government in late summer of 2014. It included more than 180 activities in the following areas: customs administration; technical regulations; sanitary, phytosanitary, and veterinary; transportation and infrastructure; tariff and non-tariff regulations; anti-dumping, trade, and financial policies and statistics. Many of the road map's activities have a deadline of either 2014 or 2015, with comparatively few activities that should be completed by 2017–2018.

Preparations for Kyrgyzstan to enter the CU had sufficient timing (since 2011), with all caveats regarding the efficiency of calculating risks and benefits for various negotiable positions and adjusting relevant legislation. The speed with which the process of integration is unfolding is quite rapid, and while Kyrgyzstan was initially planning to join the CU, the country is in effect joining the EEU. Although all of the steps taken by the Kyrgyz government are natural from the accession perspective, the acceleration of the integration process makes the use of all possible measures—thorough analysis, deliberations and consultations, adapting its norms and infrastructure—less effective, before knowing the conditions on which it accedes. The logic of thorough preparation conflicted with the official government rhetoric, which was to join as early as possible in order to be able to formulate the rules of the game.

2. Russia's Bilateral Engagement to Bring Kyrgyzstan on Board

Unlike the other two founding member countries, Russia has been keen on more rapid expansion of the union since the beginning. While Kazakhstan's president frequently states that the integration project has to live up to its standards before expansion, and Belarus's leader wants to maintain his country's relative importance to Russia by minimizing the number of members, Russia's interests have been in expansion in order to tackle the European aspirations of Moldova and Ukraine, and to increase its scope of influence in the post-Soviet space, which includes Central Asia. In regard to the other two countries, President Atambayev has recently noted that he »had difficult negotiations with

Kazakhstan, Belarus. If any of these countries would oppose us, there would be no development in Kyrgyzstan«.[1]

Kyrgyzstan's accession process to the CU was very much welcomed by Russia, while Kazakhstan and Belarus resisted the exemptions from entry requirements that were requested by Kyrgyzstan. Russia's »invitation« to Armenia to join the CU in fall 2013 occurred in a secretive environment without in-country deliberations, and the speed of Armenia's decision was primarily viewed as being motivated by its security concerns. In the case of Kyrgyzstan, Russia offered more enticing financial incentives.

Russia agreed to fund some of Kyrgyzstan's road map activities for the accession to the CU. The overall amount of funds allocated by Russia was announced as USD 1.2 billion. One billion of this amount would be put in the KRDF—with half of it being the fund's charter capital, and half being a loan—and the remaining 200 million would be freely given to fund some of the road map activities.

By the end of December of 2014, Kyrgyzstan had received the first 100 million of the fund's charter capital.[2] Furthermore, Russia provides separate funding for strengthening Kyrgyzstan`s borders.[3] The fund initiative and its further implementation is an indication of Russia-Kyrgyzstan's bilateral aspect of accession. The fund serves multiple purposes for both sides: it enables Russia to win Kyrgyzstan over much quicker than would have happened otherwise; it helps to mitigate CU/EEU members' concerns about Kyrgyzstan's readiness for accession; and it helps to retain Kyrgyzstan as a loyal member of the integration project. For Kyrgyzstan, the fund helps to alleviate concerns about the negative effect on some sectors, and it also demonstrates the government's ability to negotiate in favour of national interests. On the other hand, whether the fund's resources would be used effectively still remains questionable. Although USD 100 million from Russia arrived in 2014, the government cannot use it because the governing structure of the fund is to be set up no earlier than March-April of 2015.[4] Envisaged is a board of directors (three persons from Russia and two from Kyrgyzstan) as well as an executive board (two and three persons respectively).

While Russia is keen to pave the road for Kyrgyzstan's quicker accession to the CU/EEU, Kazakhstan has also recently started to facilitate its neighbour's entry to the integration project. In his end of the year press conference, Atambayev announced that Kazakhstan would also provide funds in the amount of USD 100 million.

Support in exchange for alliance has been part of various integration processes in the past, and the Russian-led project is not an exception. Moreover, Kyrgyzstan is not the only country that has attempted to benefit financially from Russia's political needs to strengthen its union. This was the case with Belarus, which enjoys benefits not only as a member of the CU/EEU, but also as a member of the Union State (also known as Union State of Russia and Belarus), through loans, reduced tariffs for oil, etc. from Russia.[5] While this may also work for Kyrgyzstan in the near future, the possibility of currently receiving support is dim due to Russia's present economic difficulties.

1. Atambayev (2014): Esly my vstupim v TS seichas to pridetsya stoayat na kolenyakh potom. (1.12.2014); available at: http://www.vb.kg/doc/295412_atambaev:_esli_ne_vstypim_v_ts_seychas_to_pridetsia_stoiat_na_koleniah_potom.html Accessed December 15, 2014

2. Na schet kyrgyzsko-rossiiskogo fonda razvitia postupili pervie $100 mln (The first 100 mln USD came to the account of the Kyrgyz-Russian Development Fund). Vecherny Bishkek, 31.12.2014. http://www.vb.kg/doc/298574_na_schet_rossiysko_kyrgyzskogo_fonda_razvitiia_postypili_pervye_100_mln.html Accessed January 3, 2015

3. Na sozdaniye kyrgyzsko-rossiiskogo fonds razvitia videlili 1 mlrd, a na ukrepleniye granitcy vydelyaetsya todelnya summa – president Atambayev (For Kyrgyz-Russian Development Fund 1 bln USD was allocated, and for border strengthening a separate funding is given – president Atambayev) 27.12.2014 http://www.tazabek.kg/news:384453/ Accessed December 29, 2014

4. Rukovodstvo kyrgyzsk-rossiskogo fonda razvitia budet utverhzdeno v marte-aprele (the governors of the Kyrgyz-Russian Development Fund would be appointed in March-April). 28.01.2015. http://www.tazabek.kg/news:385597 Accessed January 28, 2015

5. Zachem Belarusi soyuznoe gosudarstvo s Rossiyei? (Why Belarus needs the Union State with Russia?) 16.12.2014. http://www.dw.de. Accessed December 27, 2014

3. Adjusting Norms and Harmonizing Laws

The legal arrangements in the CU/EEU member countries deal foremost with adaptation to the Customs Code, which has been gradually replacing respective domestic legislation. First of all, this implies that Kyrgyzstan should deal with technical regulations, including sanitary, phytosanitary, and veterinary requirements, with certificates of conformity that prove the safety of products. Among examples of technical regulations that the CU addresses were regulations on food, milk and dairy products, juices, meat, textile, etc.

