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ABOUT THE FORMATION OF COMPETITIVE ADVANTAGES OF THE EAEU MEMBER STATES

Abstract

This article reveals the issues of the formation of competitive advantages of the EAEU member states. The authors focus on the development of economic policies aimed at realizing the benefits of participation in the creation of global value chains. Proponents of greater openness of the national economy indicate that the effect of global value chains for the countries of the Eurasian Economic Union can be obtained by ensuring freedom to attract foreign investment from developed countries, as well as the purchase of technology from them. Opportunities for developing production chains within the Eurasian Economic Union, while maintaining priorities in the field of economic integration, are associated with the synchronization of the functioning of the tax systems, macroeconomic and trade policies of the EAEU countries while implementing a policy of gradually reducing non-tariff restrictions between the participating countries. The competitiveness of the national economy is the ability and availability of the potential to implement national priorities and interests that meet the task of progressive development of society as a whole. The authors suggest that the implementation of certain measures will contribute to the formation of value chains in the Eurasian economic Union in the process of developing regional integration. Thus, the member states of the Eurasian Economic Union will be able to synchronously regulate the investment and business climate in countries, using the entire arsenal of economic and non-economic tools to create reproduction chains within the country, creating conditions for the attractiveness of foreign contractors' participation in them.

Key words: integration, modernization of economy, innovative development, regional development, competitive advantages, national priorities, investment climate.

Currently, it is becoming increasingly important for the member States of the Eurasian economic Union to develop economic policies aimed at realizing the benefits of participating in the creation of global value chains (GVC). The organization for economic cooperation and development in the 2013 and 2015 reports “Interconnected Economies: benefiting from global value chains” (Synthesis Report) – OECD 2013, 2015 noted the benefits and risks of participating in the creation of global value chains for developed and developing countries.

Global value chains in the global economy are based on the movement of foreign direct investment and the activities of multinational corporations (MNCs) and transnational corporations (TNCs) as the main subjects of the world economy in the current configuration.

All transnational and multinational corporations in national economies usually operate directly, keeping their technological and commercial secrets. 82% of them implement their own technical

standards, 23% of all multinational corporations operate using international codes and technical standards adopted in the country of deployment, and only 5% operate under licenses and 13% – on the basis of joint ventures that recognize the current standards and technical conditions of the country [1]. In addition to our critical attitude to the overly positive impact of foreign direct investment on the sustainability of development, we want to provide data on country specialization, which is actually assigned to a country by attracted foreign direct investment, if its establishment is not able to ensure the implementation of national economic interests.

Table 1 – Export structure of technologically sophisticated products for some countries

Country	Raw material component (%)	Low technological production (%)	The average technological complexity of production (%)	Complex technological production (%)	Service based on innovation and scientific knowledge
Brazil	60	5	15	5	10
China	10	25	20	30	5
Costa Rica	20	5	5	35	15
India	35	15	10	5	25
Kingdom of Lesotho	30	60	0	5	0
Malaysia	30	10	15	30	5
Russian Federation	75	5	10	0	5
Singapore	20	5	15	35	15
South Africa	55	5	25	0	5
Note – Based on [2].					

The specialization of the three BRICS countries (Brazil, South Africa and Russia) is the raw material component, and in Russia it is equal to 75%, and the level of high – tech production, as in South Africa, is equal to –0%.

From our point of view, foreign investment will be able to perform the role of increasing the country’s innovative level of development, ensuring the task of modernization and renovation of the real sector and increasing the share of the technological component in the global value chain, i.e., be a factor in improving national competitiveness, when the country has the potential to formulate and implement national interests, regulate foreign direct investment, subordinating them to its target tasks.

Currently, proponents of greater openness of the national economy (i.e. above the maximum allowed within the national interests of 21–25% of gross domestic product) point out that the effect of global value chains for the countries of the Eurasian economic union can be obtained by ensuring the freedom to attract foreign investment from developed countries, as well as buying technologies from them.

Thus, I.A. Manuilov and O.V. Birkova conduct a study on the development of production chains in regional trade exclusively in the conditions of openness of the integration group to the international market and foreign direct investment, investment in the creation and development of transport systems and consistent liberalization of tariff and customs restrictions [3]. At the same time, the authors reveal the relationship between trade policy and countries’ participation in global value chains. From our point of view, they pay less attention to the importance of the national interests of each country of the integration Association.

