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## **POTENTIAL FOR DEVELOPMENT OF INTEGRATION COOPERATION OF CENTRAL ASIAN COUNTRIES**

### **Abstract**

The article is devoted to the issues of economic cooperation of the countries of the Central Asian region in the conditions of acceleration and deepening of Eurasian integration ties in the post-Soviet economic space, which will ensure the dynamics of foreign trade relations, the expansion of the structure of commodity exchange. There are prerequisites for the development of the economies of the countries of the region – rich natural resources, educated labor force, cultural diversity and strategic location, in particular, proximity to China. However, there are also problems that pose risks to human development in Central Asia, such as the lack of direct access to seaports, the great distance from many global economic and financial centers, political instability in some of these countries, etc. The relation between these drivers and development risks is constantly changing. Understanding this dynamic requires constant monitoring of the situation and a thorough, fact-based analysis of the main drivers of development in the region. The problems arising in the space are exacerbated by the emergence of alternative integration projects in relation to the regions of Commonwealth of Independent States, in particular, Central Asia, by external actors. The core ones here are the projects of the American geopolitical presence in the Central Asian region, as well as the project of Chinese economic expansion within the framework of the informal model of interregional cooperation of the SCO and the Turkish initiative for the integration of the Turkic world.

Key words: integration, innovative development, regional development, foreign trade potential, competitiveness of the economy, commodity exchange, economic cooperation.

The transformation of the unipolar model of the world into a multipolar one has become a defining modern trend. New formats of interstate interaction, unusual from the standpoint of yesterday, with unusual geographical, civilizational and functional parameters, are being formed.

One of the main trends in the development of the modern world is international integration. At the same time, various forms of integration of countries can be sustainable if they rely on both economic and powerful civilizational factors.

The processes of regional integration in the post-Soviet space are carried out within the framework of the most acceptable for all countries of the region model of multi-level, phased, multi-speed integration. The stages are clearly seen in the process of transition from free trade zones to the customs and economic Union.

In the modern political sense, Central Asia is Kyrgyzstan, Uzbekistan, Turkmenistan, Tajikistan and Kazakhstan. To some extent, the socio-economic situation, mentality and cultural background in these countries can be called similar.

The Central Asian region has a modest share of the world economy – about 0.3%. With the share of the population in the world population of about 1%, the economy in terms of GDP lags behind by about 3 times. According to experts, the Central Asian countries face two main challenges: the lack of integration mechanisms and the outflow of professionals who could help the development of countries. Without integration or cooperation the region will remain on the periphery of the world [1].

It is well known, Kazakhstan is the driving force of economic reforms in the Central Asian region. The Central Asian region, which has its own history and specifics of development, is becoming one

of the most important factors ensuring regional security. Priority is given to three areas – countering new challenges and threats, economic cooperation and cooperation in the field of human development.

The global economy is formed by strengthening the international relationship of sovereign economies and the formation of new subjects of global governance, at the same time creating prerequisites for exclusion from the processes of global integration of states that have not had time for various reasons to participate in them. Formation of foreign trade relations of Kazakhstan was carried out taking into account the basic laws of development of international relations in the conditions of globalization.

The international presentation of alternative integration projects for the Central Asian region has become possible due to a number of reasons, due to the lack of at the present stage:

- ◆ prerequisites for the formation of a regional economic system on the part of the Central Asian countries, in particular the institutional Association of the countries of the region;
- ◆ the concept of development of the Central Asian region as a single socio-economic system in the CIS format;
- ◆ strategies of Eurasian integration in the conditions of functioning of the EAEU;
- ◆ coordination of multidirectional strategic interests within the framework of common regional and interregional projects.

The basis for the integration of the Central Asian countries with the Eurasian economic Union should be a strong mutually beneficial economic development strategy. The Central Asian countries combine characteristics related to the transitivity of the socio-economic basis, geographical location (landlocked), as well as partly with the monoculture of the export structure, reflecting their past economic system.

Geographical location forces all Central Asian countries to find access to the sea (seaports), directing the vector of trade and investment relations to the North and/or South. The resolution of this issue often leads to a certain imbalance in mutual political relations, in particular with strategic partners. Therefore, the structure of attracting investments into the economies of Central Asian countries does not show stability in strategic partnership with investor countries. Russia and China dominate in the structure of foreign trade and the volume of attracted foreign investments in the economies of Central Asian countries. Investment capital also comes from Western countries such as the UK and the US. Investments from Iran are present in the economies of Turkmenistan and Tajikistan, while investment resources from Turkey are involved in Kyrgyzstan and Turkmenistan. It should be noted that most of the foreign investment in the economies of Central Asia is directed to the field of energy and natural resources (hydrocarbon production in Kazakhstan, Uzbekistan and Turkmenistan, the use of hydropower resources in Tajikistan and Kyrgyzstan), which affects the structure of exports of these states, and the intertwining interests of the investor countries.

