



KYRGYZSTAN'S ACCESSION TO THE EURASIAN ECONOMIC UNION: LABOR MIGRANTS CASE

The ceremony of signing documents on Kyrgyzstan's accession to the Eurasian Economic Union (EAEU) Agreement took place after the EAEU Summit in Moscow on May 8, 2015. Leaders of the EAEU and Kyrgyzstan were in the process of negotiations on accession issue since Presidents of Russia, Belarus and Kazakhstan signed the protocol on amendments to the EAEU Agreement of May 29, 2014.

After joining the EAEU, Kyrgyzstan could enter the common market of 176 million people with total GDP over \$4 trillion (PPP), which allows free movement of goods, services, capital and labor. Accession to the EAEU would mean that more than 500,000 Kyrgyz labor migrants would have both easy access to the labor markets of the EAEU member-states and exemption from obtaining obligatory work permit, gaining the right to simplify registration procedures, and provide social security and health care.

Due to the heavy dependence of Kyrgyzstan's economy on remittance coming from Russia and to certain extent Kazakhstan the issue of getting benefits for labor migrants has become one of the most critical points for the Kyrgyz government. According to the World Bank's statistical data, the total amount of remittances sent by the Kyrgyz labor migrants in 2013 was over \$2.240 billion, which equals to 31% of Kyrgyzstan's GDP in total. Therefore, Kyrgyzstan's accession to the EAEU could reduce the sharp drop in remittances to Kyrgyzstan caused by the depreciation of the ruble and several laws in the Russian migration legislation.

Kyrgyz authorities clearly understand that joining the EAEU carries both economic risks and benefits. On the one hand, Russia and Kazakhstan are the first and third biggest trade partners of Kyrgyzstan. Consequently, further strengthening of economic partnership with these countries should undoubtedly be viewed as a right step. In addition, Kyrgyz agricultural sector is optimistic about possible economic benefits, especially, after removing the trade barriers for farmers who export their products to neighboring Kazakhstan and may grant new opportunities for business in the Russian market.

On the other hand, entering the EAEU could harm the retail sector of Kyrgyzstan based on the re-export of the imported goods from China, the second biggest trade partner of the country. Within the EEU, higher tariff rates would be placed on imports from non-member states, so it would become problematic to resale the cheap Chinese merchandise. There is also a great concern about the stability of the Kyrgyz currency. According to the Asian Development Bank, the Kyrgyz currency's depreciation of 19% has already pushed inflation to 7.5% and there is possibility that it would reach or exceed 10%. This would cause further decline of Kyrgyzstan's GDP, which is expected to be at the level of 1.7% in 2015. Therefore, in order to reduce the negative impact of transition period for Kyrgyzstan, Russia and Kazakhstan would provide relief aid in the amount of \$300 million.

Looking at the accession from the migrants' perspective it should be admit-

ted that the majority of the Kyrgyz labor migrants supports joining the EAEU. Even before signing any accession documents there was a slight increase of 3.8 % in the number of the Kyrgyz labor migrants to Russia compared with the same period of 2014.

One of the reasons explaining the high level of accession support is the possibility to participate in the joint pension system of the EAEU member-states. From the beginning of next year, migrant workers from the EAEU countries will be able to deduct pension contributions to the Unified Accumulative Pension Fund (UAPF). Creation of the UAPF become possible after the Eurasian Economic Commission has approved "A draft concept of the international agreement on cooperation in the field of pensions". Although, there is still a number of unsolved issues related to the implementation of the joint pension system caused by the differences in the pension legislations over the EAEU member-states (retirement age, calculation scheme, amount of pension and living standards), the establishment of the UAPF could reduce vulnerability of labor migrants in terms of pension rights.

In conclusion, Kyrgyz labor migrants could benefit from the accession of Kyrgyzstan to the EAEU more than any other group in the country. Therefore, there is expected to be a reduction of the illegal migrants from Kyrgyzstan because of the benefits provided by the EAEU legislation.