The bulk of the implementation plan activities for the accession road map, which was approved by the Kyrgyz government on 5 August 2014, is related to adjusting various norms in the areas of tax administration, technical regulation, sanitary, phytosanitary and veterinary, as well as tariff and non-tariff regulations.

Some of the activities have a deadline as early as January 2015, while some simpler activities—like providing information that already exists, e.g., a list of sanitary checkpoints—should have been done in 2014. Adjusting internal norms to those of the CU/EEU goes in parallel with analysing how this would affect coherence with the WTO norms—a dozen activities in the plan concern this issue.

After signing an agreement on accession to the EEU, Kyrgyzstan would need to adjust its norms in the near future, in additional areas—such as currency exchange, trade with services, macroeconomic policies, financial markets, taxation, energy and transport, intellectual property, industry and agriculture, labour migration, and other areas that were mentioned in the agreement on creating the EEU. While the country still has time—it was intended that common markets in some areas would start to function later (e.g., oil and gas in 2025, energy in 2019, and pharmacy in 2017)—it may turn out that preparations for the accession could be more complex and complicated than in the case of accession to the CU. As was noted by the staff of the EEC, Kyrgyzstan would face more difficulty in adjusting its regulations than Armenia.[6]

Unlike the CU, many decisions about the norms and the governance structure of the EEU should have already been taken. On the one hand, this supports Atambayev's assertion that it is better for Kyrgyzstan to accede at a time when the rules are still being formed. Yet on the other hand, with the relatively heavier weight of other players, discussions about integration at this stage have been a bit volatile with regard to setting the rules of the game, and unlike the situation with the CU. Kazakhstan has agreed to sign the EEU agreement only if it is about economic, and not about political integration.[7] With the shaky situation of the Russian economy, the largest member of the union would be tempted to create more exemptions from the rules, rather than common norms. Participation in shaping the rules and effectively complying with them could become a difficult goal for Kyrgyzstan with accession to the CU, not to mention to the EEU.

4. Possible Impacts of Accession

A variety of impacts have been foreseen and discussed by experts, analysts, government officials, politicians, and activists, who take different sides on the issue of Kyrgyzstan joining the CU. Impacts can be disentangled in various ways, but for simplicity, this analysis looks at the economic and political impacts, as well as how accession would affect Kyrgyzstan's relations with various external actors (primarily, non-CU members).

The debates about accession rarely explicitly refer to Kyrgyzstan's national interests, which are often vaguely mentioned in the official rhetoric.[8] Despite frequent reference to the official rhetoric of friendship between countries as a reason for accession, there are also talks about the need to search for a

6. Ekonomika obschego dela (Economy of the common cause) 09.06.2014 http://expert.ru/expert/2014/24/ekonomika-obschego-dela/ Accessed December 23, 2014

7. Krymskjy ekzamen dlya Kazakhstana (A Crimea exam for Kazakhstan) 10.04.2014. http://forbes.kz/process/expertise/kryimskiy_ekzamen_dlya_kazahstana Accessed December 20, 2014

8. Atambaev: vstuplenie v Tamozhenny Soyuz prodiktovano natsionalnymi interesami Kyrgyzstana (Atambaev – accession to the Custom Union is dictated by the national interests of Kyrgyzstan). 11.03.2011. http://www.kabar.kg/politics/full/178. Accessed December 20, 2014

pragmatic approach, »not in the logic of brotherhood, but in the logic of partnership«.[9]

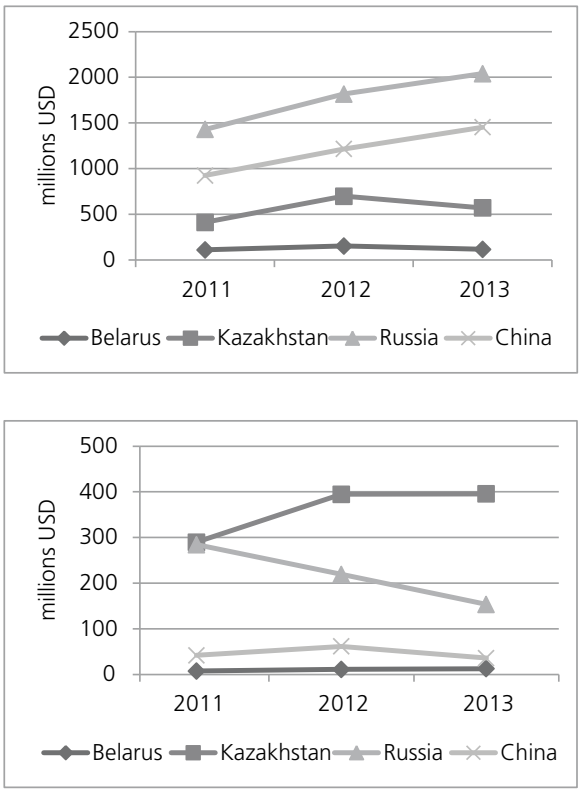
The impacts of accession are multidimensional, and they are related both to the CU and the EEU. In regard to the former, non-tariff measures are viewed as one of the important factors that may affect relations not only with non-member countries, but also among members of the CU/EEU. Kazakhstan's experience shows that while tariffs almost doubled between 2009 and 2015, non-tariff measures became more restrictive (Heal and Mladenovic 2014). The relative difference in the size of economies—Belarus's GDP is 10 times, Kazakhstan's 30 times, and Russia's 3,111 times larger than Kyrgyzstan's (NISI 2013)—would also make a difference in terms of impacts this may cause in further relations between member countries. Some view this as an opportunity to enter bigger economies, while others are worried about bigger businesses from bigger countries squeezing out smaller businesses in Kyrgyzstan.

Last year's developments in Ukraine—the annexation of Crimea, sanctions against Russia, etc.—as well as the economic crisis in Russia makes the assessment of impact a more problematic task. Overall, however, the political and economic trends that were set in 2014 may increase the risks for Kyrgyzstan's accession.

4.1 Economic Impacts

The economic impacts are conditioned by the structure of Kyrgyzstan's economic relations with other countries. The country imports more than it exports: in 2013, of more than USD 8 billion of trade turnover, more than USD 6 billion were imports and a bit more than USD 2 billion were exports.[10] Kyrgyzstan's economic relations with CU/EEU members can be compared to its relations with some other countries. From the USD 8 billion of trade turnover in 2013, half (around USD 4 billion) was with the CIS countries, including Russia (2.1 billion), Kazakhstan (almost 1 billion), and Belarus (0.11 billion).[11] While these CU/EEU member countries are quite significant trading partners, overall they do not constitute more than 40 per cent of country's trade.

