

Economic Integration in the Central Asia: State and Prospects

Niyozbadal Mirzoev*

*Professor and Dean, Faculty of the Historical
Tajik State National University, Tajikistan*

Abstract

Today period is a moment of transition to market relations, and development of independent state for Central Asian republics. These processes have place simultaneously with such processes of Commonwealth of Independent States and such processes, which have place between countries of this region. Short time interval since their independence days showed that Central Asian states underwent a difficult stage of their development. The formation process of own external political and economical courses of Central Asian republics is closely connected with integration processes since their independence days.

Singing of agreement on integral economical area between Kazakhstan, Kyrgyzstan and Uzbekistan in 1994 was the beginning of integration process of Central Asian States. Later Tajikistan has joined this Union. A number of important documents with general idea of consolidation and strengthening of integration were adopted in the framework of this Union. From strategic point of view, they implemented progressive line in the basis of which laid geopolitical and geostrategic interests and economical ideas of these countries.

A key moment of economical politic states of the Central Asia becomes promotion of economical stabilization at using the advantages of national economy and achievement of influence possibility in perspective on national

* Ph.D. in History, Tajik State National University; Tajikistan Academician.

economy processes. Analysis of integration processes of the Central Asian countries shows that at this stage of development they are concentrated in the following directions of economy interaction; activation of trade and economical ties; Joint and rational utilization of water and energy resources; realization of agreed development policy and use of transport and communication systems; Cooperation in humanitarian and social spheres; creation of integral science and technology area; consolidation and strengthening of regional safety and security; and cooperation in the field of ecology and prevention of the acts of God. Successful realization of these priorities will allow Central Asian countries to ensure in the perspective the noticeable economy growth and development of interstate cooperation.

Keywords: Central Asian republics, Central-Asian Economic Community (CAEC)

Economic Integration in the Central Asia: State and Prospects

Soon after collapse of USSR, receiving Independence, owing to small productivity already available forms cooperation,¹ and also in connection with impossibility of the decision of regional problems within the framework of other interstate associations by objective expediency there was a creation of regional organization in the Central Asia.

Necessity of the joint decision of regional problems and coordination of efforts of the states of region for ensuring efficient socio economic development of countries of the Central Asia, supported with common understanding of political managements of countries of importance of interstate integration, was the basic impulsive cause of creation of regional association in the Central Asia.

In this connection the Agreement about creation of uniform economic space between Republic Kazakhstan, the Kirghiz Republic and Republic Uzbekistan, which the Republic Tajikistan has joined on March 26, 1998, has been concluded on April 30, 1994. On July 17, 1998 Interstate Council had been affirmed the name of the regional association functioning on the basis of the above named Agreement, "Central Asian Economic Community" (CAEC).

Now CAEC has rather high international authority. It, alongside with other constituting, reconfirms the fact of grant of the status of the observer in

¹ First step of new independent states of the Central Asia in an integration direction was entry in the Commonwealth of Independent States and attempt by common efforts to decide the general problems, which have arisen on the post Soviet space. However, organization of management of the CIS at that time was not enough efficient and therefore functioning of Commonwealth was ineffective. For an output from the created situation the large states of the Central Asia, Kazakhstan and Uzbekistan on a contract basis have put in pawn a basis of creation of new regional association. This association saw perspective, that reconfirms tasks in view and the subsequent expansion of its full participants. In other parts of the post Soviet space various regional economic associations also have been created.

Interstate Council CAEC and its institutes of the Russian Federation, Georgia, Turkish Republic, Ukraine, and also availability of applications from lines of the states about grant of such status.

In the Agreement about creation of uniform economic space are directed political and economic conditions, which stipulate a possibility and expediency of integration processes between states - participants and creations of uniform economic space in the Central Asian region. These conditions are:

- Inmates between the states bilateral friendship treaties, cooperation and mutual aid;
- Historical generality of peoples of the Central Asia;
- Desire of peoples and managements of the states comprehensively to develop and deepen a good-neighborhood;
- Possibility of Co-coordinated Accomplishments Economic reform and development of market relations;
- Reality of formation of mutually advantageous trade and economic ties;
- Possibility of creation favorable legal and organizational - economic conditions for realization of joint programs on development of integration processes;
- Advantage of sharing economic potential among countries of the Central Asia.

