

Participation of the Republic of Kazakhstan in Integration Associations in Conditions of Globalization

Madina Abaidullayeva

"Turan" University, 16-18-18a Satpaev Str.,
Almaty, 050020, Republic of Kazakhstan

Abstract: The article analyzes basic subregional, regional and supranational associations in which the Republic of Kazakhstan takes active part and sometimes acts as initiator. In conditions of globalization the number of regional units, groups and associations is constantly growing. Today their quantity is about 200. Today future of integration of Kazakhstan into world community is determined by such world associations as CIS, EEC, SES, SCO and very soon by WTO.

Key words: EEC • SES • Regional economic integration • Customs union (CU) • Economic union • EAEU
• CSTO • CICMA • SCO • WTO

INTRODUCTION

Kazakhstan is recognized leader in integration processes in post-Soviet space, the country initiates and takes part in regional organizations which are aimed for provision of security, overcoming of economic undevelopment of post-Soviet countries, building of transport communication and economic links, creation of competitive regional economy, provision of exit to world markets [1].

Practice of integration processes in the world has shown that such strategy allows to find solutions for many up-to-date problems; the collective realization of sovereignty in modern interconnected world is the most optimal way to promote national interests and real independence [2-7]. Participation of not so big, less developed and powerful in military respect states in regional integration associations will give them additional guarantee and real opportunity to resist more efficiently the policy of dictate, pressure and violence. That is why key priority in provision of security in Central Asia is proactive measures aimed to overcoming the challenges to national security [8].

Regional integration is referred to the processes of complex transformation and is characterized by intensification of relationship between states. It creates new forms of management co-existing with traditional forms of state management institutions on national level.

At present time regional integration is considered as multi-aspect process which side by side with economic cooperation also includes solution of problems of policy and security provision, social and cultural interaction. The most popular integration schemes of today are based on trade and economic integration.

Regional integration on post-Soviet space has been one of the most discussed issues for the last 2 decades which determine formation of economic policy.

In conditions of globalization the number of regional blocks, groups and associations in the world is constantly increasing. Today their number is about 200.

Overlapping membership of the countries in existing regional associations testifies that integration on post-Soviet space is not one-directional single process but multiple processes of different character, brought together by different international ideas and having their own program of development.

At current stage of economic development Kazakhstan participates in regional, sub-regional and super-national integration associations such as:

- CIS (Commonwealth of independent states)-was formed as a result of des-integration of the USSR- Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kirgizstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan, Ukraine (December 8, 1991);

- EEC (Eurasian economic community)-international economic organization established by a number of former Soviet Republics aimed for efficient promotion by their members of Customs union and SES and for realization of other tasks and aims intended for deepening of integration in economic and humanitarian spheres-Belarus, Kazakhstan, Kirgizstan, Russia, Uzbekistan (suspended its membership in 2008 [9]), Tadzhikistan (2001);
- CU (Customs union) of Belarus, Kazakhstan and Russia-a form of trade and economic integration in the framework of EEC (2010);
- SES (Single economic space)-supernational regional-economic community of the states which form CU-Belarus, Kazakhstan, Russia, fully authorized since July 2012;
- Economic union in the framework of SES of Belarus, Kazakhstan, Russia; its purpose is to form Eurasian economic union (EAEU) which must be completed in January 1, 2015.

Collective security on common space is provided by such unions as:

- CSTO (Collective security treaty organization)-Armenia, Belarus, Kazakhstan, Uzbekistan (suspended its membership in 2012), Kirgizstan, Russia, Tajikistan (May 15, 1992);
- CICMA (Conference on interaction and confidence-building measures in Asia)- idea to call the Conference was presented for the first time by the President of Kazakhstan, Nursultan Nazarbayev on the 47th General Assembly of UN in October 1992.

The changes which took place for the last years stipulate the necessity for Kazakhstan to integrate both with the countries of post-Soviet space and with the non-CIS countries. In this connection integration cooperation of Kazakhstan must be oriented to:

- China, in the framework of SCO (Kazakhstan, China, Kirgizstan, Russia, Tajikistan, Uzbekistan (April 26, 1996);
- Islamic countries, in the framework of OEC (Organization on economic cooperation)-Azerbaijan, Afghanistan, Iran, Kazakhstan, Kirgizstan, Pakistan, Tajikistan, Turkmenistan, Turkey, Uzbekistan (1985).

