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**ON THE EXISTING PROBLEMS AND PERSPECTIVES
OF THE EURASIAN ECONOMIC UNION****A. A. Rakhimbayeva**

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Key words: Eurasian economic union, Customs union, balance of payment, current account, foreign trade.

Abstract. This article divulges problems occurring in the Eurasian Economic Union.

The main reasons of the defined problems are undoubtedly military and political situation in the Ukraine, geopolitical issues, sanctions between the West and Moscow.

Therefore, the author is right raising the problem connected with complicated changes in the world, in some regions, as well as in external trade, foreign economy of Kazakhstan comprising export and import.

The topicality of the problems being discussed is also explained by the following data. For example, in 2003 the indicator of external trade among participating countries of the Eurasian Economic Union (Russia, Kazakhstan, Belorussia) was 64,1 billion US dollars, at this the share of the participating countries of the European Economic Union (EEU) in the external trade of Russia was 6,9%, the share in external trade of Kazakhstan was 18,4%, and the share in external trade of Belorussia was 50,6%. In total the external of the participating countries of the EEU was 1 077,5 billion dollars (Russia – 865,9 billion dollars, Kazakhstan – 131,4 billion dollars, Belorussia – 80,2 billion dollars), the share of mutual trade was 11,6% in 2013.

During researches of external trade of the defined countries the author pay a special attention to such indicators as economic development level and external imbalance under the current account. It is connected with the fact that commodity circulation and external trade are registered within aggregative indexes of the current account.

Thus, the results of econometric analysis prove that there is a statistical connection between the economic development level and the external imbalance under the current account.

As we can see from the picture 1, parameters of regression equation become statistically significant, while the correlation ratio becomes sufficient.

In other words it means that within the process of conducting foreign-economic policy the Government and the National Bank should not only prevent occurrence of deficit balance of payments, but also constantly secure its surplus.

Only under these indicators a necessary and high level of economic development of the country can be reached. For instance, by the results of 9 months in 2015, a deficit balance of payments amounted in 4 billion US dollars under the current account was observed in Kazakhstan.

At present, it is widely discoursed that by economically integrating European and Asian parts of the former Soviet Union, Russia would be able to recreate its former glory. Doubtless, the integration of economies largely generates positive impact on the extent of trade and competitiveness within the union. However, this could be implemented only under following two conditions: the economy must be at least partially complementary, and their union should give a significant increase in the total of the whole.

From Customs Union to the Eurasian Economic Union. When in European Economic Community (EEC) there was introduced common external customs tariff and the movement of goods on the domestic market was liberalized in 1968, the rules of cooperation were set by three comparable economies of the bloc: Germany, France and Italy. As a result of the growth of trade turnover between them and due to the expansion around 1990s, nearly 68% of trade in each of the EEC countries accounted for the other members of the bloc, and the growth of trade turnover between them exceeded growth in trade with other countries by almost 1, 8 times. When, in 1992, within ASEAN there was signed an agreement on free

trade zone, the biggest and similar in size of the regional economies -Malaysia, the Philippines, Thailand and Indonesia - happened to occur in the same union united. As of now, we notice the rapidly growing economic cooperation within the organization.

In the light of these examples, the Customs Union seems to be significantly different. Primarily, it didn't give the increment power to its members – neither quantitative nor qualitative. At market prices, Russia's GDP is 88, 5% (62, 4 trillion rubles) of the total GDP of the participating countries, i.e. the increase of the Russian market due to Customs Union do not exceed 12% (in 1968, it was 2, 7 times for Germany; with the introduction of free trade for each of the ASEAN countries – more than 3 times) [1].

Secondly, there have taken place an integration of economies with quite similar specializations: oil and raw materials account for 77, 3% of exports of Russia, while in Kazakhstan – 91%. Therefore, the sudden sharp increase in trade between members of a major TC cannot be anticipated. In 2012, the share of Belarus in Russian trade was 4, 3%, the share of Kazakhstan – 2, 7%. But Kazakhstan's share in the turnover of Belarus – was just 1% [2].