Graph 1. Imports (top) and exports (below) of Kyrgyzstan from/to CU/EEU and China, 2011–2013



Source: Based on the National Statistical Committee Data, 2014 (stat.kg)

Among non-CIS countries, China was a large trading partner in 2013 (almost 1.5 billion of which more than 95 per cent was imports), as well as Switzerland (0.55 billion) which imports gold from Kyrgyzstan, Turkey (0.29 billion), Japan (0.52 billion), Germany (0.24 billion), and the USA (0.22 billion).[12] The dynamics of trade in the last few years (see Graph 1 left) shows that imports from both Russia and China have actively increased, but export opportunities to the CU/EEU countries have diminished.

9. Akhmetova, Nursulu (O vstuplennii Kyrgyzstan v Tamozhenny Souyz), 10.09.2013; available at: http://www.ca-portal.ru/article:7993 Accessed November 15, 2014

10. Foreign Trade of the Kyrgyz Republic. National Statistical Committee of Kyrgyzstan. www.stat.kg Accessed December 20, 2014

11. Foreign Trade of the Kyrgyz Republic by Countries. National Statistical Committee of Kyrgyzstan. www.stat.kg Accessed December 20, 2014

12. Ibid.

Another aspect of external economic relations is foreign direct investment (FDI). The biggest FDI flows to Kyrgyzstan in the period 2006–2012 came from Kazakhstan 22.5 per cent, Canada 22.1 per cent, the EU 18.8 per cent, China 11.5 per cent, Russia 5.8 per cent, and Turkey 2.6 per cent (WTO 2013: 17). The CIS share of FDI constitutes more than 25 per cent, and discounting Canada (because it is mainly the single gold mining project of Kumtor that comprises most of its FDI), then China and EU are also important investors in Kyrgyzstan.

Discussions about the assessment of the economic impact of accession were at times overshadowed by political and geostrategic drivers of the integration project, but the economic aspects of Kyrgyzstan's accession per se were often not tangibly and clearly present in public discussions for different reasons. These include: lack of clarity about the additional benefits the integration processes have brought to the founding members of the CU; insufficient depth in calculating the benefits and risks; lack of proper public deliberations, which was largely associated with the official rhetoric that leans toward positive rather than negative assessments; and since last year, the changing economic and political situations of some CU/EEU members—such as sanctions, oil prices, currency exchange rates, etc.—which have made previous forecasts, especially positive ones, more problematic.

Positive Aspects

Towards the end of 2014, the Head of the Foreign Policy Department of the President's Office set out four conditions that would enable Kyrgyzstan's positive development within the EEU—free flow of labour, finance, transportation, and commodities.[13] The list is also often enlarged by the following: new standards of quality of production, which would come as a result of the CU's normative pressure; an opening of the market of 175 million people for goods and services from Kyrgyzstan; investments (above all from Russia and Kazakhstan); and an ensured economic growth.

Hope for positive outcomes from accession was placed in the initial activities of the road map, which with support from Russian funding aims at strengthening border controls and the possible resolution of perennial border tensions between Kyrgyzstan and neighbouring Tajikistan and Uzbekistan. As stated by some officials, the main thrust of the analysis often focuses on the short-term economic consequences, while Kyrgyzstan should consider a variety of aspects and take into account that Kyrgyzstan has always attempted to be part of regional projects, the growth of extremist threats in the region, drug trafficking, and Russia's traditional domination of the Central Asian region.[14]

The economic consequences of accession are often discussed from the perspective of such specific sectors of the economy as agriculture, garment production, and migration. The general role of agriculture in Kyrgyzstan's economy is declining, and mining and services are becoming more important (Mogilevskii and Akramov 2014). Garment production and trade is another sector of the economy often cited by both proponents and opponents of the accession. While those supporting accession argue that big markets could open up to producers from Kyrgyzstan, opponents argue that many components for production come from outside the CU/EEU area, and that this sector is quite competitive within the union. Although garment exports from Kyrgyzstan to Russia and Kazakhstan increased tenfold during the period 2002–2012, Belarus is becoming a likely competitor in this sector, not least due to producing its own fabric and heavy government support (Jenish 2014).

Facilitation of better conditions for migrants is also frequently mentioned as an argument for the benefits of accession. With the movement from the CU to further stages of economic integration, the supposedly free flow of labour should be taken into consideration. Kyrgyzstan considered this one of the major motives for the initial move to join the CU. According to various estimates, between 300,000 to 700,000 people from Kyrgyzstan are

13. Sapar Isakov – we would move to the new standards of quality. 20.11.2014 http://www.region.kg/index.php?option=com_content&view=article&id=1236:2014-11-20-22-22-05&catid=39:2013-03-01-13-06-27&Itemid=48 Accessed November 15, 2014

14. Akhmetova, Nursulu (O vstuplennii Kyrgyzstan v Tamozhenny Souyz), 10.09.2013; available at: http://www.ca-portal.ru/article:7993 Accessed November 15, 2014

working as labour migrants in Russia, and to a much lesser extent in Kazakhstan. The significance of labour migration is also expressed in the size of remittances migrants send to their families, which according to the World Bank constituted 30.8 per cent of GDP in 2012—making it second in the world, after Tajikistan. According to some surveys 34 per cent of respondents mention Russia as a preferred place for temporary work (Eurasian Development Bank 2014(b): 52). Some surveys suggest that more than half of labour migrants from Kyrgyzstan in Russia earn less than 1,000 USD per month, and with the on-going decline in the Russian economy and depreciation of the rouble, migrants' earnings have fallen significantly. According to the head of the Zamandash association—one of the most active organizations claiming to represent migrants' interests—migrants' income fell 30–40 per cent, which would affect their level of remittances.[15] However, the free movement of labour has slim prospects in near future, and not only because many Russians surveyed favour curbing migration. Thus, migrants may potentially remain hostages to the whims of migration policies in the recipient country.

In a certain sense, the risks of non-accession are often also discussed as benefits for Kyrgyzstan, since by joining the CU the country avoids them. Among these risks are: the likely tightened border control for Kyrgyzstan's goods exported to the CU countries; reduction in the midterm perspective of re-exports, which were primarily aimed at the CU countries; deteriorating conditions (or at least the lack of benefits) for labour migrants from Kyrgyzstan working in Russia and Kazakhstan; and changes in the petroleum prices exported from Russia to Kyrgyzstan. An additional risk is that Russia may use non-tariff barriers to products from Kyrgyzstan, and may stop investing into the big hydropower electric station projects (Kambara Ata, upper Naryn river stations).

