

PROCESS MODEL FOR ECONOMIC INTEGRATION

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ABSTRACT

The article is devoted to the review of Eurasian integration processes, to the development of transport export-import relations of the Russian Federation, the position of the national transport system in the global transport communications system in the context of the country's participation in international economic associations. The need

to find prospects for development of the transport sector is actualized in view of new realities created after the establishment of the Customs Union and Eurasian Economic Union. A model of strengthening transport and transit potential through improvement of customs and transport and logistics management of the transport system is offered.

Keywords: economic integration, EEU, SCO, BRICS, transport infrastructure, international transport corridors, transport and logistical support, process model.

Background. A clear illustration of integration and globalization processes of the world economy can be found in cooperation of countries in the development of transport links and the formation of international transport corridors (ITC) [1]. Integration of national transport systems as the main instrument to implement ITC's transit potential is reflected in a number of associations formed in the post-Soviet space. Modern stage of deep integration is the transition from a model of international cooperation, coordination and harmonization of transport policy priorities towards the model, which provides a common transport policy, harmonized and unified transport legislation.

Objective. The objective of the author is to review existing integration processes and to consider process model for specific conditions of economic integration.

Methods. The author uses general scientific methods, comparative analysis, economic evaluation, statistics.

Results.

Integration formats

Transport macrosystem as a traditional strategic priority of geopolitical, economic and social development of any country is a major component of production and social infrastructure. Ensuring its sustainable and effective functioning is a necessary condition for successful existence of national economy, national security and growing standards of living in each country.

Currently, Russia is involved in the majority of regional integration structures, and in some of them the country can be considered as acting as a unifying force. The main focus is on greater interaction with organizations focused on the development of cooperation in the Asia-Pacific region, as well as in countries-neighbors of Russia. Accordingly, the priority of foreign economic activity of the state is increasing involvement in international organizations such as the Customs Union, the Eurasian Economic Union, the Organization of the Collective Security Treaty Organization, the Shanghai Cooperation Organization (SCO) and BRICS.

What is Russia's role in these international associations? What is the role of its transport system in the global transport communications system?

In modern world, attempts to build a common framework for economic integration have been made many times. However not all the efforts taken to achieve unification of natural, technological, intellectual, labor and other resources, the sharing of transport communications, as well as consolidation of commodity markets were a success.

If we take the post-Soviet space, the first promising steps towards global integration in economic and humanitarian fields were made in 2000, when the Eurasian Economic Community (EurAsEC) appeared, which existed until 2014. Its main objective was consistent advancement of the integration process within labor markets and in the sphere of international trade cooperation.

Five countries were full members of EurAsEC, they are Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan.

Simultaneously with the organization of the EurAsEC in order to ensure that the smooth movement of goods, services and investments within the Community takes faster pace, a single transport space and common market of transport services were declared as objective, assuming development of transport infrastructure of participating states and creation of a logistics centers system.

The integration process continued in the summer of 2010, when on the territory of Russia, Belarus and Kazakhstan came into force uniform Customs Code, which effectively meant the launch of the Customs Union (see. Pic. 1), following the agreement on the Customs Union signed in 1995 and the Treaty signed in 1999.

Customs Union is a form of trade and economic integration, which provides a single customs territory, within which customs duties and restrictions of economic nature, with the exception for special protective, antidumping and countervailing measures shall not apply in bilateral trade in goods. Customs control was transferred to the external contour of the borders, common customs tariffs and other regulatory measures were applied in trade with third countries.

Another interstate integration association, the Common Economic Space (CES), has a task to regulate foreign economic relations within the association and to implement collective protectionism out of its borders. That is the main thing for the CES was to ensure coordination of economic policies of participating countries with regard to macroeconomic and financial sector, transport, energy, trade, industrial and agricultural complexes.

The ultimate aim of these integration forms has been, as it seems, transformation, on a new basis, of interstate and sectoral economic ties that had traditional roots in the post-Soviet space. From this point of view emergence in 2014 of the Eurasian Economic Union (EEU) is quite logical, providing for creation in a relatively near future on territory of member countries of single currency and banking system, as well as of common tariffs and technical regulations. According to official data, EEU will account for not less than one-fifth of the world's gas reserves and almost 15% of oil.



Pic. 1. The Customs Union and the Common Economic Space in the geographic space.

Creation of EEU (Russia, Kazakhstan, Belarus, Armenia, Kyrgyzstan) [the Treaty on the EEC was signed on May, 29, 2014 followed by the treaties on accession to the organization of the Republic of Armenia and Kyrgyz Republic signed respectively on 10.10.2014 and on 23.12.2014. – ed. note] provides for a sustainable development of the Union as well as for dynamism of its integration strategy, the ability to adapt to constantly changing economic, social and geopolitical conditions [2]. The geographical position allows it to create transport, logistic routes of regional and global importance, to concentrate large-scale trade flows in Europe and Asia, making the allied economy competitive.