Politics, Foreign Affairs and Security

- Ukrainian President Petro Poroshenko visited Berlin for talks with Chancellor Angela Merkel. The two leaders discussed the situation in eastern Ukraine and the fulfillment of the Minsk agreements on bringing an end to the Ukrainian crisis.
- Russian President Vladimir Putin and US Secretary of State John Kerry meet for talks in Sochi. It was the first visit of the US Secretary of State to Russia since the beginning of the Ukraine crisis. During the meeting, discussion was focus on Ukraine, as well as on Syria and Iran.
- US President Barack Obama held a Summit of Gulf Arab leaders at the presidential retreat at Camp David. The agenda of the unprecedented meeting included talks on the deal with Iran, Saudi-led attacks on Houthi rebels in Yemen, and the crises in Syria and Iraq.
- During the NATO Summit of the alliance's foreign ministers hosted in Antalya, Turkish Prime Minister Ahmet Davutoglu announced that Turkey would continue supporting the efforts on achieving stability in Afghanistan by increasing the number of service men in its peacekeeping contingent in the country up to 1.100 people.
- The armed forces of Azerbaijan and Turkey held a live firing as part of the joint tactical drills. During the combat training of all types of troops that took part in the drills, the efficiency and coordination of performance of tasks were tested.

Economy, Finance and Energy

- During the quadripartite meeting on gas supplies to Europe held in Turkmenistan, the Deputy Chairman of the European Commission on Energy Union of the EU Marosh Shefchovich proposed to establish a consortium with the participation

of major European energy companies to bring Turkmen gas to Europe.

- India and China signed a record 24 inter-government agreements worth \$10 billion during Indian Prime Minister Narendra Modi's visit to China. The agreements pertained to bolstering bilateral education, railroad and maritime cooperation, space and mineral resources exploration, etc.
- Georgian Prime Minister Irakli Garibashvili and European Bank for Reconstruction and Development (EBRD) President Sir Suma Chakrabarti signed a Memorandum of Understanding (MoU) to establish an Investors Council, a ground-breaking initiative to promote investment in Georgia.
- The President of the State Oil Company of Azerbaijan (SOCAR) Rovnag Abdullayev and the President of Vietnam Oil and Gas Group Nguyen Quoc Khanh signed the MoU on cooperation in the oil and gas industry between SOCAR and Petrovietnam. A ceremony of signing the documents was hosted by the President Ilham Aliyev and the President Truong Tan Sang.
- The Government of Tajikistan and the EBRD signed the MoU detailing the reform agenda which is the precondition to the financing of the landmark regional electricity transmission project, known as CASA 1000.
- The National Holding Company Uzbekneftegaz announced its plans to direct \$18.7 billion for the development of oil and gas industry of Uzbekistan in 2015-2019. In addition, it is planned to implement 54 investment projects, including 39 projects with a total value of \$7.1 billion.
- The International Monetary Fund (IMF) announced its plans to launch the Mission in Ukraine, which would focus on the first re-

view of anti-crisis program implementation by the Ukrainian authorities.

- The government of Kazakhstan has approved a draft agreement with the International Atomic Energy Agency on establishing a low-enriched uranium fuel bank in Kazakhstan

Society and Culture

- Turkey marked one year since Turkey's deadliest mining disaster, which claimed the lives of 301 people in the western town of Soma.
- Over 200 people gathered for an anti-government protest outside the Ukrainian parliament building in Kiev demanding the cabinet to decrease the gas tariffs. The event was organized by the Anti-Maidan movement and the union for protection of entrepreneurs.
- According to the Russian aerospace company Lavochkin Research and Production Association, Russian-German space observatory Spektr-RG would be launched at the end of 2016 or at the beginning of 2017.
- Russia has sent more humanitarian aid to the Donbas region. The convoy of more than 100 vehicles was carrying more than 1.1 tons of humanitarian aid, including food, essential supplies, building materials, etc.
- The European Commission has allocated humanitarian aid worth €127.427 due to the floods in the central and northern regions of Kazakhstan took place in April, 2015.
- The Council of Ministers of Turkey accepted the Cabinet Decree on accepting 677 Meskhetian Turk families, as inhabiting migrants, who wanted to move to Turkey from Ukraine, especially from the most risky regions.