INTEGRATION PRINCIPLES REALIZATION IN THE REGIONAL ECONOMIC ASSOCIATIONS

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Abstract

Modern conditions of the current economic activities are characterized by the integration processes and regional economic associations’ establishment.

The authors offer the regional economic associations analysis under the conditions of the World economics functioning in the frames of the integration processes. The meaning and the content of the integration process is described. The basis of the analysis is the results of the integration processes investigation on the territory of the Customs Union between Russia, Belorussia and Kazakhstan (CU) and in the Euro Asian Economic Union (EAEU). The authors give a review of the similar features of the economic development of the integrated countries of the European Union and the countries that constitute the Customs Union. The principle of economic development of integrated countries and the influence of high-tech industries on the level of economic development is analyzed.

The authors come to the conclusion that integration is the objective development of civilization and it can be built on the basis of mutual respect and justice in the field of the results distribution.

Key words: Integration, Regional economic associations, Economic development principles, Customs Union, Euro Asian Economic Union.

1. Introduction

Integration is the multidimensional process proceeding in various spheres of economy and at various levels. This happens thanks to interaction of various participants of economy (state bodies, subjects of management and the population). Integration process has to be based on the system approach principle and be applied as in general to the European Union (EU), the Customs Union (CU) within the Eurasian Economic Council (EAEC) and to the components of the integration principles.

For the states the integration process as it is, shouldn't be the main purpose. In each case the integration has to give the real, quite notable effect. Integration is only the tool which can be used for the national purposes (economic and political) achievement.

It is necessary to use various approaches and indicators for an integration assessment. That is the assessment of the regional economic associations functioning. It can have various measurements. It is possible to measure it as a process and to estimate the completeness of the integration actions realization. It is also possible to measure the integration through a set of the indicators characterizing the results of this process in the economy of the state.

2. Similarity is the principle of economic development of the integrated countries

Similarity of the economic development level of the member countries of the integrated association is the cornerstone of this principle.

The main signs of economically developed countries are the GDP high level per capita, the diversified structure of the economy, and the social structure of society. This indicator in the majority of economically developed countries is at the level from 18 up to 30 thousand dollars per capita in a year. At industrialized countries the GDP level per capita in a year approximately by 5 times exceeds the average world level.

2.1 Countries defining general tendencies of the economic and socio-political development of the EU

The European Union is usually understood as the so-called old countries, the members of the EU, and in particular the “kernel” of the EU is the first 6 countries
which formed EU: Germany, France, Italy, Belgium, the Netherlands and Luxembourg (Figure 1), in which the GDP per capita is above an average level. These powers in many respects define the general tendencies of economic and socio-political development of the EU. After that the economically strong states joined the EU, but in 2004 and 2007 Cyprus and Malta and ten countries of Central and Eastern Europe which total GDP was one quarter less than GDP of Spanish economy (the fifth in size) in Europe joined the EU (Figure 2).

Thus, the countries significantly differ by the level of economic development. For example in Romania and Bulgaria the income per capita doesn't exceed 18 dollars of an average indicator of all the EU countries (Figure 3).

The countries with weak economy for example Greece, can't sustain standards of the most powerful industrial economy of Germany and its attempts “to catch up” lead it to default. Also it should be noted that Greece and Cyprus hurried with the introduction of the euro. Now in their monetary policy they are doomed to be submitted completely to the European Central Bank and its rigid stabilization mechanism. In these countries it is possible to forget about the increase of standard average level of life for the years ahead.

After the East European countries joined the EU, the average level of welfare decreased in all member-states. Obviously it will decrease further as the next candidates for the accession to the EU (Iceland, Montenegro, Turkey, Macedonia, Serbia) also don’t differ in high economic rates. Thus the EU will gradually reduce the economic indicators.

The experience of the EU shows that it isn't necessary to go into unjustified expansion. The countries which do not correspond to the criteria of this association became the part of the EU. The distinctions in economic development of such countries as Germany and Belgium on one hand, and Bulgaria and Romania on the other hand, led to decrease in economic indicators of the EU.

2.2 The characteristics of the member-countries of the Customs Union between Russia, Belarus and Kazakhstan

Member-states of the Customs Union within the EAEC are Russia, Belarus and Kazakhstan which economically represent the group of the countries that are not really very different in their economic development (Figure 4), (Figure 5).

Moreover, these countries for a long time existed within the economy with single currency, economic policy, and uniform interests.

The modern economic situation in the countries - members of the Customs Union is characterized by the three key problems. The first is strong dependence on export of natural resources, low competitiveness of non-oil sectors, and weakness of financial sector of the economy.
Before Russia, Belarus, and Kazakhstan joined the Customs Union, they demonstrated a considerable decrease in GDP growth. Especially strong decrease took place in 2009. Such a low value of this indicator is caused first of all by the harmful influence of the world economic crisis. Its strong indications were visible at the beginning of 2008. But despite of this fact after the Customs Union joining in 2010 the increase in GDP growth rates in the member-countries was clearly seen (Figure 6).

In 2012 the Customs Union countries have demonstrated rather stable rates of economic growth in comparison with our main trade partners from the developed countries. It occurred at the deterioration of the world economic environment and the deep economic crisis continuation especially in the EU.

2.3 Potential members of the Customs Union

Kyrgyzstan and Armenia plan to join the Customs Union in the nearest future, and the level of economic development of these republics should be taken into account.

The Kyrgyz economy today is not in the best state. Therefore Kyrgyzstan doesn’t represent a particular interest for the Customs Union. But the countries - members of the CU insist on making this republic a member of the CU. All this means that a dominant in this issue remains the political preferences. Thus in case of Kyrgyzstan introduction into the Customs union, it is necessary to demand a strong support from the other member-countries. Without this support this republic will be rejected from the “kernel” of this integration association (Russia, Kazakhstan and Belarus).

3. Conclusions

- Summarizing all stated above it should be noted that all member-countries should be close to each other not only in economic and socio-political system but also they should have rather high level of economic development. After all the effect of economy in a scale is swept up mainly in high-tech industries. For this reason first of all there are successful integration associations of the highly developed countries of a “kernel” while the “peripheral” unions are unstable.

- Underdeveloped countries are much more interested in economic contacts with more developed partners. Thus integration in regional economic unions is the objective development of a civilization. But there is one serious condition of mutual respect and justice in the field of results distribution. The member-partners should take into account competitive advantages of national economies.

4. References