The third is sue is the difference in the standard of living of the citizens of the participating countries. The Kyrgyzstan whose integration process is ongoing has nominal GDP per capita which is 12 times lower than in Russia. This means that the Union will require strong support of lagging countries which in its own case will be put to shoulder of Kazakhstan.

Hence, comes out the first performance results of Customs Union(CU) and its perspectives. In 2011, after the formation of the CU, the new partners developed their relations not faster than the rest of the world. Russia's foreign trade turnover grew by 31, 2%, and the trade turnover with Belarus and Kazakhstan increased by 37, 7% and 30, 6% respectively. The weaker members get principal benefits in any Customs Union. They are expanding their markets at the expense of the big countries, and not vice versa. Therefore, from 2010 to 2012, Russia was able to increase its exports to Belarus and Kazakhstan only by 0, 5% of its GDP. In the same year, the figure for Belarus was higher for ... 20 times! It is important to emphasize that other members of Customs Union will outperform Russia regarding business conditions as well. So far, more than 5 thousand Russian companies have been re-registered for tax optimization in Kazakhstan [3].

Does all this mean that there is no any need for Customs Union? Of course not: it will bring benefits to citizens and businesses in all countries –as in any Customs union. It is just insane to anticipate huge expectations and large-scale changes [4].

Eurasian Economic Union (EAEC) – an agreement on creation of the international economic integration association (union) which was signed on 29 May, 2014 and acted into force on January 1, 2015. The union includes Russia, Kazakhstan and Belarus. EAEC is based on the Customs Union of the Eurasian Economic Community (EurAsEC) to strengthen the economies of the participating countries and “convergence to each other”, to modernize and improve the competitiveness of the participating countries on the world market. EAEC member states plan to continue economic integration in the coming years [5].

The history of the Eurasian Economic Union. Before the technical regulations came to force, the basis for the market access of member countries of the Customs Union had following rules:

1. National Certificate – to access the product on the market of the country where it was issued
2. Certificate of the Customs Union - a certificate issued in accordance with the “List of products subject to mandatory conformity assessment (verification) in the Customs Union” – the similar certificate is valid in all three member countries of the Customs Union.

On 19 November 2011, the Member States have established the Joint Commission (Eurasian Economic Commission) to enhance closer economic ties to create the Eurasian Economic Union by 2015.

From 1 January 2012, three States form a single economic space to promote further economic integration. All three countries have ratified the basic package of 17 agreements governing the launch of the Common Economic Space (CES).

Economics of the Eurasian Economic Union. The macroeconomic effects of the integration of Russia, Belarus and Kazakhstan EAEC are generated by:

- Falling commodity prices by reducing transport costs of raw materials or export of finished products.
- Incentivizing “healthy” competition in the common market of the EAEC through equal level of economic development.

- Increasing competition in the common market of the Customs Union member states thanks to the entry of new countries.
- Achieving increase in average wages through reducing costs and increasing productivity.
- Increasing production due to increased demand for commodities.
- Increase the welfare of the peoples of the EAEC, by reducing food prices and an increase in employment.
- Increasing return on new technologies and products due to the increased volume of the market.

Characteristics of the EAEC (as of 2013)

Countries	Population, mill. people	RealGDP, bill. \$	GDP per capita	Inflation, %	Unemployment, %	Trade balance, bill. \$
Russia	142.5	2113.0	14.8	6.8	5.8	174.0
Belarus	9.6	69.2	7.2	19.0	0.0	-3.1
Kazakhstan	17.7	224.9	12.7	5.8	5.3	35.2
<i>Source.</i> CIA World Factbook [7].						

Russia's attempts to restore the former Soviet Union. On January 1, 2015 the Eurasian Economic Union has officially been launched. By creating this Union, Russia has begun the process of “gathering” of post – Soviet countries that have not yet become parties to other integration projects, or were afraid to be left without the strong support of foreign political forces. But the chances of success of this initiative today appear rather unlikely.