Researchers from the South African Institute of international affairs point out that the use of the potential of mainly resource or cheap labor of developing countries in the formation of global value chains by major transnational corporations is a further slide into the actual technological backwardness of national States, which entails a gradual loss of state sovereignty and increased corruption influence on the activities of governments, since transnational corporations use lobbying tools quite effectively [4].

Opportunities for developing production chains within the Eurasian economic union, while maintaining priorities in the field of economic integration, are associated with the synchronization of the functioning of the tax systems, macroeconomic and trade policies of the EAEU countries while implementing a policy of gradually reducing non-tariff restrictions between the participating countries.

The active development of intra-regional production links requires a technological division of labor at the main stages of product creation, which, in turn, reduces the product specialization in mutual trade, which must regulate the registration and control of imports to a single customs territory.

Postindustrialism in the world economy due to the removal of the real sector to developing economies without ensuring environmental modernization (the recipients were China, India, Brazil, Indonesia, Malaysia, etc.), the transformation of their national farms “into machine factories” with a dirty environmental environment also led to the fact that these economies have become monospecialized for the interests of post-industrial farms, primarily the United States. This precluded their almost sustainable diversification, and the measures taken to improve the structure of the national economy were carried out exclusively in coordination with highly developed countries. At the same time, the theory of formation of international competitive advantages. The role of the state itself (as an institution) in regulating the economy, ensuring national interests and achieving a balance between the interests of society and corporations, social stability and conditions for sustainable development.

Thus, the emphasis on involving the country’s economy in the development of global value chains implies a consistent reduction of state sovereignty in favor of multilateral and supranational governance, and the dominance of the interests of so-called global development over the interests of nations and peoples of individual countries.

Therefore, the expectation of the possibility of diversification of the economies of the countries of the Eurasian economic Union in the conditions of already established global value chains corresponding to the implementation of national economic interests does not correspond to the realities of the time.

According to western experts, global value chains are often considered a distinctive feature of the current wave of globalization. they determine the interaction in terms of influencing the development of appropriate economic policy. According to the Organization for economic cooperation and development, global value chains are particularly relevant for developing countries, where the business environment is usually less competitive, where there are political problems accompanied by an attempt by states to regulate their economies, limiting access to public resources to large international corporations and companies that have already won their place [5].

The organization for economic cooperation and development recommends that developing countries use global value chains as the most effective way to integrate into the world economy, which will improve social and economic consequences [5].

The division of tasks for the actual production of goods and services and business functions is what characterizes the value chain, and opens up opportunities for developing countries to participate in global markets without having their own competitive products, without having the basis for their development or the formation of the value chain completely. At the same time, countries gain the opportunity to acquire new knowledge and technologies by learning to interact with other actors in the value chain through an integrated production process.

Analysis by the Organization for economic cooperation and development shows that many developing countries are increasingly integrated into global value chains. The organization for economic cooperation and development determines that foreign trade and foreign direct investment, complementing political reforms in countries, along with improved logistics and customs activities in the protection of intellectual property, the emergence of new institutions and infrastructure development are factors that are identified as playing an active role in interaction within global value chains. China’s integration into global value chains has provided industrialization in the country, increasing its share in the world’s gross national product [5]. At the same time, we forget the fact that production facilities from France, the United States, Germany, the Netherlands, and other developed countries were actually brought to China. Experts of the Organization for economic cooperation and

development also insist that participation in global value chains is a factor of modernization of the national economy, implemented in the form of:

- ◆ getting the company's knowledge for efficiency in the production of a certain type of product;
- ◆ participation in the production of more complex products with its competitive product or service;
- ◆ acquisition by the company / firm of new functions in this chain;
- ◆ transition of companies to different phases of the value chain formation.

The main parameters for the participation of business entities in global value chains are determined by the following factors [5]:

- ◆ market size: the larger the size of the domestic market, the less the country's interest and participation in global value chains; if the domestic market is characterized by high diversification, fair competition, and exporters or manufacturers are able to use a wider range of domestic intermediates for inclusion in global value chains;

- ◆ the level of development: the higher the per capita income, the more developed is foreign trade activity, the more progressive structure of exports and imports is focused on components and raw materials. It is common for developed countries to receive raw materials and components from abroad, and to export intermediate products of a high degree of readiness or finished products;

- ◆ sectoral structure: the higher the share of the manufacturing sector in the formation of gross national product, the more probable the introduction of global value chains into the country, and the less likely it becomes dependence on imports, and, consequently, dependence on interaction with developed countries;

- ◆ location in global value chains: the activities of multinational corporations or transnational corporations within global value chains are organized around major industrial centers-producers and consumers-that are defined in the modern world economy – Europe, North America and Asia. The greater the distance to major manufacturing centers in Europe, North America and Asia, the lower the level of participation in global value chains. The Eurasian economic Union is defined separately as a market with the highest raw material potential, but low demand for industrial and high-tech developments for implementation on its territory.

