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The analysis of the economic effects of Kazakhstan's participation in the Customs Union

Abstract. Kazakhstan's accession to the Customs Union is a potential opportunity to improve the efficiency of foreign trade and at the same time creates the need to study and improve the mechanism of participation and the prospects for trade policy in the new environment.

Keywords: integration; Custom Union; trade; economic policy.

Currently, Customs Union – is recognized by the world community, an international organization with a clearly-defined and specific goals, objectives and a clear structure, which provide real integration of the economies of the countries – participants of this community. A major achievement of the Union today is to create a real free trade, promoting the growth of the real volume of trade countries – participants of community.

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 [1].

The analytical and statistical publications included a range of indicators of regional trade. However, the question remains as to what extent they reflect the impact of integration on trade and its effects: trade creation and trade deflection. The measurement of regional trade integration can not be limited by individual indicators for comprehensive and complex study required metrics. It should be borne in mind that increased regional cooperation is not the goal of participating countries. Integration measures taken for the socio-economic development, progressive structural changes in the economy, the creation of preconditions for the effective management and wealth creation.

The collapse of the Soviet Union led to the

integration of countries with similar path of economic transformation (Russia, Kazakhstan) in the direction of the market economy, about the same level of development of productive forces, the close technical and consumer standards, the same level of development. Thus, Belarus, Kazakhstan and Russia – countries with economies in transition, in which a relatively high level of economic interdependence and complementarity of national economies, the preservation of which in relation to the community of their historical evolution, the functioning of the combined networks of transport, communications and power lines will facilitate integration. Although there are objective reasons to believe that the features of the structures of the national economies of the participating countries of the EurAsEC CU-3, and thus reduced the level of trade and economic cooperation between the countries will hamper integration. Thus, Russia and Kazakhstan are the major exporters of raw materials and at the same time producing a vast range of commodity, in particular Russia, Belarus specialized in the production of finished products mainly from imported raw materials. Despite the fact that Russia and Kazakhstan are largely economies with raw materials, prominent competitors, industrial economics Belarus smooths this lack of integration.

A World Bank study based on the fact that after the establishment of the Customs Union will rise in price of consumer goods of third countries, especially in Kazakhstan, where he conducted a more liberal trade policy, as well as in the study used a normative assumption that free trade in a developing country, foreign investors will start to introduce

new technology. Consumer goods in Kazakhstan really went up, but not just because of higher tariff rates. There are many factors that affect the price of goods. Prices of many commodities in Kazakhstan, especially agricultural, jumped from greater exports to Russia, where the prices were much higher.

With the new technology is not so simple, the example of Kyrgyzstan and Ukraine joined the WTO on the most liberal terms, does not confirm the optimism of researchers of the World Bank about the possible benefits of international integration of choice to the detriment of regional [1].

Most authors reasons for the establishment of the Customs Union of Russia, Belarus and Kazakhstan, described the project as part of Russia's policy to increase the influence of the former Soviet Union through economic integration. Known in the west wing of the liberal Russian analyst Dmitri Trenin recalls the post-Soviet countries are the vital area (preferred) the interests of Moscow. The Customs Union is nothing but a continuation of Moscow's foreign policy to increase the arsenal of «soft power» to promote their interests in the former Soviet Union [2].

Russia from a vehicle can make a profit of around \$ 400 billion, while Belarus and Kazakhstan – \$ 16 billion by 2015. According to experts, the TA will help to stimulate economic development and can provide up to an additional 15% of GDP of the participating countries in 2015. But we can already draw some preliminary conclusions and assess the situation. Results of the first two years of life in general economic boundaries showed that the greatest benefit from participation in the Customs Union of Belarus received. Over the years 2009 2011 Belarusian exports to Russia increased by 20%, Kazakhstan – 15%. [2] In 2011, trade among member countries of the EurAsEC CU-3 increased by 18.3% compared to 2008, reaching 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%.

However, with the obvious economic domination of Russia in the vehicle (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. The mutual trade of the EurAsEC member-CU-3 is low. In the CU observed imbalance of trade and economic cooperation: low intensity of cooperation between Belarus and Kazakhstan. Belarus successfully exports to Kazakhstan goods of own production: meat, tractors, glass, sugar, and more.

Kazakhstan, in turn supplies to Belarus oil, gas, ferrous and non-ferrous metals, cotton and wool. Only for the first two months of 2012, the trade turnover between the two countries amounted to about \$ 145 million. Last year during the same period, the volume of trade did not exceed 90 million.

Over 20 years of independence, the government of Kazakhstan has not created the conditions for the production. Take on different programs, but real support production was very small. Almost all of the small and medium business in Kazakhstan engaged in trade and services, manufacturers accounted for only 2%.

For the most part a legacy of the USSR. In general, the economy of Central Asia, Kazakhstan and other suburbs were suppliers of raw materials from Russia, Ukraine and Belarus, which were the main producers of various commodities.

