

Historical and Economic Aspects of the Eurasian Economic Community

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Abstract

In the given work are presented, economic aspects of the Eurasian Economic Community, economic integration on the Eurasian space substantially depends on a consolidating role of Kazakhstan in strengthening and realization of rather fruitful ideas of EvrAzEC, it recognizes already many officials of the countries—participants of the CIS and the near abroad. Mutual relations within the limits of the integration union should be based on a priority of strategic interests over current problems, on collectivity accepted decisions one participants of the union. The Euroasian economic union—the international integration economic association, the contract on which creation on the basis of the Customs union of EurAsEC is signed on May 29, 2014 will come into force since January 1, 2015.

Keywords: commonwealth of Independent States, the Eurasian Economic Community, integration, customs Union

1. Introduction

Experience of implementation of agreements on the Customs union promoted preparation and signing of more large-scale document on close interaction and cooperation of the states. On March 29, 1996 presidents of Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation signed the Contract on deepening of integration in economic and humanitarian areas for the purpose of creation of community of the integrated states. The parties agreed to direct joint efforts on stage-by-stage deepening of integration in economy, science, education, culture, the social sphere at observance of the sovereignty of the parties, principles of equality and mutual benefit, inviolability of the existing borders, non-interference to internal affairs of each other. In February, 1999 on the basis of the previous arrangements the Contract on the Customs union and a common economic space which the Republic of Tajikistan joined was signed.

The contract on formation of the Euroasian Economic Community is signed on October 10, 2000 in Astana (Kazakhstan) by presidents of Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. In it the concept of closer and effective trade and economic cooperation for achievement of those purposes and tasks which were defined by the Contract on the Customs union and a common economic space is put. Creation of EurAsEC, on the one hand, marked forward development of economic integration from a free trade zone (duty-free trade) through the Customs union (the blanket customs tariff concerning goods of the countries which aren't entering into the union) to a common market (free movement of goods, capitals, services, labor, a uniform trade policy concerning the third countries, the general currency policy).

Kazakhstan, however, demonstrated a different trade structure from those of Russia and Belarus. Kazakhstan appears to be more reliant on importing from Russia: the latter accounted for only 9% of its exports and for 45% of its imports at the time of establishing the CU. Trade flows between Belarus and Kazakhstan are rather weak: for instance, Astana imported only 1.5% of its total goods from Belarus in 2009, while its exports to Belarus were virtually non-existent (According to the official Kazakh statistics retrieved). The trends and figures above illustrate that the mutual trade in the CU was mainly aggregated by Russia, which had rather intense trade links with the two other members of the economic union, whereas Belarus and Kazakhstan had very limited trade flows in goods between them. The policies of the future EEU will have to account for this discrepancy. Given its

declared objectives, the movement of other production factors will also be an important challenge for the EEU. The imbalances in the movement of capital prior to the establishment of the Customs Union were highlighted by Russia's structure of foreign direct investments. For instance, Belarus accounted for about 41% of accumulated direct investment from Russia to CIS countries, while Kazakhstan only received 4.3% of the total (Russia Federal Statistics).

Labour mobility is rather low between Russia and the other two member states, despite commonalities in culture and proficiency in Russian: for instance, only 5,500 people migrated from Belarus to Russia; about 2% of total influx of migrants in 2009, while Kazakh migrants (38,800 persons) accounted for 14% of the total influx (Data retrieved from Demographic Yearbook of Russia, 2010). These figures, however, are quite comparable with low inter-state mobility at the early stages of the EEC's formation, except for West Germany, which saw the influx of labour migrants from Italy in the post-war period a trend that can be explained by structural factors (Fassmann & Munz, 1992). Russia whose labour market is in need of qualified workers, faces tough competition from Western developed countries.

The Customs Union of Russia, Kazakhstan and Belarus is an event, making a significant change not only in the economy of the region, but also to influence international relations in the region and globally. Therefore the analysis of regional integration of post-Soviet countries in the light of theories of international political economy will give a more complete picture of the processes, than the analysis done using a purely economic approach (Cohn, 2008). According to the Independent Association of Entrepreneurs of Kazakhstan, Russian companies are now buying in Kazakhstan almost all dairy and fish raw materials, because it is cheaper. Within the Customs Union the greatest benefit are Russia and Belarus. Products that these countries sell Kazakhstan often are made from raw materials of Kazakhstan. Small and medium-sized businesses with no dividends have not received and large companies that are output through Russia to European Union, of course, profitable. "Maybe in the long run Customs Union will bring Kazakhstan something good. And while it is good for Kazakhstan's business is not seen (Trenin, 2009).