The possibility of increasing the share of economic entities of the Eurasian economic Union countries in the process of forming global value chains exists, but the place and role of the EAEU economies in already established chains, implemented, as a rule, under the auspices of transnational corporations or multinational corporations, will always be determined exclusively in the resource segment or based on the low cost of labor resources in the logistics chain [6].

The competitiveness of the national economy is the ability and availability of the potential to implement national priorities and interests that meet the task of progressive development of the nation/society as a whole. The requirement for the state is the implementation of actions aimed at creating favorable conditions for business activity, guaranteeing investment, property rights and economic freedom while ensuring norms, rules and discipline by all participants in the reproduction process, achieving transparency and agreements with business entities to increase social responsibility to society.

Competitiveness of economic entities is a consistent activity aimed at increasing labor productivity, using the advantages of international economic cooperation to improve economic efficiency. At the same time, the vector of interests of the business sector should coincide with the economic interests of the country, formulated in the strategy of socio – economic and industrial policy.

It is also characteristic that all recommendations for using vertical integration (in the form of global value chains) are focused on low wages in the real sector of the countries of the Eurasian economic union as a competitive advantage and a continuation of the policy of technological dependence.

The Eurasian economic Commission has a number of functions that can improve competitiveness and simplify business procedures at the interstate level. In order to improve the internal, regional and global competitiveness of national economies and promote economic integration, ensure continuous monitoring and provision of information to the relevant ministries and agencies of the member states of the Eurasian economic union.

From our point of view, the Eurasian economic Commission needs to:

- ♦ develop effective approaches and develop activities through information exchange to support efforts to create a competitive environment that promotes enterprise creation, trade and investment between Parties, and economic integration;
- ♦ identify points of mutual growth and, using an Arsenal of trade and investment measures, implement these opportunities;
- ♦ provide advice and recommendations on the possibility of further improving the competitiveness of the economies of the Parties, including recommendations aimed at increasing the participation of international specialization and production cooperation in regional value chains formed as a result of “horizontal cooperation»;
- ♦ identify ways to promote the development and strengthening of horizontal cooperation chains that are being formed, using international experience, as well as conduct activities to improve the effectiveness of international specialization and international cooperation, providing legal advice to participants in the process.

The authors believe that it is necessary to promote the formation of value chains in the Eurasian economic Union in the process of regional integration development by implementing the following measures.

1. Based on the annual publication of information on the calculation of actual production costs in comparable units calculated in national currencies on the date agreed by the parties. This is aimed at promoting the development and strengthening the integration of the real sector and trade while reducing the cost of doing business.

2. Research of best international practices and experience related to the development and strengthening of value chains for regional integration of countries participating in international specialization and international cooperation.

3. By submitting an annual report to the participating countries containing conclusions and recommendations on changing the legal framework, optimizing the practice of developing international specialization and international cooperation, which are aimed at promoting real producers and strengthening trade relations on the basis of a single trading platform of the member states of the Eurasian economic union.

To develop cooperation in the form of horizontal interaction (against vertical cooperation in the form of global value chains through transnational corporations and multinational corporations), it is necessary to ensure the reindustrialization of the national economies of the EAEU countries on the basis of transition to an innovative development path using the following mechanisms:

- ♦ optimizing the participation of economic entities in global value chains, which can be achieved by developing a real industrial and production base within the country based on innovations of the fifth and sixth technological modes.
- ♦ implementation of national economic interests, based on achieving a high degree of manageability of the national economy, on the possibility of concentrating forces and funds on the implementation of priority areas and development programs, on the coincidence of vectors of interests of business and the state.

The authors believe that in the progressive development of the real sector, a priority role belongs: firstly, to investment potential, focused on the realization of national interests. Secondly, the management of migration processes, the provision of training and retraining of national personnel capable of realizing national priorities. Thirdly, the socialization of the national economy in order to reduce the disproportionality of income distribution, stimulate domestic consumption and develop the domestic market while increasing the share of national goods and services within the thresholds of national economic security, ensuring the integrity of the country's economic territory by stimulating domestic trade. And finally, the optimization of state regulation, including based on the program-target method, planning, without identifying it with team administration.