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» [3].

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.

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In 2011, the structure of bilateral trade between the countries – participants of the CU most of the occupied mineral products, machinery, equipment, vehicles, metals and their products, food and agricultural products, chemical products, reaching 91.2%. Thus, the mutual trade is dominated by primary products CU sector and metals (Figure 2).

Table 1 – Mutual trade CU EurAsEC-3

Year	Indicator	EurAsEC-3		Belarus		Kazakhstan		Russia	
		Billion, \$	%	Billion, \$	%	Billion, \$	%	Billion, \$	%
2008	Internal trade turnover	108,8944	100	34,596	31,8	20,561	18,88	53,737	49,35
	Internal export	54,122	100	10,917	20,2	6,399	11,82	36,806	68,01
	Internal import	54,7724	100	23,679	43,2	14,162	25,86	16,931	30,91
2009	Internal trade turnover	72,9851	100	23,819	32,6	12,865	17,63	36,262	49,68
	Internal export	36,4926	100	7,027	19,3	3,602	9,87	25,864	70,87
	Internal import	36,4925	100	16,792	46	9,264	25,39	10,399	28,5
2010	Internal trade turnover	93,3778	100	29,077	31,1	18,899	20,24	46,402	49,69
	Internal export	47,134	100	10,418	22,1	5,999	12,73	30,717	65,17
	Internal import	46,2438	100	18,659	40,3	12,9	27,9	15,685	33,92
2011	Internal trade turnover	124,5368	100	39,925	32,1	23,055	18,51	61,557	49,43
	Internal export	62,273	100	14,317	23	7,341	11,79	40,615	65,22
	Internal import	62,2638	100	25,608	41,1	15,714	25,24	20,942	33,63

It is known that due to the increased risk of food shortages in this fast-changing world Kazakhstan strengthens protection for farmers. So, some time ago, food security was related to the level of national security. And yet, if you do not use all the mechanisms, a threat to national security will remain relevant.

The only obstacle for Kazakhstan's accession to the WTO is agriculture. While preparations for accession to the WTO started long ago, today few mechanisms and pathways that can develop this industry. Specialists note that agriculture is still weak. The Customs Union is perceived here as preparations for accession to the WTO. However, the joint actions of Kazakhstan in the framework of the Customs Union with Russia and Belarus reveals a number of serious shortcomings. Namely, agriculture of Kazakhstan requires support and uplift to the next level. Agriculture in Kazakhstan still needs the support and assistance of the state. In the framework of the Customs Union, the level of the agricultural sector of Russia and Belarus and its state support is much higher than in Kazakhstan.

For example, if the Belarusian government support of 18 percent of the cost of products produced in the agricultural sector, in Russia – 8 percent, in Kazakhstan this figure somehow reaches 4 percent.

In recent years, the countries of the Customs Union agreed that aid the agricultural sector of the state can be raised to 10 percent (10 percent of total production in the sector of production). However, in 2012 Kazakhstan funds allocated to agricultural support amounted to only 3.5 percent. These facts speak volumes.

Natural and climatic conditions of Kazakhstan can not be compared to the climatic conditions in Russia and Belarus, where there is drought, rainfall is sufficient. As a result of this – going from each hectare of 50-60 quintals of harvest. In Kazakhstan, moisture insufficient drought yield does not exceed 10-15 quintals. Under such conditions, government support is sometimes insufficient. Support for individual farms and Russia and Belarus secured by national law. And in Kazakhstan, such individual farms, which produce about 80 percent of all agricultural products, do not receive any support from the state. Poor condition and in a traditional Kazakh sector – livestock. And this area does not receive assistance from the state. Receive support only large farms. No one today speaks of a single agro-industrial policy – it is a consistent direction.

Development and implementation of the main directions of coherent agricultural policy of the CU and the Common Economic Space – this is one of the tasks of the Eurasian Economic Commission. Conduct a coordinated agricultural policy of the CU EurAsEC-3 will expand the production of agricultural products and food, increase sustainability of agro-industrial complexes of the States Parties CU EurAsEC-3 and their effectiveness. Also, it will guarantee the agricultural and food consumers at affordable prices and allocate resources in the markets of the Common Economic Space.

Kazakhstan ahead of Russia on the five components of the index of global competitiveness, and in terms of characterizing the complexity of the business, they are equal and are in the bottom half of the rating table. Most vulnerable republic level of international trade, as small and medium businesses actually have nothing to go to export markets. In the Customs Union and the development of a successful exit opened new markets will depend not only on the political will of the defendants, but also on a whole range of socio-economic factors. The priorities of economic integration, each country has its own look, and each of them is taking certain measures, according to their own needs and capabilities [4].

One of the instruments of this policy is the development and implementation of international programs and projects in the field of infrastructure development agro-food markets, rural development, research in the field of genetic engineering and breeding, and energy-efficient solutions and new forms of organization of production [5].

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