These conditions in aggregate with modern objective factors of integration of economy of the states create real prospects of acceleration of socio economic development of CAEC subjects. Major factors of development of the international integration processes acting also in frameworks CAEC are: deepening of international division of labor; raise of a level of an openness of national economy; internationalization of economic activities; acceleration of scientific and technical progress and other.

Deepening of an international division of labor and on this basis ensuring of growth of internationalization of economy as the antipode to the national-

state form of organization of economic activities, is the important factor extending possibilities of raise of efficiency of national economy. For management of the closed national economy, accomplishment production processes within the framework of national borders limit efficiency and rates of growth of economy. Division of labor between the states of region, formation of constant, stable economic relations between them, ensuring of an openness of national economy and on this basis mutually advantageous use of productive forces. Countries of region at the present stage entirely correspond to regional interests of the states CAEC.

These conditions have predetermined a reality of integration processes and a perspective problem in CAEC - creation of uniform economic space. However, as show realities of activity CAEC and an operational experience of other regional associations, for achievement of this perspective purpose it is necessary to decide many problems, to overcome bulk of encumbrances.

Development of specialization, cooperated connections between countries and, hence, raise of a level mutual changeability economy of countries are essential factors of formation and development of integration connections of the states CAEC. These aspects of international cooperation within the framework of Community initially were “bottleneck” of formation and development integration processes.² However all of them yet done not become a subject of purposeful study. In result this factor not quite discharges driving role in

² States of central - Asian region before receiving independence entered into system of an all-union division of labor of the USSR which economy represented a uniform economic complex. Adjusted in conditions of a planned economy the economic mechanism to countries of the Central Asia has allowed to have high enough rates of socio economic development. At the same time, in those conditions to countries of region in the greater measure the role of raw ensuring of industrially advanced regions of the Union, the High raw orientation of economy of the central - Asian republics and removal by it in a perspective division of labor of predominary same role of steel by one of impulsive causes of their aspiration to receiving of state independence was challenged.

integration processes of CAEC countries.³

The theory of international economic relations defines conditions and preconditions of international integration, on which availability the degree of achievement of the integration purposes depends (Rybalkin, 1999; Primbetov, 1999: 17-23). These conditions and preconditions are the following:

- Exemplary equality of a level of economic development of the countries, included in integration community;
- Presence of economy of integrated countries in state of development;
- Territorial affinity of countries;
- Concurrence of political will of the management of the states on a question of integration;
- Readiness of countries for delegating separate authorities to jointly created structures;
- Formation of initiating centre from one-two states,

These conditions of international integration are worded not by way of their growing or decreasing importance. Each of them has the particular influence on process of integration and original significance in construed process. Proceeding from this, consideration of a degree of existence or realization of these preconditions in conditions CAEC is represented expedient. From the above-stated conditions in creation CAEC a special role the following

³ Study of production process in the states CAEC for 90th years of 20th century shows, that in these countries deformation of structure of the industry, expressing in essential increase in a share resource-production branches (electric power industry, a fuel industry, black and nonferrous metallurgy) and accordingly reduction in it of densities resource-consuming branches (other industries) proceeds. For 1990-1999 in structure of an industry of Kazakhstan densities resource-production branches has increased in 1,9 time, Kyrgyzstan, in 6,1 time, Tajikistan, in 3,6 time and Uzbekistan, in 3,0 times. These changes in structure of an industry of countries reduce impulsive causes of economic integration communications {connections} in frameworks CAEC for only development resource-processing branches promotes causing of needs {requirements} in complementary economy of integrated countries.

have played: territorial affinity of countries and unity of political will of the management of the states on a question of regional integration.

The states CAEC are disposed at centre of Asia, are neighboring countries, have centuries-old experience of good-neighborhood, trade and economic relations, directly connected transport-communication network, are found in the remote distance from other economic regions of the world. These conditions are positive factors of regional integration processes in CAEC.

Deciding condition of formation and functioning CAEC was and the uniform understanding of the political management of the states of the Central Asia of necessity of development of integration processes in region is. From the moment of making contract about creation of uniform economic space of the chapter of states, participants repeatedly accepted jointly. Declarations in which it was unequivocally directed necessity of the further development of integration relations for region.