The inevitability of joining the CU/EU is often presented in light of positive aspects, and even Atambayev recently agreed that accession is the lesser of two evils.[16] Making an assessment of various problems is always tricky and the relative magnitude of each of them may change depending on time or someone's perception.

Negative Aspects

Even strict proponents of accession to the CU concede that there would be hardships, at least in the short term. One concerns regarding accession relates to changes in the customs tariffs, and the associated consequences for trade and other issues. Whereas the average import tariff in the CU is 10.6 per cent, in Kyrgyzstan it is 5.1 per cent. When Kazakhstan was joining the CU, it raised its average tariffs to 6.2 per cent (Wiśniewska 2012), and Kazakhstan and Belarus negotiated exemptions for several hundred types of products. Negative and positive aspects could be intertwined if the garment production example were to be taken: on the one hand, it raises hopes for possible expanded markets within the CU/EEU; on the other hand, there are concerns that most of components coming outside of the union would now be subject to higher import tariffs.

Taking political considerations aside, what is prompting Kyrgyzstan to join the CU/EEU? Some argue that the country's major economic problems are economies of scale and the lack of diversification (APA 2014). With the advent of integration processes near Kyrgyzstan's borders, the economic relations with CU/EEU members have become less intense (see graph 1).

In Russia's case, tighter controls with non-member countries led to a significant decrease in imports—in 2012 imports from Azerbaijan decreased by 1.4 per cent, Kyrgyzstan by 33.4 per cent, Tajikistan by 24.2 per cent, and Ukraine by 10.7 per cent (Dreyer and Popescu 2014). This provides a backdrop for considering one of the possible negative ramifications of Kyrgyzstan's membership being a limited geographic scope of integration. Aside from security concerns, if Armenia's choice was made easier by

15. Dokody kyrgyzkykh migrantov v Rossii snizilis na 30-40% (Earnings of Kyrgyz migrants in Russia fell 30-40%) http://bpost.kg/news/dohody-kyrgyzskih-migrantov-v-rossii-snizilis-na-30-40 Accessed December 20, 2014

16. Atambaev – u Kirgizii net drugogo vykhoda kak vstupit v Tamozhenny Soyuz (Atambaev- Kyrgyzstan does not have other option, but to accede to the Customs Union). 27.10.2014 http://www.ng.ru/news/483498.html Accessed February 10, 2015

the lack of economic relations with its neighbours (Azerbaijan and Turkey), for Kyrgyzstan, it may create possible drawbacks for economic relations with Uzbekistan and Tajikistan (even, or maybe especially because, most of this happens informally).

There are also concerns that tax revenues would fall as a result of the lost jobs and businesses being closed. Some studies estimate that due to the introduction of the CU single tariff, the growth of GDP would decrease on average by 0.6 per cent during the period 2016–2019 (NISI 2014). While there are expected benefits for smoother access to CU markets for Kyrgyzstan's agricultural products, it should be noted that they may become a target for non-tariff barriers—which may be the case regardless of whether or not they join the CU/EEU. As the experience of current members of the union shows, non-tariff barriers may become an obstacle for the free flow of agricultural products within the borders of the CU/EEU. The current situation with sanctions over the Ukrainian issue complicates the free flow of agricultural products within the CU/EEU. Rosselkhoznadzor, a Russian regulating agency for agriculture, recently suggested banning imports of agricultural products to Kazakhstan that are transited through Belarus or Ukraine.[17]

There are expectations of a reduction in re-exports in Kyrgyzstan's economy, which is generally viewed as a positive move from overdependence on this source of income. Yet in the short term, at least, this implies that many jobs would be lost for people working in this sector. According to Kyrgyzstan's Ministry of Labour, the number of unemployed may increase twice after accession, mainly due to the closure of bazaars involved in re-exports.[18] At the same time, the country's Ministry of Economy declared in a public memo[19] that re-exports would decrease due to the closure of markets in the CU, if the country did not accede.

With accession to the CU/EEU, the need would surely eventually rise to renegotiate Kyrgyzstan's commitments to the WTO. This looms as a likely scenario, although the magnitude and scope of this problem has not yet been properly estimated. Until now, Kyrgyzstan has not been a party to any dispute within the WTO.[20] Kyrgyzstan would also be committed to paying membership fees of around USD 1 million per year, which is an additional burden on the budget.

The hope for an influx of FDI would not be realized quickly, and from cautious estimates by the Eurasian Development Bank, even among the members of the CU there is no foreseeable effect of integration on investments in the medium term (2014[a]: 35).

The National Bank of Kyrgyzstan estimates that due to introduction of the single tariff, the inflation rate would be 10–12 per cent (NISI 2014). Taking into consideration issues with the currency exchange volatility at the end of 2014, the entrance phase to the CU/EEU may likely be worse than official estimates. In describing Kyrgyzstan's economic outlook in 2014,[21] the World Bank stated among three major risks, »uncertainties related to the accession to the Customs Union« and »further deterioration of Russian economic performance«.

In general, positive and negative economic aspects may be overrated or understated depending on the way they are calculated and on the forecasts made. Certainly, some of the drawbacks of accession could be mitigated by government actions or with time, and some positive expectations may be overrun by illusory calculations and by growing economic decline within the CU/EEU.

17. Re-export destroys the Customs Union. Gazeta.ru, October 31, 2010. http://www.gazeta.ru/business/2014/10/30/6282785.shtml Accessed December 10, 2014

18. Pri vztuplenii v Tamozhenny Soyuz chislo bezrabotnykh v strane mozhet vyrasty dvazhdy (The number of unemployed in the country may increase twice with accession to the Customs Union). 12.12.2014 http://24.kg/ekonomika/3365_pri_vstuplenii_kyirgyizstana_v_tamojennyiy_soyuz_chislo_bezrabotnyih_v_strane_mojet_vyirasti_v_dva_raza_/ Accessed December 20, 2014

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20. Dispute cases involving the Kyrgyz Republic. http://www.wto.org/english/thewto_e/countries_e/kyrgyz_republic_e.htm Accessed December 16, 2014

21. http://www.worldbank.org/en/country/kyrgyzrepublic/publication/kyrgyz-republic-moderating-growth-and-a-challenging-outlook. Accessed December 20, 2015

4.2 Political Impacts

The Eurasian integration project is often viewed as a result of political considerations, and in turn it could have political impacts on its current and perspective members, including Kyrgyzstan. The democratic spectrum of the union's members is widening with the successive accessions of new members. Various democratic measures (see Table 1) show this diversity, and Kyrgyzstan, as well as Armenia, are joining a more autocratic club of countries, where decisions are made by country leaders without much public deliberation.