Customs Union countries, given their focus on economic growth and mutually beneficial cooperation, new approaches to the development of agriculture. This approach should be such that would unite further advances "three" in science and agriculture and for the agricultural sector would give a greater resistance to negative factors such as climatic, and financial and economic problems. In 2011, trade among the countries—members of the vehicle increased by 18.3% compared to 2008 and amounted to 13.64% of foreign trade. At the same time, trade with third countries decreased by 2.39%. In 2011, domestic exports and imports increased by 12.87% and 28.52%, respectively. Changes in foreign trade in 2010 and 2011 showed that the CU-3 EurAsEC promoted trade diversion. Leadership in mutual trade belongs to Russia, accounting for about 50% of bilateral trade. In second place Belarus—about 32%, then Kazakhstan—18% (Table 1). However, with the obvious economic domination of Russia in the CU (accounting for 88.73% of the total GDP of the three countries), Russia's share in the mutual imports does not exceed 33.63%. Consequently, the large domestic market in Russia is still very weak performs its potentially important integrating function.

2. Methodology

To a non-admission of scale political cataclysms in territory of the USSR during the critical period of disintegration, N. Nazarbayev took of the weighed position. For gradual transformation of a state system Kazakhstan supported a new way of succession of events in territory of Soviet Union. The program formation of the Union of the Sovereign States and the Economic Union the Event Integration on the post-Soviet territory has been developed is unique and in many respects differs. It is possible to show these differences as follows:

- Long history of independent existence carried out the sovereign states for Integration into the European Community (EU);
- Integration into EU was carried out as integration of the states developed (though and in different degree) market economies. In Commonwealth integration of the states which are in a condition of transition to open market economy is not carried out;
- The integration Essence in Commonwealth consists in development of trade and economic relations in new market conditions, their finishing to level of integration communications of the sovereign states.

Variety of factors complicates integration processes:

- The countries which differ from each other on economic potential, structure, level of economic development participate in the CIS within the limits of integration.

In such conditions the Commonwealth of Independent States could execute one, but rather important

problem—to provide painless transition from uniform Union State to the civilized form of interaction of the independent national states, to generate between them the new relations based on principles of full sovereign equality and international law. In this plan it is necessary to recognize: the Commonwealth was necessary during this period. Positive and negative experience in area for the joint decision of political, economic and social problems on mutually advantageous conditions, was saved up by much. The republic Kazakhstan consistently follows a policy of deepening of integration of the countries-participants CIS, supporting steady realization of the reached arrangements. Positions of Kazakhstan concerning Commonwealth were proved by legitimacy and viability (The Independent Association of Entrepreneurs of Kazakhstan).

In the new sovereign states on the post-Soviet territory former style of thinking has remained, and they tried to move ahead a uniform system. But at such essential social and economic distinctions what are available in the CIS countries, such approach has appeared inefficient. Therefore last years the states recognized objective necessity different speeds of integration and have undertaken in this direction a number of serious practical steps. Activation in this direction is caused by a dissatisfaction of country leaders of the CIS with a current situation (Tokaev, 2010).

Within the limits of Commonwealth there were state associations, as the Union of Russia and Belarus (two), the Customs union of Belarus, Kazakhstan, Kirghizia and Russia (four) the central-Asian union as a part of Kazakhstan, Kirghizia and Uzbekistan. This last, by the way, was born on light within the limits of the CIS the first. The arisen associations different in level and depth, testify, first, to development of integration processes among the Commonwealth countries in those or other forms and, secondly, about flexibility—flexibility, instead of amorphy—its mechanisms, allowing to function to various models of associations.

Looking at the results at an industry level, they are roughly as one would expect, with the exception of the somewhat counterintuitive gains in the textile/apparel and truck sectors for Belarus and Kazakhstan and the exception of autos and heavy manufacturing for Belarus, given the greater tariffs, to approximate the Russian level (Vinhas, 2011).

In the centre of attention of presidents of the CIS countries should be possibility of multi high-speed integration development to take part in those actions in which she is not interested, and at the same time when nobody can block advancement of other states to higher steps of integration.

Mechanisms of interaction of integration on different speeds can be effectively realized only provided that it will not have effect, will not destroy already created. This condition is answered completely with idea of creation within the limits of the several states CIS. The zone of free trade actively stimulates integration process. Integration leans against the Customs union and uniform economic space.