The Eurasian Economic Union (EAEC) hastily formed during 2014, the same year in which Russia had suffered one of the biggest foreign policy defeats in its modern history – the loss of Ukraine not only as an ally, but also as a friendly state. EAEC at this point secures the balance of power coinciding with the 25th anniversary of the collapse of the Soviet Union. On the western “front” it faces a complete failure: the Baltic States are in the NATO and the EU (and from January 1 – and even in the euro area); Moldova and Ukraine are on course to Brussels. In the south, we see lonely left Armenia: without oil, without sane reform team, without access to the sea, and even in the unfinished state of war with its neighbor – definitely there is no other choice on the part of the integration (on January 2, Armenia became the member of the EAEC) [6].

In the east – there are three countries as well, without ocean trade routes, and only one of them, Kazakhstan is capable of independent survival (in Kyrgyzstan and Tajikistan, transfers of migrants working in Russia exceeds 30% of GDP, while the share of Russia in foreign trade of these countries for not full 2014 year was respectively 28 and 26%). If Kyrgyzstan and Tajikistan are included in the EAEC, Moscow manages to collect only about 30% of the population and 40% of the economic potential of the countries currently existing outside the territory of the former USSR.

The foremost question today is not about whether to expand the Eurasian Union (chances of joining of the other countries are zero except Kyrgyzstan and Tajikistan), but about whether the structure is going preserved even in its current form.

At the end of December 2014, Vladimir Putin stated that in 2011 the turnover in three countries of the Customs Union (i.e. the current EAEC) grew by 50%. However, in 2013 the growth was only 2.1%, and for the first ten months of 2014, this figure decreased by 6.3% compared to the same period of 2013. Russia's share in Kazakhstan's exports for the first ten months of 2014 was the lowest in the post-Soviet period – only 5.9%. Apart from that we notice the following less pleasant market trends: businesses are leaving Russia and moving to Kazakhstan, the increased investment in Kazakhstan and Belarus for later expansion into Kazakhstani market and expanded difficulties with the transit of goods due to sanctions. However, even the price that Russia will have to pay for political games on the former Soviet Union, may not be sufficient to satisfy its partners.

The benefits are uncertain. In fact, the Eurasian Economic Union (EAEC) is a “broader and deeper” Customs Union with plenty challenges. The economy of the three member countries are quite different in

size: in troika, Russia's share accounts for 87.9% of total GDP, Kazakhstan makes – 9.2%, Belarus – only 2.9%.

The Russia and Kazakhstan are well-known raw material appendages of the rest of the world (energy and metals only accounted respectively for 77.3 and 89.1% in their exports). Therefore, any kind of synergy of industries is not expected.

Given the Russia's WTO membership, Belarus and Kazakhstan are facing a very difficult situation: primarily, by opening their borders to goods from third countries while getting nothing in return; secondly, they are actually suspending their negotiations regarding WTO accession, as they need to re-negotiate previously discussed tariffs.

What kind of benefits the various parties hope to gain from the new union? Kazakh President Nursultan Nazarbayev mentioned about "additional 900 billion dollars of GDP of the participating countries towards 2030" at the signing ceremony. It sounds quite impressive, but if you divide this amount in proportion to the weight of the economies, then Russia share make 49 billion dollars per year. It is difficult to implement, given that exports from Russia to Belarus and Kazakhstan made to 37.5 billion USD in 2013 and has decreased by 8% within a year [7].

The union between Russia, Kazakhstan, Belarus, Armenia and Kyrgyzstan are by definition not able to bring Russia more than a "weight" of their economies themselves i.e. there is more than \$ 310 billion or 14.5% of Russia's GDP. In fact, it is sane to expect 15-20% of this amount in the best case – it is something that can give market expansion to Russia and increase in efficiency due to growing competition. That is the economic effect of the integration for Russia fits into the 2.3–3.0% of GDP. For comparison: in the first 20 years after the Treaty of Rome establishing the European Economic Community in 1957, the effect of integration was around 30% of the GDP of the participating countries, while the share of intra-trade turnover reached 62% (it is now just over 9% of turnover within EAEC).

Economic growth and balance of payments of Russia. The balance of payments in which cash inflows exceed the spending, called active, balance of payments, where the expenditure exceeds its revenue is called passive.