CIS-regional international organization and the only body which apply efforts to unite post-Soviet space.

CIS is not supernational formation and is functioning as voluntary organization. Today it includes 11 states: Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kirgizstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan, Ukraine (has not ratified the Code of CIS).

From the moment of formation of CIS and EEC natural division of integration priorities has taken place. CIS performs the functions necessary for organization of common educational, cultural space and collective struggle against terrorism, drugs, drug-addiction etc. The aim of EEC is formation of general Customs space on the base of countries-members with further transformation of CU into economic and currency union.

Globalization actuated Eurasian integration processes both in economic and political spheres. These processes take place in parallel and are interconnected to each other. International authority of EEC is supported by steady contacts with functional and regional UN structures. Such interaction allows to solve all the problems faced by the community.

Difference between EEC and CIS is that in the framework of Community the coordination of development is added by creation of such international management bodies which must function as executive units to enforce obligatory fulfillment of interstate (intergovernmental) decisions and regulatory acts intended to full merger of production and scientific-technical potentials of the states on the base of development of efficient international specialization and cooperation, collective development and use of information and other newest technologies [10].

Till 2006 integration into EEC was not developed qualitatively. Today situation has changed and new incentives has been formed:

- Increase of economic potential of the region;
- Expansion of economic influence in post-crisis period;
- Economic security of common borders;
- Transit of energy resources to Europe and Asia;
- "economic expansion of China";
- Overcoming of interregional competition by means of non-competitive participation in big resource-energy and other projects [11].

Shift of the world development center into Eurasia determines the strategy of integration of EEC countries. Thus, Kazakhstan is in the zone of global interests because it is situated near perspective world markets (China, India, Russia). Belarus is a participator of EU

program “Eastern partnership” and a member of the Union State of Russia and Belarus. Russia is a subject of global management-it is member of G8, G20 and BRICs.

Processes of regional integration on post-Soviet space are fulfilled in the framework of multi-level, stage-by-stage, different-speed integration model which is most appropriate for all countries in the region. Stage-by-stage character is clearly observed in the process of transition from the free trade zones to CU or Economic Union.

CU-is a transitional form of regional integration and the first real project of EEC, which creates preconditions for realization of joint projects in trade, energy and financial spheres and expansion of customs space to the size of economic and currency union [1].

Potential for formation of world markets on the base of CU economies is provided by resource independence, human potential quality, general economic theory, economic self-sufficiency, common economic history and political stability.

Integration interaction of EEC countries is constantly growing and in the same time in the sphere of integration there are a lot of problems accumulated due to inefficient economic structures which deteriorated during crisis. Therefore, efficient implementation of anti-crisis measures programs and overcoming of crisis is not possible without alignment of targets of anti-crisis policy with the targets of development of national economies in the format of CU.

Important task is development of common strategy to overcome oil and gas dependency, innovation and technological undevelopment and provide post-crisis growth. This problem is up-to-date for the economy of Kazakhstan as well-it is also oriented to export of oil and gas.

Different-speed integration suggests stage-by-stage accession of other states to Customs Union with parallel solution of issues related to creation of SES. The Government of Kirgiz Republic at the meeting in April 11, 2011 decided to initiate the procedure of accession to CU [12]. Interstate Council of EEC in October 19, 2011 decided to form working committee on participation of Kirgiz Republic in CU. In May 29, 2013 Kyrgyzstan submitted official request for accession to CU. It was planned that by December 1, 2013 the working committee will finish the analysis of legislature, of external trade liabilities and the conditions of customs infrastructure of Kirgizstan and also will assess economic effect and the consequences from accession of the Republic to CU of EEC.

Wish to access CU was expressed by Tajikistan (September 26, 2012), Armenia (September 3, 2013), Syria (the government of Bashar Asad – October 20, 2013), Republic of Abkhazia (partially recognized state-February 16, 2010), Republic of South Ossetia (partially recognized state-October 15, 2013) [13].

Economy of Kazakhstan for more than 3 years is functioning in conditions of CU. CU is associated with many debates regarding benefit and profit for different countries [14].

The share of export of Kazakhstan into CU countries in aggregate export of the Republic since 2008 is constantly reducing (for example, in 2007 export to Russia and Belarus was about 10% of aggregate export from Kazakhstan, in 2011-only 8,7%). This shows that our trade policy in regard to Russia and Belarus has not changed greatly since initiation of CU: we always exported about 9% of our aggregate export to these countries [14].