Specific features practical realization of integration into the CIS differs. To one of the major to realization costs that between the countries the deep economic interdependence which has developed in the Soviet period remains. It is necessary to consider that such interdependence is not a sufficient condition for successful development of integration processes. The CIS includes the countries with the transitive economy, carrying out transformation of according to plan-distributive system in the market. Attributes of the independent state, transition to market economy occurs simultaneously to formation of national statehood, national financial, monetary credit, currency, customs systems and other obligations.

In the lead-up to the creation of a Eurasian Economic Union in 2015, the Customs Union and the Common Economic Space between Russia, Belarus and Kazakhstan represent two elements of the most ambitious regional integration project launched in the post-Soviet era since 1991. Customs Union (CU) and the Common Economic Space (CES) between Russia, Belarus and Kazakhstan, which represent two elements of one the most ambitious regional integration projects launched in the post-Soviet space since 1991: The creation of a Eurasian Economic Union (EEU) foreseen for 2015 (Blockmans et al., 2012). An initiative conceptualised by the President of Kazakhstan, Nursultan Nazarbayev in his speech at Moscow's State University in March 1994, the institutionalisation of the Eurasian Economic Union has gained momentum since the publication of an article by President, then Prime Minister, Vladimir Putin in the newspaper (Izvestia on 4 October 2011). This was followed by similar publications by the President of Belarus Alexander Lukashenka (Izvestia, 2011) and the President of Kazakhstan Nursultan Nazarbayev (Izvestia, 2011).

In October, 1994 Council of heads of the states CIS has accepted the Memorandum “Basic directions of integration development of the Commonwealth of Independent States”.

3. Results

In the Memorandum it is told that for lifting of economy of all states of participants of the CIS, an integration

mainstream in the nearest and intermediate term prospect is adjustment of effective economic cooperation. In this area stage-by-stage formation of the Common Economic Space on the basis of market relations should become priority. The basic attention should be concentrated to formation of the Customs union providing full removal of customs restrictions in trade relations between its participants in which frameworks the general custom duties would be established and coordination of a foreign trade policy concerning the third countries is adjusted. It is in parallel necessary to conduct work of the Payment union by training that would help the decision of a burning issue of payment—settlement relations. Common market formations would create economic and organizational conditions for with unobstructed movement of the goods, services, capitals and manpower.

Stimulation of sub regional cooperation carrying out general branch and interbranch programs gets development of direct communications between the enterprises (Nazarbayeva, 2012).

4. Discussion

We believe the main problems of historical views of the European Union are related to the historical, cultural differences between participants in the European Union. The European Union is at an early stage—the creation of a common European identity model. As in many EU states history repeatedly confronted each other in various wars, was adopted by tacit agreement—exclude historical terms. Recently, however, this arrangement is often ignored. As shown by our study—is mostly near future.

5. Conclusions

As regards the Customs Union, statistical data and estimations for 2012 to 2015 show a measure of economic stabilization in the participating countries. However, substantial differences in their basic macroeconomic indicators have yet to be overcome, so that in terms of economic development levels these countries could be tentatively divided into two groups. The first group includes the financially strong countries, Kazakhstan and Russia and the second, Belarus, Kyrgyzstan and Tajikistan. As regards the Customs Union, statistical data and estimations for 2012 to 2015 show a measure of economic stabilization in the participating countries. However, substantial differences in their basic macroeconomic indicators have yet to be overcome, so that in terms of economic development levels these countries could be tentatively divided into two groups. The first group includes the financially strong countries, Kazakhstan and Russia and the second, Belarus, Kyrgyzstan and Tajikistan (Vousina, 2014). Thus it is necessary that it was necessary to follow without exceptions and delays it is expensive stabilization and adaptation of their economic levels or otherwise, further development and strengthening of processes of integration it is impossible to develop.

The basic idea EAC unlike other projects is based on a realistic basis, considers both previous experience, and world integration practice. Offering integration on principles of equality, independence and the sovereignty in interstate relations, the concept of the Eurasian union offers that integration on essentially new bases and answers realities of today, logic of development of the state and interstate relations within the limits of modern political process. After the publication of project EAC has passed more than four years, and it already became the history fact: “Possibilities of that period are substantially lost. If the project basically has been accepted, we would have today an integration reality” (Nazarbayeva, 2012). The applying model to the current Customs union and the Common economic space between Kazakhstan, Russia and Belarus, and comparing results to available data for early stages of process it associations of Europe. These states will have to agree on a uniform set of rules and procedures of their transfer to national decisions at the level of heads state, government and parliament.

Fragments of integration processes in the territory of the Commonwealth countries a difficult tendency. Estimating the purpose and a role of the real work in the developing problem historiography. For this purpose assumes need of more detailed and detailed studying of questions of integration of the Commonwealth countries further.

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