Kazakhstan is the leader among the Central Asian countries in the World Bank's ranking of economies for 2017 – it took 55th place in the overall list.

For the year, the country's GDP in dollar terms at current prices amounted to more than \$ 159 billion. Uzbekistan ranked 85th (\$48.7 billion), and Turkmenistan – 88th position (\$42.3 billion) in the ranking. Kyrgyzstan – 145 (\$7.5 billion), Tajikistan – 147 (\$7.1 billion).

There are 200 countries in the ranking. The first line is occupied by the United States (\$ 19.4 trillion), in second place – China (\$ 12 trillion), closes the top three Japan with \$ 4.9 trillion. In fourth and fifth places are Germany and the United Kingdom. Russia ranked 11th place (\$1.6 trillion) – between South Korea and Canada [2].

Integration is inefficient without the creation of a joint production infrastructure and a corresponding extensive communication network. Here the strategic value of the Central Asian region as an important hub of transport communications is great. This region can and is becoming a link between North and South, West and East, while increasing its transport and communication potential and access to seaports. It should be noted that in this case, a significant role is played by large communication and energy projects of regional and continental importance, which are aimed at sustainable development of the region.

In addition to major energy projects, the Central Asian countries serve as a transit territory for increasing trade relations between various states, including the transit of Russian goods to South Asia and the Middle East in the future. There are major transport projects aimed at improving both road and rail transport.

Approximately the same scheme is provided for the system of power lines (transmission lines), which corresponds to the principle of sustainable development of the region and the creation of a balance of clean energy on a regional scale. Improvement of communications and energy balance in the region serve as the basis for the development of production, which contributes to employment and income of the population of the partner countries and adjacent territories.

The active development of economic and trade cooperation between the Central Asian countries and China should be emphasized. As already noted, along with Russia, China is the largest trading partner of all countries in the region. Moreover, since 2012, China has become the largest trading partner of Kazakhstan and Turkmenistan, ahead of Russia. This trend will only increase, taking into account the contracts concluded in 2013–2014 to expand the supply of energy resources and the participation of Chinese companies in the development of hydrocarbon fields. If we consider the foreign trade turnover of Tajikistan, the statistics show that in 2012 and 2013, China occupied a stable 3rd place (6th place in exports and 3rd place in imports), and Russia and Kazakhstan were on the 1st and 2nd place, respectively.

The development of the natural and energy potential of Central Asia is beneficial for the most advanced developing countries neighboring the countries of the region. As for the expansion of relations with the Eurasian economic Union, systems of trade and industrial clusters should be created for this purpose in order to mutually replenish the market with necessary goods and services. Integration in this direction can give impetus to the development and industrialization of the countries of the region, which, in turn, will allow obtaining a great synergistic effect.

In the context of globalization, many states are interested in cooperation with the Central Asian countries, but the political motive for their accession to a particular Union remains in the past. We need a strong mutually beneficial development strategy that includes the interests of all countries and aims at sustainable development through trade opportunities and trade capacity-building.

Promotion of one-sided interest of any state in the integration Union of the Eurasian economic Union has no future and can lead to uneven development of the region as a whole. All countries should have access to each other's markets to a certain threshold, respecting the principle of strategic, investment and trade partnership, as well as market competition. In other words, this strategy should not be based on obtaining unilateral benefits.

The following steps may be required to realize the economic potential of cooperation between the Central Asian countries and the Eurasian economic Union:

- ◆ identification of specific priority sectors of the economy of individual countries in order to effectively allocate resources and saturate the market with goods;
- ◆ building a strong and sustainable infrastructure to provide industry with hydrocarbons, which enhances resilience to fluctuations in the global energy system and promotes inclusive development;
- ◆ the establishment of a strong transport communication system, especially for those countries that are landlocked or have difficult access to third-country markets;
- ◆ implementation of rational, compatible and coordinated commodity policy at the integration level, which contributes to the optimization of subsoil use, land and environmental protection;
- ◆ enhancing cooperation in the agricultural sector to optimize production, Finance and conserve soils effectively and taking into account the capabilities of countries and increasing organic agriculture;
- ◆ reduction of costs associated with the geographical features of foreign trade operations, and the creation of a joint system of retail trade on the basis of long-term contracts on a regional scale.