Quite different situation is observed with import of goods from Russia and Belarus into Kazakhstan. Right after formation of CU import from Russia to Kazakhstan started to grow very intensely. In 2007-36,7% of aggregate import, in 2011-46%. It means that import of Kazakhstan more and more consists of Russian goods [14].

The conclusion: the proportion of the goods which are imported and exported from Kazakhstan to CU countries are approximately the same [14].

Also it is worth mentioning that export operations of Kazakhstan first of all consists mainly from raw materials and industrial goods-the profit from participation in CU will be provided for big Kazakhstan industrial manufacturers (oil and gas, metallurgy, mining, chemical industry). Unfortunately the change of the structure of Kazakhstan export in direction of consumers' goods is not going to happen in the near future.

Economic dictionaries define “Single economic space (SES)” as “space formed by the territories of participating countries which apply similar mechanisms of economic regulation based on market principles and the use of harmonized legal norms, single infrastructure and coordinated tax, monetary, fiscal, currency and customs policy to provide free movement of goods and services, capital and workforce”.

The presidents of Russia, Kazakhstan, Belarus and Ukraine declared their decision to establish single economic space in February 23, 2003. The decision to form SES came into effect since January 1, 2012. Full integration agreement are valid since July 2012.

The task of SES is to provide so called “4 freedoms” of participating states: free flow of goods, capital, services and workforce and coordination of economic policy of participating states in regard to macro-economy and financial sector, transport and energy production, trade, industrial and agricultural complexes etc.

After July 2010 the agreement regarding formation of CU became valid in the framework of EEC, in December of the same year EEC summit took place where countries agreed to form EAEU on the base of SES of Belarus, Kazakhstan and Russia which must be established in January 1, 2015 [15].

In parallel with idea of creation of EEC the leaders of our countries expressed their intention to establish Big Eurasian Union. If the first one is restricted to “gathering of lands” due to integration with former USSR countries the second project suggests wider integration with China, India, Iran, Macedonia and other European and Asian countries [15].

Experts believe that the outlines of this union are not specified yet and these borders can be identified through signed agreements, official visits and joint military training operations.

CSTO is military and political Union created by several states of Eurasia (in different time this organization included from 6 to 9 states) on the base of Agreement about collective security signed in May 15, 1992.

CSTO includes Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan. CSTO has become a main tool for provision of security in space which is the zone of responsibility of Russian Federation; it has become active partner of EEC and significant factor influencing the efficiency of integration processes in CIS.

CICMA established by initiative of Kazakhstan is unique Asian regional unit (Azerbaijan, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan). Its activity is focused on common interests and is concentrated on solutions of actual for all states of Asian region problems. Today 20 countries are the members of CICMA, 6 states and 3 organizations such as UN, OSCE and LAS have status of observer. Accession of such perspective states as Thailand (2004), Republic of Korea (2006), UAE and Jordan (2008) to the organization proves that it is becomes more demanded and significant forum in Asian continent.

The cooperation potential of Shanghai cooperation organization (SCO) is constantly growing. SCO focuses on the issues of security, peace and stability on Eurasian

continent. Creation SCO initiated principally new system of subregional partnership, its global significance is constantly increasing because of changed status and economic influence of main participating countries. Today SCO is considered as “sudden and far-seeing” competitor of EU in struggle for markets, economic and political influence [16].

SCO is regional international organization founded in 2001 by the leaders of China, Russia, Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan. Except for Uzbekistan the other countries were participators of “Shanghai Five” founded as after signing agreement in 1996-1997.

SCO is not a military block (like NATO) and not open regular conference for security (like ASEAN) and is between these two forms [17]. The main tasks of organization are strengthening of stability and security on broad space occupied by participating states, struggle against terrorism, separatism, extremism, drug traffic, development of economic cooperation, energy partnership, scientific and cultural interaction.

Organization of economic cooperation (OEC)-regional international economic organization formed in 1985 by the states of Middle Asia and Middle East, a legal successor of organization of regional cooperation for development acting on the basis of Charter-Izmir Treaty signed by 3 participating countries-Iran, Pakistan and Turkey in March 12, 1977. Until the beginning of 1992 cooperation in the framework of OEC was mainly bilateral. Since 1992 activity of OEC intensified because of accession of new members-Kazakhstan, Azerbaijan, Afghanistan, Tajikistan, Turkmenistan, Kyrgyzstan and Uzbekistan. The relationship between members is based on economic principles, policy is on the second place.