Within the framework of EEU it seems natural to use the experience of integration of transport systems gained in CIS countries in the field of railway transport, to proceed with conclusion of multilateral agreements on air traffic, international road transport, navigation on inland waterways, to develop practices of harmonization and implementation of international instruments [3].

Integration associations with the participation of the CIS countries are also the Union State of Russia and Belarus and the Organization of the Collective Security Treaty Organization (CSTO), created by several States of Eurasia as far back as May 1992.

It should be noted that the integration of Russia and Belarus into a single union state seems to be very slow because of existing contradictions between two countries in the economic sphere, or rather regarding economic policy. A main purpose of the CSTO is to ensure military presence of united forces in Central Asia, coordination of efforts in the fight against international terrorism and extremism, trafficking of drugs and psychotropic substances.

We should mention the Shanghai Cooperation Organization (SCO) which becomes leading and increasingly influential regional international force. The establishment of the SCO was announced June 15, 2001 in Shanghai by the leaders of six countries – China, Russia, Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan (Pic. 2.). In 2015 India and Pakistan entered the process of becoming full members of the organization.

According to official data, the total area of the SCO member states is now more than 34 mln km², i. e. approximately 60% of the Eurasian area. Population is more than 3bn people, or nearly 43% of all population of the globe. Besides, four countries – Afghanistan, India, Iran, Mongolia have in the Shanghai Organization observer status, while six – Armenia, Azerbaijan, Cambodia, Nepal, Turkey and Sri Lanka – have status of dialogue partners.

A course is declared to expand economic partnership within the SCO in terms of interaction of state and business structures on the efficient use of hydrocarbons, development of transport and transit

potential, including for energy carriers, development of alternative energy sources, creation of projects for expansion of infrastructure, training, provision of health care.

A significant role in shaping the overall transport system of the SCO countries is assigned to integration of Trans-Siberian and Baikal-Amur main lines, the use of their transit potential, coordinated development of highways. The most promising joint projects provide for construction of highways Volgograd–Astrakhan–Atyrau–Beyneu–Kungrad and Aktau–Beyneu–Kungrad as part of E-40, development of an international transport route Europe–Western China in terms of public-private partnership, cooperation in the field of transit of Central Asian and Russian gas, the supply of gas to China. The implementation of those and similar huge projects will make dramatic changes in the global economy, especially in its transport infrastructure.

In September 2006 informal group of states BRICS was created following an initiative of the President of Russia. Its objectives and principles of interaction are entirely new. BRICS began its activities in the quadripartite format, followed by a five-sided cooperation of Brazil, Russia, India, China and South Africa – BRICS (Pic. 3).

First of all we are talking about the interest of the countries in the coordination of interaction in the formation of a multipolar world and strengthening cooperation in the energy sector with participation of producers, consumers and transit countries of energy resources. Geopolitical project of BRICS is enhanced by the task of creation of transport corridors from the Indian Ocean region through Central Asia to Europe.

Model of potential enhancement

It should be noted that Russia has a great potential in terms of integration opportunities and can be not just a bridge between Europe and the Asia-Pacific region, but also an alternative to traditional transport schemes, a multipolar geopolitical transport center of the Eurasian continent.

Development of the real economy, combining a variety of cross-industry complexes and industries producing tangible and intangible goods, invariably and constantly remains the most important aspect of international integration of countries and a factor of its success [4, 5]. Progressive changes in the sectoral structure of the economy are provided for by reducing the proportion and scale of energy and material-intensive industries, replacement of inefficient production with new, based on high technologies and innovative materials.

Transport as a sector of production of goods, which deals with displacement of cargo and passengers, is a set of means of communications, enterprises and vehicles. In the global passenger traffic a leading place belongs to road transport, regarding cargo turnover that role belongs to sea

Pic. 2. SCO at the moment of creation (2001).



transport. Regional transport systems are common to all major countries, integration associations and clusters [6]. Passenger and freight traffic is concentrated at best destination points within global transport networks in various countries. International transport communications provide foreign trade, domestic, inbound and outbound tourism. Moreover, their system includes export and transit main pipelines.

In a world there are more than 80 ITC, by which the main part of transportation activity is carried out. Strengthening transport and transit potential and positions on international markets is a priority geopolitical and geoeconomic challenge for Russia as well as for any other state [7]. The internal cohesion of transport infrastructure of the country and its integration into the global transport system today is largely dependent on the dynamics of development of regional transport corridors in Western Siberia, the Far East and Trans-Baikal region [8]. Conducting foreign policy aimed at integration into the world economy should be done with account of the real state and prospects of railways and roads of the eastward direction, development of international transit transportation of passengers and goods from Europe to Southeast Asia, consistent with trends of previously shown integration process with the participation of Russia.