In General, the countries of the region that are members of the EAEU and not members of it should seek to find ways and means to ensure better functioning and greater transparency of markets for goods and services, greater diversification of mutual trade, which will form a common economic interest. At the same time, it is necessary to take into account the economic structure of the trading partner. It is important to ensure the stability and predictability of the regional trading system, the efficient and rational use of trust funds and the full development of investment cooperation.

For the world economy, the region of Central Asia is interesting, first of all, as a source of raw materials. Oil, gas, coal and metals are currently the most popular exported goods, in turn, the products of the agricultural sector also provides dynamic growth.

According to the research company BRIF Research Group, the total volume of oil reserves in Central Asia reaches 15–31 billion barrels, and the total volume of natural gas reserves is 230–360

trillion cubic meters, accounting for 7.2% of the world's oil resources and 7% of gas resources. The region ranks 10th in the world in coal production, in electricity generation – 19th. It accounts for large reserves of ferrous, non-ferrous and rare metals, in total gold production (Uzbekistan – 90 tons, Kyrgyzstan – 24, Kazakhstan – 18.9) ranks 9th.

The Central Asian countries have powerful mining, fuel and energy, metallurgical and chemical industries, concentrated mainly in Kazakhstan, Uzbekistan and Turkmenistan.

In terms of oil production, the 1st place is taken by Kazakhstan (80 million tons); the 2nd – Turkmenistan (6 million tons) and the 3rd – Uzbekistan (5 million tons). Turkmenistan is rich in natural gas deposits, which occupies the 2nd place in the CIS after Russia in terms of reserves. Coal deposits are available in all republics except Turkmenistan.

The electric power industry in Central Asia is relatively well developed. Kazakhstan produces up to 90 billion kW/h; Uzbekistan 52–54 billion kW/h.

Metallurgy is unevenly developed. Kazakhstan is allocated, smelting up to 2.0 million tons of steel per year, and Uzbekistan (0.6 million tons). Polymetallic products are diverse: lead, zinc, copper, chrome (Kazakhstan); lead, zinc, copper, gold, silver, etc. (Uzbekistan). The chemical industry is focused on the production of mineral fertilizers. The exception is Kyrgyzstan, where the chemical industry has not been developed. Mechanical engineering is developing rapidly. It is concentrated in Kazakhstan and Uzbekistan, where cars, trucks and buses are produced. Light and food industry is more or less developed everywhere.

Agriculture plays a significant role in the economy of Central Asia. The leading place belongs to agriculture. The main areas of irrigated land are in Uzbekistan, Turkmenistan and Tajikistan, which specialize in the production of industrial crops and mainly cotton. In turn, Kazakhstan and Kyrgyzstan specialize in the production of grain crops. Grain growing is also developed in Uzbekistan.

According to the research company BRIF Research Group the last 3 years, the leader of the region of Kazakhstan's GDP in USA dollars is falling. This is due to the fall of the national currency and problems in the economy of the Republic. The second largest economy – Uzbekistan – on the contrary, is growing steadily. Kazakhstan has the lowest GDP growth rate, due to the country's large volumes, while small economies can more easily achieve high growth due to the "low base".

The leader in terms of foreign trade is Kazakhstan. Although in 2014–2016 there was a decline in this indicator due to the fall of the national currency against the dollar and falling prices for the main export commodity of Kazakhstan – oil.

In second place in terms of foreign trade are quite industrialized Uzbekistan and Turkmenistan. At the same time, this indicator is the most stable in Uzbekistan (about \$ 25 billion). USA.) The countries with the least developed industries and economies in the region, Kyrgyzstan and Tajikistan, have the lowest volumes of foreign trade.

Along with the positive trends in the development of integration cooperation in the region there is a set of unresolved problems: the lack of a mechanism for implementing the decisions taken, in the countries of Central Asia on many issues there is a discrepancy in the positions of the participating states; the level of implementation of the adopted decisions remains low, and the documents themselves are of a General, Advisory nature; lack of a unified transport and communication system in the region; raw materials orientation of the economies of the Central Asian countries, a breakthrough towards the modernization of the economies is needed; environmental instability, seismicity, mudflow risk in the region the countries; threats of terrorism, extremism, transnational organized crime, other challenges of our time [3].