At the same time, practical realization of this precondition in Frameworks CAEC it is realized not to the full. Directions Development of integration processes, which in various Documents are defined by presidents of the states, from the party Institutes Interstate council CAEC, Governmental structures, the ministries and departments, and also national expert groups of the states are developed and develop insufficiently, and sometimes under various excuses even are blocked. Therefore within the framework of Community the effective mechanism is necessary, according to which in each state actions of the executive boards and other structures on realization of the decisions accepted including of the head of state would be controlled.

As an example it is possible to result accomplishment of the concluded agreement about creation of the uniform economic space, accepted declarations of chapters of the states and decisions of Interstate Council regarding formation

within the framework of Community of the free trade zone. The thesis about expediency and necessities of creation of such zone are stably exaggerated for all period of existence CAEC. However adoption of the concrete decision on realization of this question restrains under various “substantiations” of accountable structures. Thus it is not noticed, that indicated “argumentation” and braking of realization of decisions by executives of the separate state contradict the documents signed by other and chapter of this country. Thus, removal of break in understanding of urgency of problems, which exists between chapters and executives of the states, is the important direction of ensuring of purposeful development of integration processes in CAEC. In this connection count expedient to enter the agreed order according to which each state during the defined period of time after adoption by chapters of the states of the document without pay should present on the coordination of the offer under the decision to each problem worded in it.

As it was marked above, one of conditions of international integration is that the level of economic development of integrated countries should be found in exemplary equality.⁴

In CAEC it is impossible to answer a question on availability of this condition unequivocally, In 2000 on volume of the effected gross internal product discrepancy in countries of Community achieved more than 18 times, on this parameter designed per capita, 7 times, on monthly average wages, 11 times.

Other precondition of international economic integration is the availability of developing character of economy of the countries, included in regional association. Dynamics of economic parameters in countries CAEC for all period of their functioning has different tendencies. For a period of 1994-2000,

⁴ It is necessary to note, that researchers of international economic relations recognize the given condition as desirable, but not obligatory.

for example, the gross internal product was stably increased in Uzbekistan, and in other three states it changed. At the same time the analysis of socio economic development of the states CAEC for the last three years shows, that many macroeconomic parameters of development of countries CAEC not only improve, but even have acquired the sign of stability. It testifies that now in CAEC one more of economic conditions of interstate integration - developing state of economy of integrated countries were really generated.

The indicated preconditions also repute development of an economic reform. Reform of economy is realized in all countries though on rates and results of it differ essentially.⁵ Forward development of the Central Asian Community at such situation in an economic situation and development of countries speaks, in our opinion, that, that other conditions and factors of integration cover the oversights available in functioning of these preconditions.

One more precondition of international economic integration is readiness of countries - participants of regional association for delegating separate authorities to jointly created structures. In CAEC the supreme body of management interstate Council in a composition of presidents and prime ministers of all states - participants is created. In structure Interstate Council CAEC the Council of Prime ministers, Council of Ministers of foreign businesses function. Interstate

⁵ Initial years of independence for countries of the Central Asia were rather complex. Begun in the last years of existence the USSR state the economic crisis and falling of execution kept and aggravated. Inflationary processes, обесценившие floating assets of the enterprises, accelerated break of the adjusted industrial-economic relations, which also was stimulated by aspiration of overcoming nonequivalent exchanges of raw material and a finish products. Besides republics, having received state independence, were not ready to fast and its efficient realization. It was necessary for new sovereign states to define and make out the political, economic, social structures. In result, questions of the decision of aggravated economic problems in the greater degree remained unsolved. In these conditions to the indicated states have offered cooperation of a world level financial institutions. These institutes offered target credits for reforming under condition of adoption and is strict executing their recommendations. The states in a different degree yielded and took the corresponding size credits. Thus the sizes of the received credits depend on a degree regulation economic processes in country and lay in return proportionality.

Council also has working body the executive committee executing coordination-consultative, prognosis-analytical, information problems and function of the control over executing of decisions Interstate Council and its institutes.