The political impacts primarily concern the possible effects of the integration process on the political institutions of union members. There is a danger of sliding towards more authoritarianism, which is prevalent among the founding members of the CU/EEU. This could be the result of diffused practices within the union, as well as the transfer of decisions to the supranational institutions where voices of authoritarian leaders are more decisive.

Table 1. Democratic Measures by Members of the Eurasian Integration Processes

	Freedom in the world, political rights, and civil liberties average Freedom House (2014)	Bertelsmann-Transformation Index (BTI), Democracy Status (2014)	Polity IV, Authority trends (2014)
Belarus	6.5	3.93	-7
Kazakhstan	5.5	3.85	-6
Russia	6	4.40	4
Armenia	4.5	5.35	5
Kyrgyzstan	5	5.80	7

Freedom in the World:
7 = least free, 1 = most free; BTI: 1 = worst, 10 = best;
Polity IV: -10 = full autocracies, 10 = full democracies

The likelihood of quick decisions that are made mostly outside of the country could be also very threatening for the nascent parliamentary democracy in Kyrgyzstan, which has not yet settled decision-making responsibilities between the president and parliament. This may become crucial in the wake of the parliamentary elections in the fall of 2015, and the presidential elections in 2017. The political elite, which is divided on variety of issues, may also split on the issue of integration, though for pragmatic reasons the CU/EEU issue is not currently very divisive.

With the presence of Russian media—two Russian TV channels are among the five most watched, and one of them has more than 80 per cent of coverage[22]—and with public perception largely shaped by them, increased international tension over Ukraine also has internal ramifications within Kyrgyzstan. It would make politics in the country more fractured and divided along issues of externally shaped agenda, and dissuade attention from internal issues.

The lack of value orientations could be a problem for Eurasian integration[23] in general, and for Kyrgyzstan, which is at a crucial stage of nation- and state-building, in particular. Considerable concern among those who anticipate a political impact in Kyrgyzstan from joining a seemingly economic union is caused by noticeable trend in following Russia to adopt conservative legislation, which would supposedly become a bigger tendency after joining the CU. In 2014, the Kyrgyz parliament initiated laws banning »gay propaganda«, and on labelling non-governmental organizations engaged in policy processes as »foreign agents«, if they received funding from abroad. In Russia, laws on foreign agents and on gay propaganda were adopted in 2012 and 2013, and their impact on the legislative process in Kyrgyzstan is quite evident, as MPs are eager to copy them.

Internal debates often stress a possible loss of sovereignty, which is generally understandable when any country transfers some of its decision-making powers to a supranational authority, which in the case of Kyrgyzstan's accession makes it more dependent on one country. As some opposition MPs have stated,

22. M-Vektor. Issledovanie povedenia i vospriatia media auditoria 2012 g. (2 volna) (The study of behavior and perception of media audience, 2012) (2nd wave). Bishkek, 2012.

23. Murat Imanaliev: v evraziiskoi integratsii est defitsit tsennostnykh orientirov (Murat Imanalev – there is a lack of value orientation in the Eurasian integration). 30.12.2014 http://www.globalaffairs.ru/diplomacy/Murat-Imanaliev-v-evraziiskoi-integratcii-est-defitcit-tcennostnykh-orientirov-17242 Accessed January 3, 2015

the Kyrgyz state gas company has been sold to Russia, and there were attempts to sell the national airport—all of which makes the country more economically dependent by putting its infrastructure as leverage into hands of another country.[24] Even though Kyrgyzstan was dependent on Russia prior to the accession, after joining the CU/EEU this dependency would increase. This has become even more acute since the Ukrainian crisis has started to affect the integration project in various ways.

4.3 External Relations

Kyrgyzstan's accession to CU/EEU reconfigures the country's relationship with a number of other countries, from economic and from political perspectives. It implies that Kyrgyzstan would need to reconsider dealing with its status as a WTO member, and it also implies that it becomes more entangled in Russian foreign policy decision-making.

Since Russia joined the WTO in 2012, it has been slow in delivering on its commitments (Dreyer and Popescu 2014), and in the case of Kyrgyzstan joining the CU, WTO members could claim their compensations. The consequences for WTO members—besides Kyrgyzstan, Armenia and Russia—dealing with the issue of their status as members of the CU would be felt throughout the union, and particularly for Kyrgyzstan. While Russia made amendments to the import tariffs in fall 2013—with a total decrease of tariffs from 9.6 to 7.8 per cent for more than 5,000 products—there were still cases against the country, such as a dispute about vehicle recycling fees that was filed by the EU, USA, and Japan (Sprague, 2014). For Kyrgyzstan, the tariff's change from its average of 5.1 per cent to the CU's average of 10.6 per cent would impact its commitment to the WTO, which was 7.7 per cent. According to a study by Eurasian Development Bank, 30 per cent of the duties of Kyrgyzstan do not need to be realigned with duties of the CU, 21 per cent need to be realigned and yet they would not violate WTO commitments, and still nearly 50 per cent would violate WTO commitments (WTO 2013: 25). Yet at the end of 2014, Kyrgyzstan's minister of the economy expressed hope that the country would not pay fines, but would change other tariffs as compensation.[25]

One of the concerns was China, which is one of the country's biggest trading partners, but Kyrgyz government officials offered reassurances that China would gain rather than lose from Kyrgyzstan joining CU, and would have access to a larger market.[26] This comes on the wake the recently proposed Chinese initiatives of the Economic Belt of the Silk Road, which includes viewing Central Asia as a transit region for China to connect to Europe.