The basis for the formation of the maximum possible conflict-free complex of interests of the integrating countries can serve as a common historical heritage, ethno-cultural, confessional, linguistic community of peoples. It is civilizational proximity that provides the foundation and stability of such an association.

The aggravation of crisis phenomena in almost all the most important spheres of social life requires an appeal to the fundamental characteristics and mechanisms of development, the analysis of which will help to find the causes and ways to overcome the problems.

It is necessary to recognize that the functional value of universal, obeying the General laws of social structures is to provide a higher degree of stability than that of heterogeneous entities. However, the downside of universalization is the destruction of national cultural identity, making it difficult to



find answers to new, non-traditional challenges. The evolution of both human civilization and nature shows that diversity was the main direction and guarantee of progressive movement.

Civilization, relying on socio-cultural traditions and historical experience, helps to use the deep mechanisms of development, to preserve integrity in the conditions of transformation, not allowing changes to have a corrupting influence. The Central Asian region can be attributed to the Turkic-Islamic civilization with an admixture of Persian-Tajik.

It should also be noted that in the scientific literature the concept of “Turkic civilization” appeared relatively recently. There are discussions among researchers about the legitimacy of understanding the Turkic world as an independent civilization.

Kazakh philosopher S.Sh. Ayazbekova considered the civilization parameters in relation to the Turkic world, based on the accepted theory of civilization. The analysis of the latter from the point of view of such signs of civilization as the unity of the territory and common living conditions, statehood, linguistic kinship, the presence of religion and writing, the developed system of economic relations, the unity or closeness of the economic and political system, culture and mentality, allowed her to conclude that the Turkic world has created its own unique civilization, radically different from other civilizations [4].

Due to its long-term and fundamental nature, civilizational unity can be considered as an object of integration of the Turkic community. So, Yu.G. Barsegov draws attention to the fact that the doctrine of Turkism is long-term and should be implemented gradually, moving towards closer forms of Turkic political Union, although, according to the author, given the nationalism of the Turkic peoples of the CIS, the Turks do not aim to unite them in one state, relying rather on the creation of a Union of Turkic States.

Charles W. Hostler defines “Turkism” as “a movement, striving for political and cultural unity of all Turkic-speaking peoples [5, p. 63]. A similar definition of “Turkism” is given by Jacob Landau, considering it as “a movement aimed at creating an association, a union – on the cultural, psychological (or both) bases-of the peoples of Turkic origin [6, p. 51].

These characteristics emphasize the paramount importance of the factor of cultural, psychological and communicative proximity of the Turkic peoples. Based on this, the main goal of Turkism in the XXI century can be attributed to the creation of a single cultural and information space, covering the entire Turkic world, which is, deepening the civilizational community of the Turkic peoples.

Will the Central Asian peoples be able to use the potential of integration on the basis of civilizational community? After all, until now, the existing opportunities for comprehensive integration between the Central Asian republics are not being realized.

The fact is that now, from whatever positions we take, the once unified region-the republics of Central Asia and Kazakhstan within the USSR-has become disunited. Despite the fact that the objective economic, political, ethno-cultural and other needs of the peoples of the region urgently require close cooperation, integration of the Central Asian countries and their coordinated foreign policy as a whole, the action of disintegrating, centrifugal forces still prevails. Inter-state relations within the region were complicated due to border disputes, inter-ethnic conflicts, economic disagreements related to water distribution, energy transportation and other issues. There is no denying the competition for political influence in the region.

However, in today’s realities of fierce competition of economic zones of civilizations, only large communities survive and can be successful. According to political scientist E. Baydarov, there is simply no alternative to the integration of the Turkic-speaking states of Central Asia (including here the Iranian-speaking Tajikistan). At the same time, the stability of civilization implies the presence of a certain cultural area, characterized not only by spatial boundaries, often quite blurred, but also by a set of characteristic cultural phenomena, material and spiritual values that determine the specificity and essence of this civilization: language, religion, art, traditions, customs, etc. Stability is manifested and transmitted not only through objective forms, but also by deep psychological mechanisms associated with certain behavioral and mental stereotypes, spiritual identification, collective representations of society [7].

Not all Central Asian experts share this view. Thus, the Uzbek independent analyst R. Mahmudov believes that the Turkic and Islamic supra-identities cannot be taken as the semantic basis of regional integration. Supra-identity as the core of the ideology of regional integration will still have to be

thoroughly constructed, looking for an answer to the key question of what exactly is the uniqueness of the Central Asian identity [8].

