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“Island” In Raging Ocean

Against the backdrop of global economic instability, countries of the EAEU economic union demonstrate high development rates

The Eurasian Economic Union (EAEU) is the youngest of the top ten trade and economic unions of the world. It was established ten years ago on the basis of the Customs Union and the Single Economic Space of Belorussia, Kazakhstan and Russia. Today the Union also includes Armenia and Kyrgyzstan, and Iran, Moldova, Uzbekistan and Cuba have got observer status.

Consistently High Performance

According to Alexander Daniltsev, Director of the Institute for Trade Policy of the Higher School of Economics, “The EAEU is the most dynamic integration group in the world”.

This statement is backed by the indicators of intra-regional trade growth and connectivity of the EAEU member countries, improvement of macroeconomic parameters and broader interaction. Member countries of the Union pursue a coordinated policy to overcome existing trade barriers, build common mechanisms in energy, industry, transport and finance, create a single stock exchange and conduct payments in national currencies. In 2025 their share in mutual settlements reached up to 93%.

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The results of the ongoing work are impressive, especially in the current climate of global instability and unpredictability. According to the data, presented at a recent meeting of the Supreme Eurasian Economic Council, over 2024 the gross domestic product (GDP) of the EAEU rose by 4,2%, retail trade grew by 7,5%, and industrial manufacturing went up by 4,5% versus 2023.

Individual members of the union demonstrate even more impressive achievements. The GDP of Armenia, for instance, in 2024 climbed by 6%. Kyrgyzstan has become the absolute leader. Its GDP has grown by 8,4%, and the mutual trade volume with the countries of the Union has doubled.

According to Alexei Overchuk, Deputy Prime Minister of the Russian Federation, elimination of non-tariff barriers in the EAEU due to the transition to uniform mandatory requirements for goods and also lifting of customs controls provide a sustainable supplement to GDP growth rates of the Union in the amount of $14,5 billion per year, and their mutual trade gains 24% on the average.

Due to this, over the last ten years the GDP of the Union has grown by 17,8%, says Alexei Vedev, Director of the Macroeconomic Policy Department of the Eurasian Economic Commission. The EAEU’s share in the global economy has increased from 3,7% to 4,1%.

All development indicators of the Eurasian Union are significantly higher not only than the global ones, but than the indicators for other trade and economic unions. For example, the USMCA, established by the United States, Mexico and Canada to replace NAFTA in 2020, displayed GDP growth of a little over two percent. And this was the result for the period preceding the introduction of higher tariffs by Washington against Mexico and Canada.

As for the European Union, this entity has been experiencing a systemic crisis over four years. Starting from 2022, there has not been a single quarter where the EU GDP rose by more than 1%.

Europe’s economic issues are related not only to abandoning energy resources from Russia, which were supplied at prices lower than the global ones and were an important growth driver for Western European economies.

“The key issue is that, - as Olga Butorina, Deputy Director of the Institute of Europe of the Russian Academy of Sciences (RAS), RAS Corresponding Member, is sure, that the economic space within the European Union has failed to become a common one. Its integration has not resulted in genuine economic convergence, meaning convergence in the level of well-being of member

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states, it has not been instrumental in accelerating economic growth, improving living standards. The potential for economic integration in the EU is close to exhaustion".

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Regionalization of Economies as Survival Tool

One of the main factors destabilizing the world economy was the process of deglobalization, which began more than a decade ago. The world system, designed for Western countries and primarily the USA to obtain maximum trade and economic benefits at the expense of other countries, is falling apart. Now there are emerging fast-growing economies, which have realized the harm of the old, essentially neocolonial system. They have started looking for new partners, offering equal cooperation principles, and are rebuilding global transport corridors.

In essence, a new architecture of the global economy is being born today.

This phenomenon is resisted by the former main beneficiaries. The United States and the European Union are looking for ways to freeze the rebuilding process, to keep the unipolar world order. They are incapable of offering anything but draconian tariffs and sanctions, as well as instigate armed conflicts.

But even fighting for maintaining their dominance, a seemingly common goal for the West, there is no unity in their camp. Washington is solely concerned with its own interests, epitomized in the MAGA slogan – “Make America Great Again”. Even the interests of the EU and NATO allies are sacrificed for this purpose.