Russia's occasional blockades of other countries (Polish meat, Moldovan wines, Georgian mineral water, etc.) is in contrast to the spirit of the WTO, and the situation over Ukraine with Western sanctions and Russian counter-sanctions have already affected relations with other members of the CU. Assistance and political support from Russia would not be without costs, and member countries would be asked something in return (Dragneva and Wolczuk 2014). Kyrgyzstan's strength as a Russian ally was tested in 2014 by forcing out the US airbase stationed near its capital, despite the considerable contributions the lease was giving to the state budget – up to USD 200 million per year.[27] While that decision was seemingly a result of the choice between support from different geopolitical rivals, entry to the CU/EEU still leaves Kyrgyzstan vulnerable to the tensions between Western countries and the Russian-led alliance. This also comes at a time when the alliance itself is quite shaky, and when president Lukashenko openly blamed Russia for banning imports of Belarus's milk and meat[28]

24. Protesty v Kirgizii: chego trebovala oppositcia (Protests in Kyrgyzstan – what was demanded by opposition). 10.04.2014. http://www.dw.de Accessed January 25, 2015

25. Temir Sariev: My ne budem platit VTO posle vsutplaniya v tamozhenny Souz i EAES (Temir Sariev: we would not pay to WTO after we would accede to the Customs Union and EEU). 02.12.2014 http://www.24kg.org/parlament/2696_temir_sariev_myi_ne_budem_platit_vto_posle_vstupleniya_v_tamojennyiy_soyuz_i_eaes/ Accessed, December 20, 2014

26. Sapar Isakov: my peredeim na novye standarty kachestva (we would move to new standards of quality). http://www.region.kg/index.php?option=com_content&view=article&id=1236:2014-11-20-22-22-05&catid=39:2013-03-01-13-06-27&Itemid=48. Accessed November 10, 2014

27. Joshua Kucera. Manas: Farewell, Or Good Riddance? 08.06.2014 http://www.eurasianet.org/node/68461 Accessed January 5 2015

28. Belarus's Lukashenka Blames Russia for Trade Dispute. 11.12.2014. http://www.rferl.org/content/lukashenka-blames-moscow-for-trade-spat/26737298.html Accessed January 22, 2015

and Kazakhstan bans imports of alcohol from Russia, Belarus, and other countries.[29]

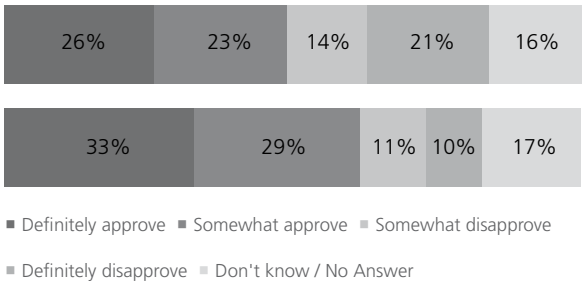
Furthermore, with accession Kyrgyzstan becomes the front state of the CU, having a border with Tajikistan and with Uzbekistan (Kazakhstan is also adjacent to this country). For Kyrgyzstan, which has not yet settled border disputes with these two countries, establishing tighter border control as a member of the CU/EEU would bring more complications in its bilateral relations with Tajikistan and Uzbekistan. Also, Kyrgyzstan hoped for external leverage to acquire an uninterrupted gas supply from Uzbekistan, but for many months in 2014 the supply was absent and Kyrgyzstan's gas customers became captives in Russian-Uzbek bilateral relations; this was finally resolved at the end of 2014. Kyrgyzstan's ability to conduct its external relations independently would be greatly diminished and the long dispute over multivectoral versus univectoral foreign policy would become irrelevant. In addition to the still undetermined economic losses of disengagement from WTO commitments, Kyrgyzstan would suffer most from the loss of potential choices it can make in the future regarding its foreign policy—choices that would be limited by preferences of much larger members of the CU/EEU.

5. The Public View on Accession

Initially, public perception of the CU/EEU was mainly shaped by familiar references to the members with whom Kyrgyzstan traditionally has close relations; the intricacies of the union per se have started to emerge only recently. As can be seen from the surveys conducted by the International Republican Institute between the beginning of 2013 and the beginning of 2014 (see Graph 2), there was a drastic decrease in those supporting Kyrgyzstan joining the CU. Overall, the number of definitely or moderately approving dropped from 62 to 49 per cent, and popular opinion on the issue became polarized.

According to other surveys, 61 per cent of respondents know about the CU and approve joining it, yet in some regions 50 per cent of respondents have not heard of such an organization. Many people expect rising prices on bread (63 per cent) and meat (59 per cent), while some expect that prices on petroleum (30 per cent) and gas (27 per cent) would decrease after joining the CU (M-Vector/ ICCO 2014).

Graph 2. Public Opinion on Kyrgyzstan Joining the Customs Union



Source: Public Opinion Survey of Residents of Kyrgyzstan. International Republican Institute, 4–21 February 2014.

In terms of the perception of threats, in one of the latest surveys the possibility of an increase in food prices was viewed as a threat by 56.4 per cent of respondents, as well as increases in the prices of garments, shoes, fabrics (33 per cent), and an increase in the price of vehicles (25.6 per cent) (Ibid.).

Among the benefits, this survey shows that respondents view freedom of movement for employment in Russia and Kazakhstan as the biggest benefit (36.5 per cent), as well as simplified procedures for employment in these countries (32.3 per cent), abolition of customs control in the CU (27 per cent), and benefits for local business/agricultural producers (22.6 per cent).

The population is largely is unaware of the intricacies and details of accession, but is slowly learning about it. Public perception of the integration will largely depend on how benefits and risks—whether actual or perceived—are framed by engaged stakeholders. That will be particularly acute throughout the first year after accession, 2015, which is also a parliamentary election year in Kyrgyzstan and may make public deliberations over posi-

29. Kazakhstan bans alcohol imports from Russia, Belarus, EU countries. 06.11.2014 http://azh.kz/en/news/view/4916 Accessed January 20, 2015

tive and negative aspects of accession much wider and more heated than before.

6. Stakeholders in Kyrgyzstan on the CU/EEU

The salience of the issue of Kyrgyzstan's accession to the CU/EEU in public debates was not high until very recently, and few stakeholders explicitly expressed their position. This has changed with the date of accession approaching, and the spectrum of how accession is framed and the variety and prominence of actors have become more diverse.

President Atambayev's position on accession has generally been consistent, although at various occasions he stated that the country would join the union only with its own interests taken into account, and sometimes even complained about blackmail during the negotiating process.[30] With various informal powers and formal powers on foreign policy decision-making, the president has been able to push his position through a combination of preventing deliberations on the issue and working with various stakeholders to support his view. This was not especially difficult given the neutral stance or relatively dominant positive view of accession by many key stakeholders. Yet, the president has not been keen to engage in deliberations with accession opponents, claiming that they are paid by the West.[31]

On the whole, the government's position has been steadily firm in pursuing entry into the CU/EEU. Since holding parliamentary elections in 2010, Kyrgyzstan has had four parliamentary coalitions, and as of the beginning of 2015 all four cabinets were consistently moving towards accession. Unlike the president, the government is obliged to engage in at least some sort of deliberations with society on the positive and negative impacts of the accession. At least since 2013, it has proclaimed that it engages with the public to discuss accession,[32] however most of its efforts have been spent on organizing a campaign to emphasize accession's positive aspects. The key government programme, the National Strategy for Sustainable Development for 2013–2017, refers in many of its sections to the prospects of entering the CU. Accordingly, accession would affect foreign policy, trade relations, and business development. There is no reference to the EEU, despite the fact that there have been talks about this phase of integration among CU members at least since 2011.