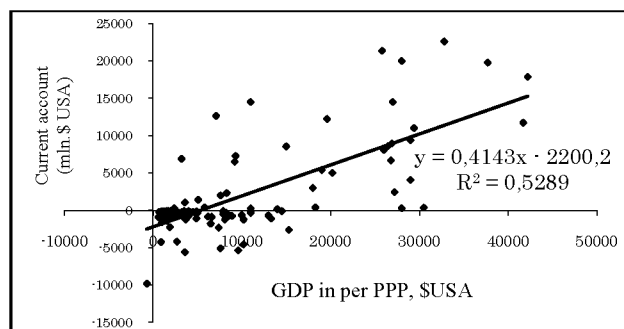
Part of the balance of payments are the balance of current account transactions (including trade balance, which includes balance of exports and imports of goods, balance of invisible current transactions, comprising net exports of services, income from investments, transfers) and capital account balance (reflecting the outflow and inflow of capital from and to the country).

The balance of payments is an important indicator and tool to anticipate the extent of possible participation of countries in world trade, international economic relations, to establish its solvency.

In the absence of sufficient currency reserves to pay for imports a country can resort to foreign loans that are not mediated by the export of goods and services (but which later should be covered by increasing national exports). In this case, the trading side of the transaction (importation of goods or services) means the appearance of the debt to foreigners, requiring repayment (which is recorded with the sign "-"), and loans of non-residents means an increase in liabilities to foreigners (marked with "+" sign).

That is why the balance of payments is divided into two major sections: the current account (current account balance) and the account of operations with capital and financial instruments (capital and financial account). The IMF publishes the balance of payments through two schemes: an aggregated and a more detailed balance.

Given the relevance of the balance of payments, we identified a statistical relationship between economic growth and the current account.



The level of economic development and balance of payments on current account (130 countries) [8]

As can be seen from the figure, between the indicators revealed a stable relationship, the correlation coefficient becomes high enough, and the parameters of the regression equations are statistically significant.

In our view, *ceteris paribus*, if the current account is zero (0), the level of economic development varies from \$5 thousand per capita.

If the current account surplus reaches \$2-\$4 billion, per capita GDP will be \$10 thousand.

However, this pattern does not answer two questions.

First, in countries such as USA, UK, Australia, France, Italy, Portugal, there is a high level of economic development, while the current account deficit.

We believe that in these countries the level of national lower than the level of national investment. Therefore these countries is invested through other countries.

In other words, the current account deficit covered at the expense of other articles of the balance of payments. Including capital and general account.

In other countries, the deficit is covered by securities. For example, the U.S. proportion of imports covered through securities.

Secondly, a number of countries – exporters of oil (Russia, Kazakhstan, S. Arabia, UAE, Algeria, Libya, Iran, etc.) with the high price of oil reach a current account surplus, but their level of economic development remains low.

Thus, given the above economic pattern, despite the presence of current account surplus of the balance of payments to the Governments of Russia and Kazakhstan follow to hold responsible structural reform in the country.[5].

Otherwise, the level of economic development will remain low.

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ЕУРАЗИЯЛЫҚ ЭКОНОМИКАЛЫҚ ОДАҚТЫҢ КҮНДЕЛІКТІ ПРОБЛЕМАЛАРЫ МЕН ПЕРСПЕКТИВАЛАРЫ

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Тірек сөздер: ішкі сауда, инфрақұрылымдық, заңнамалық, экономикалық, кадрлық тәуекелдер мен қатерлер.

Аннотация. Осы мақалада Евразиялық экономикалық одақта қалыптасқан проблемалар көрсетілген.

Әрине аталған проблемалардың басты себептері – Украинадағы әскери-саяси ахуал, геосаяси мәселелер, Батыс пен Мәскеу арасындағы санкциялар.

Осы орайда, автор әлемдегі, кейбір өңірлердегі, сондай-ақ Қазақстанның сыртқы саудасындағы, сыртқы экономикасындағы, экспортпен импорт құрамдарындағы күрделі өзгерістерді дұрыс көтерген.