Experts were offered a questionnaire to evaluate efficiency of 3 integration structures on post-Soviet space-CIS, EEC and SCO with due regard to different spheres of interaction and integration. The results of this survey allows to make 2 main conclusions:

- CIS and SCO are considered as the most efficient organizations in the spheres of policy and security. CIS was defined as political partnership organization by 51% of experts, as security organization-by 22%. SCO: 37% and 39% accordingly. Besides these 2 key purposes the experts also pointed out to efficiency of CIS in social development (11%) and in the sector of energy production (8%). Political partnership of EEC was emphasized by 16% of experts, in the same time

this organization demonstrates high efficiency in the sphere of promotion of trade and investments (37%), energy production (27%) and development of banking sector in participating countries [18].

- CIS and SCO are more oriented to development of common political approaches and solutions (and they are more efficient in this activity) while EEC is most efficient in the spheres of promotion of integration in specific spheres and industries of economy. Resource support of CIS does not correspond to the scope of aims declared by this organization Over 60% of experts assess this support as below average. EEC and SCO, on the contrary, have enough resources to fulfill its tasks.

It is known that Kazakhstan is driving force of economic reforms in Central Asia region. This region which is characterized by its own history and specifics of development is one of the main factors of regional security. Prioritized sphere here are as follows: counter-measures against new challenges and threats, economic partnership, interaction in human resources sphere.

Side by side with positive trends resulting from integration interaction there are a lot of unsolved problems in the region:

- Absence of the mechanism of realization of the resolutions which were made, in Central Asia countries many issues produce discord between participating countries;
- Low level of realization of resolutions; the documents themselves are just recommendations;
- There is no single transport and communication system of the region;
- Oil and gas orientation of Central Asia economies; economies demand modernization breakthrough; ecological instability, earthquake and mudflow danger in the countries of the region;
- Absence of Central Asia identity between the nations;
- Terrorist threats, extremism, transnational organized criminality, other challenges [19].

The situation with integration of the Republic of Kazakhstan into world system is as follows: key issue here is accession of Kazakhstan to WTO which regulates the rules of world trade. It was formed in April 15, 1994.

Today WTO consists of 159 countries (March 2013) or 75% of all the states of the world from which only 135 are direct Kazakhstan partners. It is understood that Kazakhstan is going to settle trade relations with these countries on beneficial conditions. Every state from these 135 countries can initiate anti-dumping procedures against Kazakhstan in regard to any goods imported from Kazakhstan.

Kazakhstan's accession to WTO is key priority of foreign policy of the Republic because this organization realizes efficient mechanism of liberalization of world trade and the whole related system of economic relations. The process of Kazakhstan accession to WTO was initiated in January 26, 1996. A month later the Republic got status of observer in WTO.

Kazakhstan has performed a good preparatory work and is ready to go to detailed discussion of parameters of its future membership in WTO; common position of WTO states is defined in regard to integration of our Republic into this organization.

Today we hear a lot of warnings against Kazakhstan accession to WTO: Kazakhstan market will be fully opened and filled up with imported goods; many enterprises and factories will be closed, even the whole industries will be eliminated because they are not able to compete with WTO countries; hundreds of thousands of people will lose their jobs; Kazakhstan can be swallowed by economies of leading countries.

However, the base for functioning of market economy is market environment. Saturation of internal market with high-quality goods will facilitate renewal and diversification of national productions, reduction of prices for produced goods, improvement of their quality, better satisfaction of consumers' needs.

Process of Kazakhstan's accession to WTO is irreversible. However in order to have more advantages than disadvantages from this step Kazakhstan must, first of all, take measures to accelerate modernization and diversification of the economy, increase in its competitiveness, improve processing industry – all these measures will become important factor of integration of our country into world community.

It was suggested earlier that Kazakhstan, Russia and Belarus will access WTO as single integrity of CU. But then CU countries decided to access to WTO separately, the reason for that was current state of CU [20]. Russia has already accessed to WTO in August 22, 2012 as 156th member.

One of the key tasks to be solved by Kazakhstan now is its active participation in world economic processes because it is obvious that closed economy is a way to decline and inevitable dependency on the other, more developed countries. Kazakhstan must intensify its participation in different forms of international partnership in order to use resulting opportunities most fully.

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