Nevertheless, the civilizational and cultural community of the Central Asian peoples can serve as a unifying beginning of integration. Kinship, as noted above, is due to the common origin and conditions of historical development. Moreover, the Turkic peoples of Central Asia are connected by a common territory of formation, genealogy, a single process of addition, consolidation, development of political entities, states. The commonality of historical destinies, close historical and cultural interaction played a decisive role in creating a distinctive and generally similar culture for all Turkic-speaking ethnic groups.

Assessing the prospects for Central Asian integration, we can note a positive trend towards rapprochement on the part of Uzbekistan, where, by the decision of President Shavkat Mirziyoyev, the possibility of joining the Eurasian economic Union is being worked out. If the accession of Uzbekistan and later Tajikistan to the EAEU takes place, the emergence of the Central Asian bloc in the EAEU will contribute to strengthening the positions and interests of the participating countries from Central Asia.

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#### Аңдатпа

Мақалада посткеңестік экономикалық кеңістікте Еуразиялық интеграциялық байланыстарды жеделдету және тереңдету жағдайында Орталық Азия өңірі елдерінің экономикалық ынтымақтастығы мәселелері қарастырылады, бұл сыртқы сауда қатынастарының серпінін, тауар алмасу құрылымын кеңейтуді қамтамасыз етеді. Аймақ елдерінің экономикасын дамыту үшін алғышарттар бар: бай табиғи ресурстар, қалыптасқан жұмыс күші, мәдени әртүрлілік және стратегиялық орналасуы, атап айтқанда, Қытайға жақындығы. Алайда, Орталық Азияда адам дамуы үшін қауіп тудыратын проблемалар да бар, мысалы, елдердің теңіз порттарына тікелей шығуының болмауы, көптеген жаһандық экономикалық және қаржы орталықтарынан алшақтығы, осы елдердің кейбіріндегі саяси тұрақсыздығы және т.б. осы көптеген қозғаушы күштер мен даму тәуекелдерінің арасындағы арақатынас барлық уақытта өзгеріп келеді. Бұл динамиканы түсіну жағдайды үнемі бақылап отыруды және аймақтың негізгі даму факторларын нақты талдауды қажет етеді. Кеңістікте пайда болатын проблемалар ТМД өңірлеріне, атап айтқанда Орталық Азия аймақтарына қатысты сыртқы акторлар тарапынан интеграцияның баламалы жобаларының пайда болуына байланысты шиеленісуде. Әңгіме, ең алдымен, Орталық Азия аймағында американдық геосаяси қатысу жобалары, сондай-ақ ШЫҰ өңіраралық ынтымақтастығының бейресми моделі және түркі әлемінің ықпалдастығы түрік бастамасының шеңберінде Қытай экономикалық экспансия жобасы туралы болып отыр.

Тірек сөздер: интеграция, инновациялық даму, аймақтық даму, сыртқы сауда әлеуеті, тауар алмасу, экономикалық ынтымақтастық.

#### Аннотация

В статье рассматриваются вопросы экономического сотрудничества стран Центральноазиатского региона в условиях ускорения и углубления евразийских интеграционных связей на постсоветском экономическом пространстве, что обеспечит динамику внешнеторговых отношений, расширение структуры товарного обмена. Для развития экономики стран региона существуют предпосылки – богатые природные ресурсы, образованная рабочая сила, культурное разнообразие и стратегическое расположение, в частности, близость к Китаю. Однако существуют и проблемы, создающие риски для человеческого развития в Центральной Азии, например, отсутствие у стран прямого выхода к морским портам, большая удаленность от многих глобальных экономических и финансовых центров, политическая нестабильность в некоторых из этих стран и др. Соотношение между этими многочисленными движущими силами и рисками развития все время меняется. Для понимания этой динамики требуется постоянный мониторинг ситуации и тщательный, базирующийся на фактах анализ основных факторов развития в регионе. Возникающие на пространстве проблемы обостряются в связи с появлением альтернативных проектов интеграции в отношении регионов СНГ, в частности, Центральной Азии со стороны внешних акторов. Речь идет прежде всего о проектах американского геополитического присутствия в регионе Центральной Азии, а также проекте китайской экономической экспансии в рамках неформальной модели межрегионального сотрудничества ШОС и турецкой инициативы интеграции тюркского мира.

Ключевые слова: интеграция, инновационное развитие, региональное развитие, внешнеторговый потенциал, конкурентоспособность экономики, товарный обмен, экономическое сотрудничество.