Сонымен қатар қозғалған проблемалардың өзектілігі де жоғары. Мысалы, Еуропалық экономикалық одаққа мүше елдер ішіндегі (Ресей, Қазақстан, Беларусь) сыртқы сауда көрсеткіші 2013 жылы 64,1 млрд. долларды құрады. Бұл ретте Еуропалық экономикалық қоғамдастыққа (ЕЭҚ) мүше елдердің Ресей сыртқы саудасындағы үлесі 6,9 %-ды, Қазақстанның сыртқы саудасындағы үлесі – 18,4 %-ды, Беларусьтың сыртқы саудасындағы үлесі – 50,6 %-да құрады. Жалпы, ЕЭҚ мүше елдерінің сыртқы саудадағы айналымын жиынтқтағанда 1 077,5 млрд. долларды құрайды (Ресей – 865,9 млрд. доллар, Қазақстан – 131,4 млрд. доллар, Беларусь – 80,2 млрд. доллар), өзара сауда үлесі 2013 жылы 11,6 %-дықұрады.

Аталған мемлекеттердің сыртқы саудасын зерделеу барысында автор экономикалық даму деңгейі мен төлем балансының ағымдағы есеп-шотына ден қойған. Өйткені сауда айналымы мен сыртқы сауда ағымдағы есеп-шоттың агрегаттық көрсеткішімен анықталады.

Жүргізілген эконометрикалық талдау нәтижелері көрсеткендей, экономикалық даму деңгейі мен төлем балансындағы ағымдағы есеп-шоттың арасында статистикалық байланыстың бар екендігі байқалды.

Суретте көрсетілгендей, регрессиялық теңдеудің параметрлері статистикалық жағынан маңызды болып, корреляция коэффициенті жеткілікті болып отыр.

Басқаша сөзбен айтқанда, бұл дегеніміз сыртқы экономикалық саясатты іске асыру кезінде Үкімет және Ұлттық банк ағымдағы шот бойынша төлем теңгерімінің тапшылығына жол бермей отырып, оның профитін тұрақты түрде қамтамасыз етуі тиіс.

О СУЩЕСТВУЮЩИХ ПРОБЛЕМАХ И ПЕРСПЕКТИВАХ ЕВРАЗИЙСКОГО ЭКОНОМИЧЕСКОГО СОЮЗА

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Ключевые слова: внутренняя торговля, инфраструктурный, правовой, экономический, кадровые риски и опасности.

Аннотация. В статье раскрываются проблемы, сложившиеся в Евразийском экономическом союзе.

Основными причинами указанных проблем, безусловно, являются военно-политическая обстановка в Украине, геополитические вопросы, санкции между Западом и Москвой.

В связи с этим, автором правильно поднята проблема, связанная со сложными изменениями в мире, в некоторых регионах, а также во внешней торговле, внешней экономике Казахстана, составляющих экспорта и импорта. Актуальность затронутых проблем также высока. Так, в 2013 году показатель внешней торговли среди стран-участниц Евразийского экономического союза (Россия, Казахстан, Беларусь) составил 64,1 млрд.долларов. при этом доля стран-участниц Европейского экономического сообщества (ЕЭС) во внешней торговле России составила 6,9%, доля во внешней торговле Казахстана – 18,4%, а во внешней торговле Белоруссии – 50,6%.

В общей сложности, внешнеторговый оборот стран-участниц ЕЭС в совокупности составляет 1077,5 млрд. долларов (Россия – 865,9 млрд. долларов, Казахстан – 131,4 млрд. долларов, Беларусь – 80,2 млрд. долларов), доля взаимной торговли в 2013 году составила 11,6%

В ходе исследования внешней торговли указанных государств автор обратил особое внимание таким показателям, как уровень экономического развития и сальдо платежного баланса по текущему счету. Это связано с тем, что товарооборот и внешняя торговля фиксируются в рамках агрегатных показателей текущего счета.

Так, результаты эконометрического анализа свидетельствуют о том, что между уровнем экономического развития и сальдо платежного баланса по текущему счету существует статистическая связь.

Как видно из рисунка, параметры регрессионного уравнения становятся статистически значимыми, а коэффициент корреляции достаточным.

Другими словами, это означает, что при проведении внешнеэкономической политики Правительство и Национальный банк должны не только не допустить дефицит платежного баланса по текущему счету, но и постоянно обеспечить его профит.

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