At the same time, during preparation of drafts of decisions of structures CAEC predominary takes place a decentralized approach which promotes in many cases to aspiration of participants to maximum realization national interests.⁶ Such approach as world practice of regional communities shows, does not give optimum results. Failure to comply of many problems in frameworks CAEC defined in the Agreement about creation of uniform economic space also reconfirms necessity of change of the approach to process of preparation of drafts of decisions and their executing in Community. Thus, in our opinion, today on agenda CAEC should cost a question on creation accountable Interstate Council the institute having concrete

During existence of the Central Asian regional association by states, participants CAEC 215 documents, including Interstate Council, 107 and Council of Prime ministers, 108 documents are accepted. It is conditionally possible to divide functioning CAEC into the following stages:

The first stage: a period of becoming of regional association in 1994-1995. In this period the Agreement about creation of uniform economic space between Republic Kazakhstan, the Kirghiz Republic and Republic Uzbekistan has been

⁶ Depending on availability of internal possibilities of independent states under the decision of economic problems, and also by virtue of that irrespective of many common features of peoples and the states of the Central Asia financial institutions give it various recommendations but to accomplishment of reforms, economic relations in these countries of steel various. There are a number of examples of aspiration of structures of states - participants to extraction from integration processes momentary, though also minor, benefits. At decentralized the approach contraventions of national and regional interests are brightly expressed. It in frameworks CAEC is especially shown at engineering *общеекономических* aspects of integration. In this connection, experts of the separate states CAEC at the coordination of drafts of many *общеекономических* decisions justify inexpediency of their adoption by impreparation of the national legislation of authority under the centralized management of integration process and creation of uniform economic space.

accepted. Creation of Interstate Council in a composition of presidents and prime ministers, the above named three states and establishment in structure Interstate Council of Council of prime ministers, Council of Ministers of foreign businesses and Council of Ministers of the defense was generated with organizational bases of management of regional association. Creation of permanent working body of Interstate Council of the executive committee had been provided a basis of organization of engineering of drafts of documents of conceptual and strategic character, conducting of coordination work in regional association. The establishment of the Central Asian bank of cooperation and development promoted to concentrate the defined pecuniary resources of the states, included in regional association, for the decision of common questions of industrial integration.

In this period for all structures of regional association basic documents of organization of their activity have been developed and affirmed, and also procedural aspects of the decision of organizational questions are defined.

All conducted organizational work has allowed starting intensive engineering and accomplishment of the first Program actions on realization of the Agreement about creation Uniform economic space. At the first stage were affirmed the Program of economic integration till 2000, the list of prime investment drafts, are accepted Documents on cooperation in military, technical area, supply with information of interstate agreements and Agreements, Pharmaceutical Industries and Public health services, research of earthquakes and forecasting of seismic danger and other.

The second stage: a period of development of regional association in 1996-1998. This stage is characterized by intensive and purposeful work on development to interstate integration and accomplishment of first steps on formation of uniform economic space. In this period biennial action

programmes of states, participants on formation of uniform economic space, the decision on development of the industrial cooperation, the special economic areas, the Special program of the United Nations for economy of the Central Asia (SPECA), principles of formation of international consortia, creation of an international water-power consortium, about principles of formation of a stock market have been accepted,

Also working agreements have been accepted in the field of use of water-power resources, the warning and liquidation of extreme situations, use of fuel and energy and water resources, conducting of the agreed policy in sphere of the transport and communications, creations of joint ventures, regulations of population shift, public health services and a medical science, development of tourism, accomplishment of teamwork on realization of the areas tailing pits and waste the rocks rendering transboundary effect, preservation of the environment and rational wildlife management, in sphere of struggle against illegal circulation of narcotics and psychotropic substances.

Many decisions have been directed on formation of uniform economic space. Agreements refer to them on creation of legal, economic and organizational conditions for free removal of labor, about a deepening of integration in the field of an antimonopoly policy, about principles of rapprochement of the basic directions of the national legislations regulatory economic activities, about creation of common scientific - technological space, about tariff policy on a railway transport.

These years the defined attention was given military-technical cooperation, organization of activity of a peace-making battalion.

Execution of accepted decisions constantly lay in sight governments and their bodies. In this period the number of participants of regional association has grown also. The republic Tajikistan becomes the full party to an agreement

about creation of uniform economic space. Central Asian Regional Association, functioning on the basis of the Agreement about creation uniform economic space, receives the name “Central Asian Economic Community” (CAEC). Earlier accepted documents of the organizational plan were constantly improved. Besides in this aspect decisions on establishment of the journal “Central Asia: problems of integration” have been accepted about creation of Council of members of parliament though they have remained not realized.