Parliament did not discuss accession until May 2014, when one of the first parliamentary hearings on this issue was organized. In December, parliamentary committees voted on legislation related to accession, which was submitted by the government. In the final vote on the accession legislation package on 10 December, 89 MPs voted in favour while five deputies voted against.[33] Only a few MPs have explicitly stated their opposition to accession, with many remaining neutral thus far. This situation helped to pass the package of draft laws, but it may leave integration vulnerable to possible criticism from members of parliament, especially in the wake of electoral campaigns for the parliamentary elections that will start in the spring of 2015.

Among political parties, the earliest protests were organized by the Reforma party in January 2014, with a number of civic activists. The group grew into the movement »Kyrgyzstan is against the Customs Union«. The protesters' arguments were based on apprehension about the rise in prices that would affect people in Kyrgyzstan, as well as the country's increased political dependency on Russia. This movement remains the only persistently active opponent of the accession, and is allied with small,

30 President Kyrgyzstana: Putin menya shantazhiruet (President of Kyrgyzstan: I am blackmailed by Putin) 26.12.2013 http://kabarlar.org/news/17975-prezident-kyrgyzstana-putin-menya-shantazhiruet.html Accessed December 20, 2014

31 Protivniki TS oprovergli obvinenia v "otrabotke deneg Zapada" (Opponents of the CU denied "being paid from the west") 10.10.2015 http://www.vb.kg/doc/298970_protivniki_ts_otvergli_obvineniia_v_otrabotke_deneg_zapada.html Accessed January 12, 2015

32 Temir Sariev: my vstupim v Tamozhenny Souyuz tolko kogda my synimem vse vorposy so storony businessa I naseleniya (Temir Sariev: we would accede to the Customs Union only when we would resolve all questions from businesses and population) 12.12.2013 http://catoday.org/centrasia/11970-temir-sariev-y-vstupim-v-tamozhennyy-soyuz-tolko-togda-kogda-my-snimem-vse-voprosy-so-storony-biznesa-i-naseleniya.html Accessed December 20, 2014

33 Deputaty odobrili v tretiem chtenii zakonoporoekty po vstupleniyu KR v EAES (MPs approved in the 3rd reading draft laws on accession of the KR to EEU). Vecherny Bishkek. 10.12.2014. http://www.vb.kg/doc/296482_depytaty_odobrili_v_tretem_chtenii_zakonoproekty_po_vstupleniu_kr_v_eaes.html Accessed January 25, 2015

scattered groups among politicians and businesses. Apart from rallies, petitions, and other public actions, opponents also filed a court case appealing to the lack of public discussions about the decision to accede—which is required by the law—but the court ruled against the claimant.[34] At the end of December 2015, accession opponents organized a forum after which they released a public appeal stating that »accession of Kyrgyzstan to the CU and EEU is an illegitimate, hasty, and misguided decision leading to the loss of state sovereignty«.[35]

Businesses that would supposedly suffer the most—traders in the bazaar—remained neutral for a considerably long time, and have recently started to align with the government's position. This has happened despite some early opposition to accession, shown by a 2012 survey by Market Intelligence[36] in the biggest Central Asian market Dordoi, where most of the goods are imported from China, and where 69 per cent of traders were against joining the CU. Perceptions of ordinary businessmen are often not articulated in positions of interest groups, and many leaders of business associations tend to align themselves with the government positions. Additionally, many of them began to view accession as unavoidable and to adjust their business strategies accordingly.

This is a general reflection of the stance businesses, which tends to be organized primarily in business associations that traditionally remain loyal to government policies. Some of the business associations—for instance, the association of textile producers—lean more positively towards accession. Some, like the Association of Young Entrepreneurs, were more critical, but their voice carries little weight among businesses. By and large, businesses are not well organized enough to be an effective part of the policy deliberations on this issue. An outward and explicit opposition to the accession to CU in Kyrgyzstan is rather limited, and it was even less so in the early stages of accession. However, since some of the union's norms and tariffs were applied in Kyrgyzstan, businesses have started to feel their impact, and at the moment mainly the negative impact. On 12 January 2015, the Union of Carriers of Kyrgyzstan held a press conference about problems car dealers face with increased tariffs for the import of vehicles.[37]

Overall, the political elite has largely climbed on the accession bandwagon, since the official decision was made few years ago. Opposing this decision would have been difficult and politically impossible, thus keeping at least a neutral stance was pragmatically beneficial. This came amidst the lack of effective parliamentary opposition, which due to coalition reshuffling, criminal corruption cases against number of MPs, and other reasons made it impossible to formulate an alternative to the official position. Opposition outside of parliament—chiefly represented by the movement »Kyrgyzstan is against the Customs Union«—is small and limited in the ways it can influence other stakeholders. With the economic situation changing—the state of the CU/EEU members' economies, the effect of tariffs, etc.—a possible change of public attitudes and parliamentary elections may affect the position of various stakeholders to accession.

7. Instead of a Conclusion: Kyrgyzstan's Integrational Intermezzo

Kyrgyzstan has passed some significant preparation stages for accession to the CU /EEU, and is now situated between the initial period of hopes and efforts to receive some gains from integration, and the period when it would reap the practical consequences of its accession. The speed of integration

34 Nurbek Toktakunov: "Otkaz v rassmotrenii voprosa o zakonnosti vstuplenia KR v TS esche uaknetsya" (Nurbek Toktakunov: "refusal to consider the case about legality of accession of the KR to the CU would resonate sometime in the future"). http://precedent.kg/2014/12/03/nurbek-toktakunov-otkaz-v-rassmotrenii-voprosa-o-zakonnosti-vstupleniya-kr-v-ts-eshhe-auknetsya/ Accessed December 20, 2014

35 Predprinimatelnitsa organizovala forum protiv Tamozhennogo Souyza (An entrepreneur organized a forum against the Customs Union). Vecherny Bishkek. 12.12.2014. http://www.vb.kg/doc/297405_predprinimatelnica_organizovala_forym_protiv_tamojennogo_souza.html Accessed January 25, 2015