Thus, the member States of the Eurasian economic union synchronously regulate the investment and business climate in countries, using the entire Arsenal of economic and non-economic tools to create reproduction chains within the country, creating conditions for the attractiveness of foreign

contractors' participation in them (not necessarily in the form of foreign direct investment). In other words, the optimization of the role of global value chains or horizontal cooperation can be realized by moving them as the entire reproduction chain on the territory of the countries of the Eurasian economic union, where the main subjects of transfer are national economic entities.

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Аңдатпа

Бұл мақалада ЕАЭО-ға мүше-мемлекеттердің бәсекелестік артықшылықтарын қалыптастыру мәселелері қарастырылады. Авторлар ғаламдық құн тізбегін құруға қатысудан артықшылықтарды іске асыруға бағытталған экономикалық саясатты әзірлеуге баса назар аударады. Ұлттық экономиканың үлкен ашықтығын жақтаушылар Еуразиялық экономикалық одақ елдері үшін құнның жаһандық тізбектерінен әсері дамыған елдерден шетелдік инвестицияларды тарту, сондай-ақ олардан технологияларды сатып алу еркіндігін қамтамасыз ету кезінде алынуы мүмкін екендігін көрсетеді. Еуразиялық экономикалық одақ ішіндегі өндірістік тізбектерді дамыту мүмкіндіктері, бұл ретте экономикалық интеграция саласындағы басымдықтарды сақтай отырып, қатысушы елдер арасындағы тарифтік емес шектеулерді біртіндеп төмендету саясатын жүргізу кезінде ЕАЭО елдерінің салық жүйелерінің, макроэкономикалық және сауда саясатының жұмыс істеуін үйлестірумен байланысты. Ұлттық шаруашылықтың бәсекеге қабілеттілігі – бұл тұтастай алғанда социумның үдемелі даму міндеттеріне жауап беретін ұлттық басымдықтар мен мүдделерді іске асыру қабілеті мен әлеуетінің болуы. Авторлар белгілі бір іс-шараларды жүзеге асыру өңірлік интеграцияны дамыту процесінде Еуразиялық экономикалық одақта құнды құру тізбегін қалыптастыруға ықпал ететінін ұсынады. Осылайша, Еуразиялық экономикалық одаққа мүше мемлекеттер шетелдік контрагенттердің қатысу тартымдылығының шарттарын қалыптастыра отырып, ел ішінде жаңғырту тізбегін құру үшін экономикалық және экономикалық емес құралдардың барлық арсеналын пайдалана отырып, елдердегі инвестициялық-кәсіпкерлік ахуалды реттеуді үйлестіре алады.

Тірек сөздер: интеграция, экономиканы жаңғырту, инновациялық даму, аймақтық даму, бәсекелестік артықшылықтар, ұлттық басымдықтар, инвестициялық ахуал.

Аннотация

В статье рассматриваются вопросы формирования конкурентных преимуществ государств-членов ЕАЭС. Авторы акцентируют внимание на выработке экономической политики, направленной на реализацию преимуществ от участия в создании глобальных цепочек стоимости. Сторонники большей открытости национальной экономики указывают, что эффект от глобальных цепочек стоимости для стран Евразийского экономического союза может быть получен при обеспечении свободы привлечения иностранных инвестиций

из развитых стран, а также при покупке технологий у них. Возможности развития производственных цепочек внутри Евразийского экономического союза, сохраняя при этом приоритеты в области экономической интеграции, связаны с синхронизацией функционирования налоговых систем, с макроэкономической и торговой политикой стран ЕАЭС при проведении политики постепенного снижения нетарифных ограничений между участвующими странами. Конкурентоспособность национального хозяйства – это способность и наличие потенциала реализации национальных приоритетов и интересов, отвечающих задаче поступательного развития социума в целом. Авторы делают вывод, что осуществление определенных мероприятий будет способствовать формированию цепочек создания стоимости в Евразийском экономическом союзе в процессе развития региональной интеграции. Таким образом, государства-члены Евразийского экономического союза смогут синхронизировано осуществлять регулирование инвестиционно-предпринимательского климата в странах, используя весь арсенал экономических и неэкономических инструментов для создания воспроизводственных цепочек внутри страны, формируя условия привлекательности участия в них иностранных контрагентов.

Ключевые слова: интеграция, модернизация экономики, инновационное развитие, региональное развитие, конкурентные преимущества, национальные приоритеты, инвестиционный климат.