The third stage: a period of recession of intensity of activity CAEC in 1999-2001. In this period Strategy of integration development CAEC on a period till 2005 has been affirmed, the three-year program of prime actions of states, participants on formation of uniform economic space is developed, the decision on formation of Economic forum CAEC is accepted. Besides agreements on parallel work of power supply systems, on cooperation have been accepted in the field of hydrometeorology, quarantine of plants, veterinary science, development of sanatorium, improving and tourist organizations, decisions on the list of prime investment drafts are accepted, etc.

At the same time, in this period of a possibility of development of regional association were used not in full. A plenty of the prepared drafts of the decisions directed on formation of uniform economic space and development of integration processes, but to various “reasons” were not considered by expert groups of the separate states, and it in conditions of action of a principle of the consensus did not allow making the important decisions.

Among problems of a present stage integration the Central Asia within the framework of Organization CAEC the important place occupies creation of the mechanism of their mutually advantageous trade and economic relations. It is obvious, that the states CAEC have objective difficulties and problems in the field of conducting the agreed foreign trade policy. Decision-making depends

on actual readiness of each country CAEC for multipartite cooperation, an estimation of its possible benefits and losses in a developed economic situation. At the same time, some positive shifts scheduled in development of national economies of some countries of region, give the basis to believe, that the low point in mutual trade operations of the majority of countries CAEC already undergone.

Analyzing reforms conducted by states, participants CAEC in the field of external economic policy, in our opinion, it is necessary to take into account the following essential moments:

On a pioneering stage tools of regulation of foreign trade activities in all states had similar character, the way from the rigid control over the state before significant liberalization has been made; an openness of economy and. Liberalization of foreign trade in the greater degree are characteristic for Kazakhstan and Kyrgyzstan, Uzbekistan conducts gradual liberalization of foreign trade activities with significant conservation of elements of state regulation.

In formation of new system of foreign economic relations of states, participants of the VAT by virtue of lines of objective factors the special place occupies trade and economic cooperation within the framework of the CIS and the sub regional organizations created in its frameworks. At the same time in current of the last two years there was a significant reorientation of foreign trade on countries of “distant” foreign countries.

Development of trade and economic cooperation is one of the main tasks of formation of uniform economic space between the states CAEC. Besides for the states of the Central Asia with their narrow home market and remoteness from international transport routes the scale markets of neighboring states with close structure of execution are is strategic important.

With the purposes of development of intraregional trade between countries of region in frameworks CAEC which assignee is OCAC, the whole parcel of multipartite documents has been signed. The Program of economic integration and short-term action programmes of governments on formation of uniform economic space were realized. Besides for today between states - participants a number of bilateral agreements about free trade, about mutual protection of investments, and also about avoidance of double taxation of incomes and asset is concluded. All this creates good preconditions for development of economic complementation in region.

At the same time, discrepancies of sights at a foreign trade policy, including on questions of the fiscal policy, are a serious obstacle of development of mutually advantageous business relations Central Asian the states with the nearest neighbors.

Simultaneously there is a reorientation of foreign economic relations of the states of Community to far abroad. It speaks that that countries of the Central Asia have inherited from the former Union basically agrarian-industrial character of economy. Therefore in conditions of re-structuring of their economy first of all require buying new engineering π technologies that is reflected in documentary structure of import. Proceeding from this, foreign economic relations with countries of far abroad developed with the purpose of engaging from the outside additional financially, financial resources, introduction in economy of world achievements of scientific and technical progress, satisfaction of needs of the population in the diverse high-quality goods, uses of foreign experience in development of sphere of services, creations of additional jobs and ensuring of employment.

Key item of economic policy Central Asian Cooperation there is an assistance of economic stabilization at use of comparative advantages of

national economies and achievement of a possibility of effect in the long term such consolidation on economic processes.