36 Sotzopros: 67% optovikov s Dordoya protiv vztuplenia v Tamozhenny Soyuz. (Survey: 67% of wholesale traders from Dordoi are against entering into the Customs Union) 14.09.2012. http://www.vb.kg/doc/198439_socopros:_69_optovikov_s_dordoia_protiv_vstypleniia_v_tamojennyy_souz.html Accessed November 15, 2014

37 Avtoimportery progrozili samossozheniem iz-za novikh tamozhennykh poshlin (Importers of cars threaten with self-immolation due to new customs tariffs). 12.01.2015 http://www.vb.kg/doc/299081_avtoimportery_prigrozili_samosojjeniem_iz_za_novyh_tamojennyh_poshlin.html Accessed January 12, 2015

has been very high last year, and the adaptation of national legislation and standards with those of the union has been accompanied by tension. The process was dictated by geopolitical or political considerations, but it has very significant economic consequences; it seems that political considerations outweigh economic perspectives. Politically motivated promises of economic benefits were easier to make while actual accession was far away, but once accession is a reality, the government of Kyrgyzstan will have to explain the actual delivery of practical advantages of accession (even though it was announced that in the short term, the country would face mostly hardships). Kyrgyzstan's economic calculations may become imprecise not only due to ambiguity of the overall situation, but also because the political motivation behind integration often outweighs the risks of not getting practical benefits from accession.

Kyrgyzstan is attempting to enter the union when attitudes among the founding member states towards further integration are uneven. The integration process has not reached the point of being institutionalized, when the power of supranational bureaucracies sets the tone and standards. The so-called vertical of power is a factor in setting the direction and pace of the integration process, which is sustained mainly by the personal will of leaders of these countries. Rules are followed because they are decided by the leaders of the countries. Thinking of the situation in a not-too-distant future when some leaders will change—the presidents Lukashenko and Nazarbaev have already been leading their countries for more than two decades, with Putin not far behind on that score—makes the path of further integration or even sustaining its current format quite unclear. Hence, the perception of legitimacy of the overall project is deeply tied to specific personalities, and if they are gone from the political scene, this may shatter the viability of the whole project.

Uncertainty also comes from the Ukrainian crisis, its effect on Russia, and its direct and indirect effects on all current and perspective members of the integration project. Although government officials state that this situation has not cardinally affected the intensity of contacts,[38] the calculations could have been affected first, by the probability of how the situation with sanctions would affect the economies of members of the integration project; and second, by whether shattered international norms (after the annexation of Crimea by Russia) would have an impact on the certainty of adhering to norms within the EEU. Sanctions, the decline in oil prices, and the weakening rouble have put Russia's economy in a difficult situation. That may affect prospects for investments and support for Kyrgyzstan, which it was hoping to receive in order to mitigate the downturns of accession (in addition to other economic effects).

The CU/EEU project has been and is driven largely by Russia, and that predetermines the bilateral rather than multilateral engagement of Kyrgyzstan. Entering into the CU/EEU would reconfigure Kyrgyzstan's relations with other countries in a variety of ways. It would have an impact on its relations with its immediate neighbours—Uzbekistan and Tajikistan—as well as with other countries. If one of Russia's motives behind the integration process is to counter the influence of other actors in the post-Soviet spaces—such as the EU, Turkey, Iran, China—this would affect the relations of new CU/EEU members (including Kyrgyzstan) with these countries. Since the decision-making structure in the EEC is now set with equal votes for member countries, the dynamics of bargaining and coalition-building change with five countries on board. There is a likelihood that Russia may exercise its influence on Armenia and Kyrgyzstan in the decision-making process within the EEU. This may in turn create complications for Kyrgyzstan in dealing with other members of the union, and particularly with its neighbour Kazakhstan, with whom it has closer relations than other member states.

The speed with which integration is taking place puts the quality of regulations and integration institutions in question. The development of norms that are elaborated and put in force—as common for member countries—are outpacing adjustment process of national legislation. After the political

38 Sapar Isakov – we would move to new standards of quality. 20.11.2014 http://www.region.kg/index.php?option=com_content&view=article&id=1236:2014-11-20-22-22-05&catid=39:2013-03-01-13-06-27&Itemid=48 Accessed November 15, 2014

changes in 2010, the excessive speed of adaptation creates problems not only for legal norms, but also for all of Kyrgyzstan's political institutions. The country's ability to sustain at least some democratic improvements—when many decisions would be made outside of the country and when most of the CU/EEU members are more autocratic—would be challenged.

When Kyrgyzstan started its accession process, it had more choices about the paths concerning when and how it would join the CU/EEU. With accession in fact starting to unfold in late 2014 and early 2015, the choices became limited. However, pressure to think and rethink about what comes next may still emerge from within the country (coming elections, change in public attitude, shifting stance of political elite), as well as from outside (the state of Russia's economy, attitudes to integration of other CU/EEU members). At this stage of integration, Kyrgyzstan is playing an intermezzo without a clear sense of what comes in the next act.

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Acronyms

CAEC	Central Asian Economic Community
CU	Customs Union
CIS	Commonwealth of Independent States
EAEC	Eurasian Economic Commission
EEC	Eurasian Economic Community
EEU	Eurasian Economic Union
EU	European Union
FDI	foreign direct investment
GDP	gross domestic product
KR	Kyrgyz Republic
KRDF	Kyrgyz-Russian Development Fund
SCO	Shanghai Cooperation Organization
SEC	Single Economic Space
SEEC	Supreme Eurasian Economic Council
WTO	World Trade Organization

About the author

Medet Tiulegenov is an instructor at the International and Comparative Politics Department of the American University of Central Asia (Bishkek, Kyrgyzstan). Until 2008, he worked at Soros Foundation in Kyrgyzstan and prior to that he was a research fellow at the National Academy of Sciences and the Kyrgyz National University. He graduated with a degree in history from Kyrgyz State University (1993), received a Master of Public Administration from Bowling Green State University, USA (1996), and currently is a PhD Candidate in Political Science at Central European University, Hungary.

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Friedrich-Ebert-Stiftung | Department of Central and Eastern Europe
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Responsible:
Dr. Reinhard Krumm, Head, Department for Central and Eastern Europe
Tel.: ++49-30-26935-7726 | Fax: ++49-30-26935-9250
http://www.fes.de/international/moe

Orders / contact:
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