The transition into an era, when trade is determined by purely political goals, not by market forces, has pushed many states to establishing regional trade and economic unions and building relations with the most attractive unions of these. The EAEU, in particular, is one of these unions.

“The era of formation of macroregions is coming”, - this conclusion is made by Lorenzo Rotunno, senior economist of the Strategy, Policy and Review department and Michele Ruta, deputy head of the same department of the International Monetary Fund (IMF) in their “Trade Partners’ Responses to US Tariffs” research paper. The authors of the paper also state that a global trade war will be won not by the initiator of “economic reprisals”, but by those countries that build beneficial new ties on time and opportunistically form macroregions.

The Eurasian Economic Union has become an island of stability of this kind. It has managed to adapt its national economies to the changing conditions. Naturally, the destructive trends, especially the tariff war, unleashed by the United States against everyone, impacts EAEU countries as well. Restrictions, introduced by Washington and the West are slowing down their growth rates.

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However, the primary reason remains unchanged – member countries of the Eurasian Union and states, cooperating with it, now have a “safe haven” to weather the storm. The pandemic and the subsequent sanctions craze have shown that integration tools are effective even under force majeure conditions with disrupted logistics chains.

Unique EAEU Aspects

What makes the Eurasian Economic Union different from all other unions? Its operating principles.

“The Union is built on respect for the sovereignty of its member states, voluntary participation, mutual benefit, and the consensus-based principle of decision-making, - says Sergey Glazyev, Commissioner for Integration and Macroeconomics within the Eurasian Economic Commission, member of the Russian Academy of Sciences. – This is limited integration, because it recognizes national sovereignty of each state. Given this, one cannot force countries to delegate their sovereign functions to a supranational body”.

EAEU integration is a multi-faceted process, focused on development of individual economies of the union, emphasized the academician. The main advantage for economic operators of the Union countries is barrier-free access to a common market whose volume significantly exceeds the domestic markets of each individual country. At the same time, the Union makes trade agreements with states outside the union in the interests of all members. Free trade and tariff-free zone agreements have been executed with Vietnam, Iran, Mongolia, Singapore, Serbia, United Arab Emirates (UAE).

In particular, in accordance with the free trade zone agreement between the EAEU and the UAE the average tariff rate to be applied by the Emirates to the goods, imported into the country from the Eurasian Union, will be reduced from 5% to 0,6%. Customs liberalization will affect 86% of goods or 98% of the total EAEU volume of exports to the UAE.

Overall, just this agreement alone could provide the Eurasian Union 15–20% more in trade turnover increase. And this is happening in the times when the other part of the world is rocked by the unfolding tariff war, destabilization of international trade and financial system.

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Eventual Integration of Integrations

It is little wonder that new regional unions, such as BRICS, SCO and EAEU, based on the principles of equality and mutual respect, are attracting more and more attention from countries around the world today. Anton Kobyakov, Advisor to the President of the Russian Federation, has reported that 59 states are willing to join these entities now.

According to Vladimir Dzhabarov, First Deputy Chairman of the Russian Federation Council Committee on International Affairs, this is happening due to the fact that the EAEU demonstrates an efficient model of regional integration, an alternative to other economic unions.

Today the development of the EAEU shows a clear trend towards transformation into a self-sufficient, harmoniously developed macro-region, attractive for all countries of the world. “The Union demonstrates to the global community that only by respecting each other and observing legal norms it is possible to develop and build the future, and achieve prosperity”.

The Union is actively expanding its ties with the Asia-Pacific Region and South Asian countries, it has joined the Chinese “Belt and Road” integration plan and is developing its own transport routes. So, conditions are gradually being created for the emergence of a macro-regional economic entity, Greater Eurasia.

Gao Qi, head of China Council for the Promotion of International Trade and China Chamber of International Commerce in Russia is positive that over the next few years the EAEU will become an important bridge between the Asia-Pacific Region and Europe.

Moreover, the idea of “integration of integrations” – a union of BRICS, SCO and EAEU - is being discussed these days. The fact is that there are already significant points of contact between these organizations, and some countries participate in the activities of these entities. This allows for a productive discussion on the formation of a single trade and economic space, covering about 60%, if not more, of the population of the planet and more than a half of the world economy.

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