The analysis of the actions undertaken in frameworks OCAC, shows, that for achievement of integration of effort of states, participants OCAC at the given stage are concentrated on the following directions of economic interaction:

- Activization of trade and economic ties;
- Joint and rational use water and power
- Resources: Conducting of the agreed policy of development and use of transport-communication system; Development export-oriented and import-changing executions;
- Cooperation in humanitarian and social spheres;
- Creation of common scientific, technological space;
- Strengthening of regional safety: Cooperation in the field of ecology and prevention natural Distresses. Undoubtedly, successful realization of the above-stated priorities will allow countries CAC to proceed in the long term to more profound forms of interstate cooperation.

It is necessary to take into account, that new pulses and common efforts which repute first of all are necessary for expansion of a spectrum of interstate cooperation of countries of construed region, activization of their trade and economic cooperation:

- Rapprochements of customs and tax legislations in • volume;
- Necessary for efficient functioning a mode free;
- Trade, unifications of customs rules and procedures;
- Perfecting of work of customs houses, ensuring;
- Transparency of their activity, exception outside of customs;
- Receptions of the goods;

- Cancellations discrimination tariff and non-tariff restrictions;
- Access of the goods and services from countries CAEC on the markets of other countries;
- Participants of community;
- Stage-by-stage reduction of exemptions from a mode of free trade;
- Stipulated acting bilateral interstate;
- Agreements;
- Creations and development of an effective system of clearing;
- Payments on trade and other operations;
- Unifications of rules of determination of country of origin of the goods;
- Active use of possibilities of frontier trade;
- Adoptions of the uniform, simplified order of transportation through customs borders of the goods of the national derivation intended for export - import frameworks CAEC.

Thus, economic integration of countries of the Central Asia opens ample opportunities for the decision of a complex economic, social and environmental problem in this part of globe. Such integration is favorable to all states of the Central Asian region and can become the factor of acceleration of socio economic development of these countries.

Having generated the economic block, the states of the Central Asia can participate as equal in rights associates in other economic and trade unions, to influence current of economic and political processes in the world, to act as a guarantor conservation of political stability in Eurasia.

References

- Abalkin, L. 2000. *Economy of Transition Period*.
- Abdullaev, T. n.d. "States of Central Asia: Are Uniform or on Different Party of Barricades." (<http://rnfit.ru/economk/opmions.html>)
- Primbetov, S. 1999. "Central Asian Economic Community: Realities and Prospects," in *State and Prospects of Regional Cooperation in the Central Asia and in the European Union*, pp. 17-23. Berlin/Bishkek.
- Rybalkin, V. E., ed. 1999. *International Economic Relations*. Moscow: Yuniti.

中亞經濟合作與展望

Niyozbadal Mirzoev*

國立塔吉克大學教授兼歷史學院院長

摘 要

目前，是中亞各國走向市場經濟、以及發展國家的關鍵時刻。這些歷程與獨立國協的發展可以說是相提並論，這個區域的各國都有一席之地。由於各國獨立的時間不長，可以看出中亞國家的發展，將會歷經了一段艱苦時期。其實，從其獨立之日開始，中亞各國在政治與經濟方針的形成歷程，即與統合歷程密切相連。

1994 年哈薩克、吉爾吉斯斯坦、烏茲別克斯坦在簽訂統合經濟共同體的約後，便開啓了中亞各國的統合歷程；塔吉克稍後也加入了這個共同體。這個共同體的架構採用了一些具有統合的概念以及鞏固統合的重要文件。從策略的觀點上，他們實行了以這些國家的地理政治和地緣政治利益及經濟構想為訴求的進步路線。利用國家經濟的優勢和以國家經濟歷程為觀點的影響力潛在價值之實現，中亞經濟政治共同體的一個關鍵時刻促進了經濟的穩定。中亞國家的統合歷程分析顯示：在這個發展階段，他們貫注於以下的經濟互動方向：貿易與經濟關係的活絡；水和能源的共同與理性使用；認識已議定的發展政策，以及運輸和通訊系統的使用；人道主義和社會層面的合作；建立統合的科技領域；鞏固和加強地區安全性與保全；以及生態領域和防範天災的合作。充分認識這些重點，可保障中亞國家顯著的經濟成長，以及國與國之間合作的發展。

關鍵字：中亞共和國、中亞經濟政治共同體（CAEC）

* 國立塔吉克大學歷史學全博士、塔吉克科學院院士。