The current situation makes it necessary to develop strategic competitiveness of the national transport infrastructure in the area of international transit, strengthening transport and transit potential of the country [9]. Pic. 4 shows a model of the process of strengthening transport and transit potential due to improvement of customs and transport and logistics management of a transport system.

The proposed model is designed for its flexible use, it does not involve hard and more consistent (alternate) performance of designated actions. Each provided measure is implemented in accordance with the degree of actual demand on terms, availability of finance, availability of regions for the integration of efforts. In the future, ways to eliminate non-physical

and physical problems of system conditions that prevent the implementation of transport and transit potential of Russia in international integration associations will be worked out in more details, so that regardless of prevailing market conditions it is necessary to work as proactively as possible. It means to go to a qualitatively new level of technical, technological and economic support for transport cooperation.

International integration associations are designed to solve for participating countries a number of common tasks through consolidation of efforts within mutually beneficial directions of cooperation. But implementation of such projects is impossible without formation of transport cooperation, which clearly recognizes geopolitical value of taken steps and promotes clear understanding of the responsibility for decisions made.

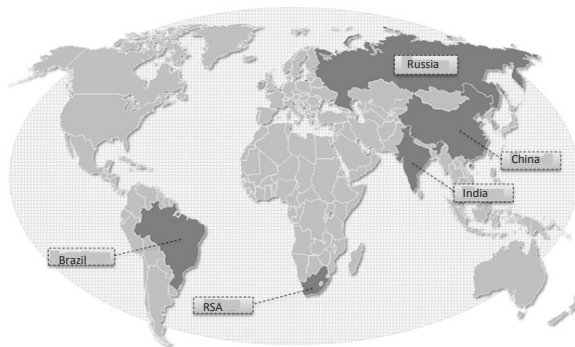
Conclusions. Russian foreign policy relies on multilateral and multifaceted constructive cooperation with its allies, strengthening the existing economic partner base at the same time in all areas.

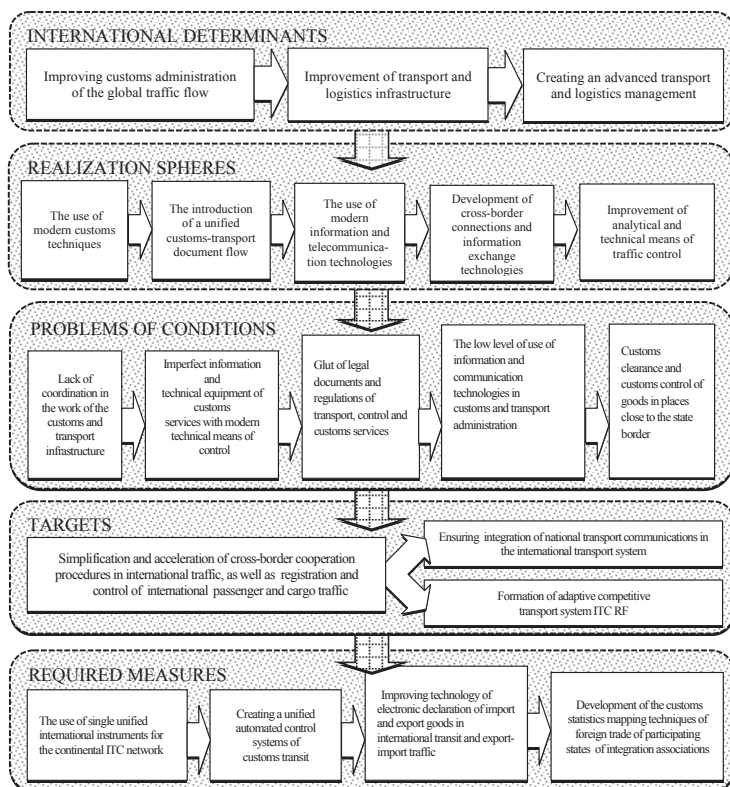
Obviously, it is easier to solve problems together. Therefore, in the development of international transport corridors and modernization of transport infrastructure it is advisable to conduct a coordinated investment policy that meets mutual interests of all participating countries.

Process model, which is offered in this article, is intended to be just a means of improving Russian position in integration space of Eurasia that enlarges its capacity and scale. The whole transport system of the country, as well as its transit potential can become much more effective in an integrated approach to organization of management (administration) in the field of customs, transport and logistic support of international transcontinental transportation.

Disadvantages here are known for a long time, and, therefore, ascertaining their presence does not fix anything. A model of action is required, no matter what the name will be assigned to it and no matter what decision-making significance will be given to it.

Pic. 3. BRICS in geographic space.





Pic. 4. Model of strengthening transport and transit potential through improvement of customs and transport and logistics management of the transport system.

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